PROSPECTUS
Dated August 29, 2011
Please read Sections 60 and 60B of the Companies Act, 1956
100% Book Building Issue

TD Power Systems Limited

(Our Company was originally incorporated as TD Power Systems Private Limited on April 16, 1999 as a private limited company under the Companies Act, in Bangalore, Karnataka, India. The name of our Company was subsequently changed to TD Power Systems Limited by a special resolution of the members passed at an extraordinary general meeting of our Company on January 17, 2011. The fresh certificate of incorporation consequent upon change of name was granted to our Company on February 4, 2011 by the Registrar of Companies, Karnataka).

Registered Office: #27, 28, 29 KIADB Industrial Area Dabaspet, Nelamangala Taluk, Bangalore 562 111, Karnataka, India; **Company Secretary and Compliance Officer**: N. Srivatsa; **Tel**: (91) (80) 22017800; **Fax:** (91) (80) 22017850; **Email:** srivatsa.n@tdps.co.in; **Website**: www.tdps.co.in. For details of changes in our name and registered office see the section titled "History and Corporate Structure" on page 131.

PROMOTERS: NIKHIL KUMAR, HITOSHI MATSUO, MOHIB N. KHERICHA AND SAPHIRE FINMAN SERVICES PRIVATE LIMITED

PUBLIC ISSUE OF 8,867,187 EQUITY SHARES WITH A FACE VALUE OF RS. 10 EACH OF TD POWER SYSTEMS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 256 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. 246 PER EQUITY SHARE) AGGREGATING RS. 2,270 MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 26.68% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WAS DECIDED BY OUR COMPANY IN CONSULTATION WITH THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGERS AND WAS ADVERTISED BY THE COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE.

In case of revision in the Price Band, the Bid/Issue Period shall be extended for at least three additional working days after revision of the Price Band subject to the Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("**NSE**") and the Bombay Stock Exchange Limited ("**BSE**"), by issuing a press release, and also by indicating the change on the websites of the Global Co-ordinator and Book Running Lead Manager ("**GCBRLM**"), the Book Running Lead Managers ("**BRLMs**") and at the terminals of the other members of the Syndicate.

This is an Issue for at least 25.00% of the post-Issue capital in accordance with Rule 19(2)(b)(i) of the Securities Contracts Regulations Rules, 1957, as amended ("**SCRR**"). The Issue is being made through the 100.00% Book Building Process wherein up to 50.00% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"). The Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**") out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors. 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15.00% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% 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. All potential investors, other than Anchor Investors, may participate in the Issue through an Application Supported by Blocked Amount ("**ASBA**") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") for the same. For details, please see the section titled "Issue Procedure" on page 258.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of 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 Floor Price is 25.60 times of the face value and the cap price is 26.10 times the face value. The Issue Price (as determined and justified by our Company in consultation with the Global Co-ordinator and Book Running Lead Manager and the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of the book building process) and as stated in the section titled "Basis for Issue Price" on page 85, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the 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 Prospectus. Specific attention of the investors is invited to section titled "Risk Factors" on page 10.

IPO GRADING

This Issue has been graded as 4 by Credit Analysis & Research Limited ("**CARE**") indicating above average fundamentals. The IPO grading is assigned on a five point scale from one to five with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. For details see the section titled "General Information" on page 45.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accept responsibility for and confirm that this 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 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from NSE and BSE for the listing of our Equity Shares pursuant to letters dated April 11, 2011 and March 31, 2011, respectively. For purposes of this Issue, the Designated Stock Exchange is the BSE.

GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER	BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ENAM	ANTIQUE CAPITAL	Equirus	LINK INTIME INDIA PVT LTD
Enam Securities Private Limited 801, Dalamal Towers Nariman Point Mumbai 400 021 Maharashtra, India Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: tdps.ipo@enam.com Investor Grievance Email: complaints@enam.com Website: www.enam.com Contact Person: Sonal Sinha SEBI Registration No.: INM000006856	**Antique Capital Markets Private Limited** 6th Floor, Nirmal Building Nariman Point Mumbai 400 021 Maharashtra, India Tel: (91 22) 4031 3300 Fax: (9122) 2202 2691 Email: tdps.ipo@antiquelimited.com Investor Grievance Email: investors@antiquelimited.com Website: www.antiquelimited.com Contact Person: Sandeep Sharma SEBI Registration No.: INM000011385	**Equirus Capital Private Limited** 4th Floor, A Wing, Fortune 2000 Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India Tel: (91 22) 2653 0600 Fax: (91 22) 2653 0601 Email: tdps.ipo@equirus.com Investor Grievance Email: investorsgrievance@equirus.com Website: www.equirus.com Contact Person: Munish Aggarwal SEBI Registration No.: INM000011286	**Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound L. B. S. Marg, Bhandup (West) Mumbai 400 078 Maharashtra, India Tel: (91 22) 2596 0320 Fax: (91 22) 2596 0329 Email: tdpsl.ipo@linkintime.co.in Investor Grievance Email: tdpsl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sachin Achar SEBI Registration No.: INR000004058

BID/ISSUE PROGRAMME

BID/ISSUE OPENED ON:	AUGUST 24, 2011	BID/ISSUE CLOSED ON:	AUGUST 26, 2011

The Anchor Investors Bidding Date was one day prior to the Bid/Issue Opening Date

TABLE OF CONTENTS

SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"We", "us", "our"	Unless the context otherwise indicates or implies, refers to TD Power Systems Limited and its Subsidiary on a consolidated basis
"Issuer", "the Company", "our Company"	TD Power Systems Limited, on a stand-alone basis

Conventional and General Terms/ Abbreviations

Term	Description
Act or Companies Act	Companies Act, 1956 as amended from time to time
AGM	Annual General Meeting
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAD	Canadian Dollar
CC	Cash Credit
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CHF	Swiss Franc
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970
CST	Central Sales Tax
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository/Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
DGFT	Directorate General of Foreign Trade
DP ID	Depository Participant's Identity
DTA	Domestic Tariff Area
EGM	Extraordinary General Meeting
EPA	The Environment Protection Act, 1986
EPS	Earnings Per Share
EPFA	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EOU	Export Oriented Units
ESI Act	The Employees' State Insurance Act, 1948
EU	European Union
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FTP	Foreign Trade Policy, 2009
FVCI	Foreign Venture Capital Investors registered with SEBI (Foreign Venture Capital Investor) Regulations, 2000
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
GDP	Gross Domestic Product
GoI/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
JPY	Japanese Yen
MOU	Memorandum of Understanding
NAV	Shall have the meaning as referred to in section titled "Financial Information" on page 162
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer

NFE	Net Foreign Exchange
NR or Non Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
NRE Account	Non Resident External Rupee Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA Regulations
NRO Account	Non Resident Ordinary Rupee Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60.00% by NRIs including overseas trusts, in which not less than 60.00% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
PAT	Profit After Tax
PBA	The Payment of Bonus Act, 1965
PBT	Profit Before Tax
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the I.T. Act
PGA	The Payment of Gratuity Act, 1972
PLR	Prime Lending Rate
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RoC/Registrar of Companies	The Registrar of Companies, Karnataka
RONW	Return on Net Worth
Rs./Rupees/INR	Indian Rupees
RTGS	Real Time Gross Settlement
SBAR	State Bank Advanced Rate
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
Sec. /S.	Section
SEK	Swedish Krona
SEZ	Special Economic Zone
Sq. ft.	Square Feet
U.S. / U.S.A. / United States	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
Securities Act	U.S. Securities Act of 1933, as amended from time to time
$/USD/US$	US Dollar
€	Euro

Issue Related Terms

Term	Description
Allotment/Allot(ed)	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are/ have been allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion with a minimum Bid of Rs. 100.00 million
Anchor Investor Bid/ Issue Period	The date, being the date one day prior to the Bid/Issue Opening Date, prior to and after which the Syndicate shall not accept Bids from Anchor Investors. Anchor Investors are not permitted to withdraw their Bids after the Anchor Investor Bidding Date
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Issue Opening Date on which Bids by Anchor Investors shall open and shall be completed
Anchor Investor Confirmation of Allocation Note	Note or advice or intimation of allocation of Equity Shares (including any revision thereof) sent to Anchor Investors who have been allocated Equity Shares on the Anchor Investor Issue Period
Anchor Investor Issue Price	The final price at which Equity Shares will be Allotted to the Anchor Investors in terms of the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the

Term	Description
	Cap Price. The Anchor Investor Issue Price was decided by our Company in consultation with the GCBRLM and the BRLMs
Anchor Investor Portion	Up to 30.00% of the QIB Portion which may be allocated by our Company to the Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors
ASBA/ Application Supported by Blocked Amount	An application, whether physical or electronic, used by the ASBA Bidders to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid cum Application Form / ASBA Form	The application form, whether physical or electronic, used by the ASBA Bidder to make a Bid and which contains an authorisation to block the Bid Amount in an ASBA Account, which will be considered as an application for the Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Bidder (except an Anchor Investor) applying through ASBA by way of ASBA Form in accordance with the terms of the Red Herring Prospectus. All QIBs (except Anchor Investors) and Non-Institutional Bidders shall mandatorily participate in the Issue through the ASBA Process.
ASBA Revision Form	The form used by ASBA Bidders to modify the number of Equity Shares or the Bid Price in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue/ Escrow Collection Bank(s)	Axis Bank Limited, Citi Bank N.A., Deutsche Bank AG, ICICI Bank Limited. See section titled “General Information” on page 45
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in section titled “Issue Procedure” on page 258
Bid	An indication to make an offer during the Bid/ Issue Period by a Bidder pursuant to submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe or purchase Equity Shares of our Company and which will be considered as the application for Allotment pursuant to the terms of the Red Herring Prospectus and for the purposes of the Prospectus, including the ASBA Form
Bid / Issue Closing Date	Except in relation to the Anchor Investors, the date after which the Syndicate and the SCSBs will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper (all editions of Financial Express), a Hindi national newspaper (all editions of Jansatta) and a Kannada newspaper (all editions of Samyukta Karnataka); with wide circulation (in the place where the Registered Office is situated) with wide circulation and in case of any revision of such date, the extended Bid/Issue Closing Date, which shall be notified on the websites and terminals of each of the Syndicate and the SCSBs as required under the SEBI Regulations.
Bid / Issue Opening Date	Except in relation to the Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper (all editions of Financial Express), a Hindi national newspaper (all editions of Jansatta) and a Kannada newspaper (all editions of Samyukta Karnataka) (in the place where the Registered Office is situated) with wide circulation
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date (inclusive of both days) and during which prospective Bidders other than Anchor Investors can submit their Bids, including any revisions thereof
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Regulations, in terms of which this Issue is being made
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Antique Capital Markets Private Limited and Equirus Capital Private Limited
Business Day	Any day other than Saturday and Sunday on which commercial banks in Mumbai, India are open for business
CAN/ Confirmation of Allotment Note	The note or advice or intimation of allotment of Equity Shares sent to the successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof

Term	Description
	In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price was not finalized and above which no Bids were accepted
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time
Cut-off Price	A price within the price band finalised by our Company in consultation with the GCBRLM and the BRLMs. A Bid submitted at Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band. Only Retail Individual Bidders are entitled to bid at the Cut-off Price for a Bid Amount not exceeding Rs. 200,000. QIBs and Non-Institutional Bidders are not entitled to Bid at Cut-off Price
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended
Depository Participant or DP	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which funds are transferred by the Escrow Collection Banks from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Account, as the case maybe, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	BSE
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act which does not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe or purchase the Equity Shares offered thereby
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into amongst our Company, the Registrar, the GCBRLM, the BRLMs, the Syndicate Members, Escrow Collection Bank(s) and Refund Banker for collection of the Bid Amounts and, where applicable, remitting refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price was finalized and below which no Bids were accepted
GCBRLM/ Global Co-ordinator and Book Running Lead Manager	Global Co-ordinator and Book Running Lead Manager to the Issue, in this case being Enam Securities Private Limited
Issue	Issue to the public of 8,867,187 Equity Shares at the Issue Price at a price of Rs. 256 per Equity Share (including a share premium of Rs. 246 per Equity Share) aggregating Rs. 2,270 million
Issue Agreement	The agreement entered into amongst our Company, the GCBRLM and the BRLMs on February 19, 2011, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus. The Issue Price was decided by our Company in consultation with the GCBRLM and the BRLMs on the Pricing Date
Key Management Personnel	The officers vested with executive powers and the officers at the level immediately below the Board of Directors of the Issuer and includes any other person whom the Issuer may declare as a key management personnel
Listing Agreement	Listing agreement, as amended from time to time, to be entered into by the Company with the Stock Exchanges
Mutual Fund Portion	5.00% of the QIB Portion (excluding Anchor Investor Portion) or 156,452 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended

Term	Description
Net Proceeds of the Issue	Proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 200,000
Non Institutional Portion	The portion of the Issue being not less than 15.00% of the Issue consisting of 1,330,079 Equity Shares of Rs. 10 each available for allocation to Non Institutional Bidders
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Price Band	Price band of a minimum price (Floor Price) of Rs. 256 and the maximum price (Cap Price) of Rs. 261 and includes revisions thereof including any revision to such Floor Price or Cap Price as may be permitted by the SEBI Regulations. The Price Band and the minimum Bid lot size for the Issue was decided by our Company in consultation with the GCBRLM and the BRLMs and advertised by the Company, at least two Working Days prior to the Bid/ Issue Opening Date, in two national newspapers, one each in English (all editions of Financial Express) and Hindi (all editions of Jansatta) and in one Kannada newspaper (all editions of Samyukta Karnataka); with wide circulation in the place where the Registered Office is situated
Pricing Date	The date on which our Company in consultation with the GCBRLM and the BRLMs finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Act 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 the Bankers to the Issue to receive monies from the Escrow Account and from the SCSBs from the bank accounts of the Bidders on the Designated Date
QIB Portion	The portion of the Issue being up to 50.00% of the Issue consisting of 4,433,592 Equity Shares to be allotted to QIBs on a proportionate basis, including the Anchor Investor Portion
Qualified Institutional Buyers or QIBs	The term "Qualified Institutional Buyers" or "QIBs" shall have the meaning ascribed to such term under the SEBI Regulations and shall mean and include public financial institutions as defined in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, 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, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250.00 million, pension funds with a minimum corpus of Rs. 250.00 million, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Refund account	The account opened with the Refund Banker, from which refunds, (excluding refunds to Bidders applied through ASBA), if any, of the whole or part of the Bid Amount shall be made
Refund Banker	Axis Bank Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit, NEFT or RTGS or ASBA process as applicable
Registrar to the Issue	Link Intime India Private Limited
Retail Individual Bidder(s)	Individual Bidders (including HUFs and eligible NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 200,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being not less than 35.00% of the Issue consisting of 3,103,516 Equity Shares of Rs. 10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders, excluding Bidders applying through ASBA, to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus which does not have complete particulars of the price at which the Equity Shares are offered and filed with RoC in terms of Section 60B of the Companies Act
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offers services in relation to ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time
Stock Exchanges	BSE and NSE
Syndicate	The GCBRLM, the BRLMs and the Syndicate Members
Syndicate ASBA Bidders	ASBA Bidders submitting their Bids through the members of the Syndicate or their respective sub-syndicate members at the Syndicate ASBA Centres.
Syndicate ASBA Centres	The bidding centres of the members of the Syndicate or their respective sub-syndicate members in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune,

Term	Description
	Baroda and Surat as specified by way of the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011
Syndicate Agreement	Agreement to be entered into amongst the Syndicate and our Company in relation to the collection of Bids in this Issue (excluding Bids from the Bidders applying through ASBA)
Syndicate Members	Antique Stock Broking Limited and India Infoline Limited
TRS/ Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriter(s)	The GCBRLM, the BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement amongst the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	Any day other than Saturday or Sunday on which commercial banks in Mumbai are open for business, provided however, for the purposes of the time period between Bid/Issue Closing Date and listing, "Working Days" shall mean all days other than Sundays and bank holidays, in accordance with the SEBI circular dated April 22, 2010.

Company Related Terms

Term	Description
Articles/ Articles of Association	Articles of Association of our Company
Audit Committee	The audit committee of our Board of Directors constituted at the Board meeting held on February 10, 2011, consisting of Nithin Bagamane as Chairman, Dr. Arjun Kalyanpur, Salil Baldev Taneja and Mohib N. Khericha as members of the committee
Auditors	The statutory auditors of our Company namely B.K. Ramadhyani & Co.
Board/ Board of Directors	Board of Directors of our Company or duly constituted committee thereof
EPC Business	Boiler-Turbine Generator island projects and the balance of plant portion for steam turbine power plants with output capacity from 52 MW up to 150 MW
IPO Committee	Committee constituted by our Board at its meeting held on February 18, 2011 consisting of Mohib N. Khericha, Nikhil Kumar and Nandita Lakshmanan
Memorandum/ Memorandum of Association/MoA	Memorandum of Association of our Company
Group Entities/Group Companies	Includes those companies, firms, ventures, etc. promoted by the Promoters, irrespective of whether such entities are covered under section 370 (1)(B) of the Companies Act, and as enumerated in the section titled "Group Entities", beginning on page 156
Power Project Business	Comprises of our TG island projects and EPC Business
Project Business	Comprises, supply of equipment (including BoP), installation and commissioning; sale of turbines; and sale of AC Generators and spares by our branch office
Promoter Group	Includes such persons and entities constituting our promoter group pursuant to Regulation 2 (1)(zb) of the SEBI Regulations
Promoters	Nikhil Kumar, Hitoshi Matsuo, Mohib N. Khericha and Saphire Finman Services Private Limited
Registered Office	The registered office of our Company, situated at #27, 28, 29 KIADB Industrial Area Dabaspet, Nelamangala Taluk, Bangalore 562 111, Karnataka, India
Remuneration Committee	The remuneration committee of our Board of Directors constituted at the Board meeting held on February 10, 2011, consisting of Dr. Arjun Kalyanpur as the Chairman, Salil Baldev Taneja, Nandita Lakshmanan and Mohib N. Khericha as members of the committee
RoC/Registrar of Companies	The Registrar of Companies, Karnataka
Share Allotment, Transfers and Investor Grievance committee	The Share Allotment, Transfers and Investor Grievance committee of our Directors constituted at their Board meeting held on February 10, 2011, consisting of Salil Baldev Taneja as the Chairman, Dr. Arjun Kalyanpur, Nandita Lakshmanan and Mohib N. Khericha as the member of the committee
Subsidiary/ DF Power	The subsidiary of our Company, namely, DF Power Systems Private Limited
Toyo Denki	Toyo Denki Seizo K.K

Industry Related Terms

Term	Description
BHEL	Bharat Heavy Electricals Limited
CAGR	Compound Annual Growth Rate
CIA	Central Intelligence Agency of the United States of America

CIA Factbook	The World Factbook, reference resource published by the Central Intelligence Agency of the United States of America, available at: *https://www.cia.gov/library/publications/the-world-factbook/*
CRISIL Research	Research report of CRISIL Limited, Power Generators dated October 2010
Eleventh Plan	Eleventh Five Year Plan for the years 2007 – 2012
IIP	Index of Industrial Production
KVA	Kilovolt-Ampere
GW	Gigawatt, equivalent to 1,000 MW
OEMs	Original Equipment Manufacturers
PPA	Power Purchase Agreement
Tenth Plan	Tenth Five Year Plan for the years 2002 – 2007
UMPP	Ultra Mega Power Projects proposed by the Government of India

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “$” or “US$” or “US Dollars” are to United States Dollars, the official currency of the United States of America. All references to “€” are to Euros, the official currency of the European Union. All references to “C$” or “CAD” are to Canadian Dollar, the official currency of Canada. All references to “CHF” are to Swiss Franc, the official currency of Switzerland. All references to “SEK” are to Swedish Krona, the official currency of Sweden. All reference to “JPY” are to Japanese Yen, the official currency of Japan.

Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from our Restated Consolidated Summary Statements as at and for the years ended March 31, 2009, 2010 and 2011 (hereinafter the “**Restated Financial Statements**”) which have been prepared in accordance with the requirements of the Act, the SEBI Regulations and Indian GAAP, which are included in this Prospectus on page 162. Our Fiscal commences on April 1 and ends on March 31 of the next year. All references to a particular Fiscal are to the twelve-month period ended on March 31 of that year. All references to consolidated and stand-alone financial statements shall refer to our restated consolidated and restated stand-alone financial statements.

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

We expect to adopt IFRS as our accounting standard for financial years commencing April 1, 2014 or such time as may be permitted by the applicable laws. For further details, see the section titled “**Risk Factors - Our failure to successfully adopt IFRS could have an adverse effect on the price of our Equity Shares**” on page 23.

In this Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Exchange Rates

This Prospectus contains translations of certain US Dollar and Euro into Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These convenience translations should not be construed as a representation that those US Dollar and Euro could have been, or can be converted into Rupees, at any particular rate or at all.

Industry and Market Data

The section titled “Industry Overview” on page 100 has been derived from a report (“**CRISIL Research**”) dated October, 2010 that the Company has commissioned CRISIL Limited for the purposes of this Prospectus. CRISIL Limited has obtained the information set forth in the CRISIL Research from its databases and other sources available in the public domain identified in the CRISIL Research. The CRISIL Research typically states 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. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable; however, they have not been verified by any independent sources.

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

FORWARD-LOOKING STATEMENTS

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

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

1. Any radical change in technology or development of competitive products;
2. Termination or alteration of the terms of our technology transfer or license agreements;
3. Any significant reduction in the total income we receive from, one or more of our limited number of customers;
4. Fluctuations in the price, exchange rate, availability and quality of raw materials;
5. Breakdown or non-availability of machines and equipment;
6. Failure to manage the proposed expansion in our lines of business ;
7. Failure of information technology system;
8. Failure to obtain regulatory approvals routinely required in the ordinary course of our business;
9. Inability to compete effectively.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 10, 110 and 203 respectively of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Future looking statements speak only as of the date of this Prospectus. Neither we, our Directors, the members of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the GCBRLM and the BRLMs and our Company will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II- RISK FACTORS

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additionally, risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If anyone or some combination of the following risks or other risks that are currently not known or are now deemed immaterial were to occur, our business, results of operations and financial condition may suffer, and the price of the Equity Shares may decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However there are risk factors where the effect is not quantifiable and hence has not been disclosed. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue including the merits and the risks involved.

Internal Risk Factors

1. A significant percentage of our restated stand-alone net sales are derived from the sale of steam turbine generators and any radical change in technology or development of competitive products may adversely affect our financial condition and result of operations.

For the period ended March 31, 2011, the sale of steam turbine generators contributed 76.14% of our restated stand-alone net sales. For more details on our product portfolio of steam turbine generators, please see the section titled 'Our Business" on page 110. While we are in the process of growing our product portfolio, any radical change in the technology for steam turbine generators or the development of steam turbine generators that prove superior in quality or effectiveness to our generators, could result in us losing market share for our steam turbine generators. The occurrence of any of these types of events could result in a decrease in our net sales and consequently, adversely affect our financial condition and result of operations.

Our future success will depend in part on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and results of operations could be adversely affected.

2. We are dependent on certain technology transfer agreements for the technology to manufacture some of our products. Termination or alteration of the terms of these agreements would materially affect our total income and operations.

In the past we have relied upon, and in the future will continue to rely upon, the provision of technology from certain technology providers with whom we have executed license agreements for our manufacturing business. Through these agreements, we have been licensed certain key technologies and intellectual property which we utilize to manufacture some of our products. Certain of our technology licensing agreements have provided that upon the expiry of the term of the agreement, we are allowed to continue using the technology free of additional royalty or other payments, but the licensor is also free to license the technology to a third party. For further information on our license agreements, please section titled "Our Business" on page 110. If a former licensor were to license the technology that we had previously licensed to a competitor of ours, our business may be adversely affected. While, we try to maintain amicable business relationships with our licensors to ensure access to future technology and to ensure support from the licensors when needed, we cannot assure you that these agreements will not be terminated or that we will be able to obtain access to such future technologies.

If any of these agreements are terminated, we may not be able to manufacture our products or if the terms of the license of these technologies are altered, there can be no assurance that we would be able to comply with all the conditions of the license or we may not be able to manufacture such products in a commercially viable manner. If our ability to use such technology was restricted, our total income and operations would be materially adversely affected.

3. We have not entered into any definitive arrangement to utilize certain portions of the Net Proceeds of the Issue.

We intend to utilise the Net Proceeds of the Issue as indicated in the section titled "Objects of the Issue" on page 67. We propose to utilise a portion of our Net Proceeds of the Issue to constructing a project office in Bangalore. We have identified potential locations in Bangalore such as Railway Parallel Road (Kumar Park West), Kumar Park, Vasanth Nagar and Seshadaripuram Main Road, for setting-up this project office. However, we have not, as of the date of this Prospectus, acquired or finalised a specific parcel of land for this project office. We have estimated the cost of land in such locations based on a report dated February 10, 2011 prepared by Shekhar K. Soman, Chartered Engineer pursuant to which the cost of acquiring such land has been based on the location, demand, availability and proximity to other key locations, among various other factors. We also intend to use a portion of the Net Proceeds of the Issue towards construction of the project office, architect and project management consultant fees, project contingencies and other expenses for the project office based on the estimates provided by InForm Architects Private Limited. We may also require various governmental, regulatory and other municipal approvals for acquiring the land and setting up and commencing the operation of our project office. There can be no assurance that these approvals will be obtained within the scheduled time anticipated by us, or at all. Additionally, a certain portion of the Net Proceeds of the Issue is proposed to be utilised to acquire certain machinery and other equipments as part of expansion of our manufacturing unit. We have only received quotations/purchase orders for certain machinery and other equipments we propose to acquire for expansion of our manufacturing unit. Procurement of machinery and other equipments could entail significant outlay of cash in addition to the timeframe involved in procuring them.

Any delays in the purchase of land, machinery and other equipments, cost overruns, delay in construction of office space or for other reasons, may mean we do not achieve the economic benefits expected which could adversely affect our business, financial condition and results of operations.

4. We derive a significant portion of our net sales from a limited number of customers. The loss of, or a significant reduction in the net sales we receive from, one or more of these customers, may adversely affect our business.

We derive a significant portion of our net sales from a limited number of large customers. For the periods ended March 31, 2011, March 31, 2010 and March 31, 2009, our top ten customers accounted for 76.60%, 68.15% and 43.01%, respectively, of our restated consolidated net sales. The top ten customers contributed 66.03%, 45.77% and 39.69% of the restated net sales of our Company on a stand-alone basis for the periods ended March 31, 2011, March 31, 2010 and March 31, 2009 respectively. None of our top ten customers are/were related to the Promoters, Group Companies or Directors. While our top ten customers are not necessarily the same every year, these customers contribute a significant portion of our total income. In Fiscal 2011, our largest customer, Abhijeet Projects Limited contributed to 23.32% of our restated consolidated net sales. Since there is competition for the products we provide and we may not be the exclusive supplier to our major customers, the level of total income from our major customers could vary from period to period. We cannot assure you that we will be able to maintain the historic levels of business from these customers, or that we will be able to replace these customers should we lose any/all of them.

5. Our manufacturing business and Power Project Business have a long gestation period and require substantial capital outlay before we realize any benefits or returns on investments.

Due to the nature of our business, our projects typically have a long gestation period and require substantial capital outlay before completion. Depending on the output capacity of the generator, the average gestation period for the completion of a project for the manufacturing business is around 180-240 days, for the Projects Business is around 14-16 months and for the EPC Business is around 20-24 months. For further details please refer to the section titled "Our Business" on page 110. The time and costs required in completing a project may be subject to substantial increases as a result of factors including shortages of materials, equipment, skilled personnel and labor, adverse weather conditions, natural disasters, labor disputes, disputes with contractors, accidents, changes in local and international government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. We cannot assure you that these projects will be completed in the time expected or at all. In addition, failure to complete a project according to its original specifications or schedule, if at all, may give rise to potential liabilities and, as a result, there can be an adverse impact on our reputation, business and financial performance.

6. ***Fluctuations in the price, dependence on third party transportation services, availability and quality of raw materials could cause delay and increase costs.***

We rely on third-party suppliers for steel and other raw materials, freight and transportation services, some of which are procured from outside India. The prices and supply of the raw materials, including transportation charges, depend on factors not under our control, including general economic conditions, competition, production levels, and import duties. Adverse fluctuations in the price, availability and quality of the raw materials used by us in our manufactured products could have a material adverse effect on our cost of goods sold or our ability to meet our customers' demands. As on March 31, 2011 consumption of raw materials, stores, spare parts and components used in our manufacturing business contributed to 28.82% of the restated consolidated total expenditure. Purchases for Projects Business and purchases for EPC Business contributed to 56.61% of our restated consolidated total expenditure. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including increase in transportation costs, inability of the foundry to meet our demands within the requisite time, increase in prices of the metals used by us, increase in charges of the foundries/machining workshops. We also do not enter into long agreements to supply raw materials and other requirements for our products. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased costs of goods sold that we may not be able to pass on to our customers, which in turn would have a material adverse effect on our margins and results of operations.

Moreover, we fix the price of the products sold by us to our customers at the time the customer places the order with us. On average, an order for manufacturing generators takes about 180 to 240 days to be completed. An order under our Projects Business requires 14 to 16 months and an order under our EPC Business requires between 20 to 24 months. In most cases, we do not have the right to revise the rates once we have accepted the customer's order. Thus, the risk of increase in the price of the raw materials from the date the order is placed until we procure the raw materials is borne entirely by us. This sales model may reduce our operating margins. A steady increase in the prices of our raw materials may have a material adverse effect on our operating results and financial condition.

Further, some of our materials are procured from other countries, including China, Japan, South Korea, Malaysia, Singapore, the United States of America, Canada and several European countries. This exposes us to risks such as currency fluctuations, political or labour instability and potential import restrictions, duties and tariffs which may affect our ability to continue to procure these raw materials from such countries. Because some of the raw materials procured by us are sourced by our suppliers from abroad, political or economic instability in the countries from where these raw materials are procured or elsewhere could cause substantial disruption to our suppliers business and consequently our business. Additionally, there could also be certain non trade barriers or tariffs, which may be imposed by the Indian government or the government of the other country, which we be may be required to comply with. This could delay deliveries or increase costs, which could adversely impact our results of operations.

7. ***The loss or shutdown of operations at our manufacturing facility may have a material adverse effect on our business, financial condition and results of operations.***

Our manufacturing facility at Bangalore is subject to various operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Further, our results of operations are also dependent on the successful operation of our manufacturing facility. Long periods of business disruption could result in a loss of customers. Although we take precautions to minimize the risk of any significant operational problems at our manufacturing facility, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our manufacturing facility, including due to any of the factors mentioned above.

8. ***Our order book may not necessarily indicate what our future sales will be and our actual sales may be significantly less than estimated sales, which could adversely affect our results of operations and cash flows.***

Our Company defines its order book in terms of our manufacturing business as the value and quantity of generators and motors to be executed based on customer orders and in relation to our Power Project Business as the value of the projects to be executed based on customer orders. As of June 30, 2011 our consolidated order book was Rs. 10,946.88 million.

We receive a letter of intent or a purchase order from our customers, in accordance with which we plan various aspects of our operations including budgeting, manpower requirements and the raw materials that we are required to purchase. However, every letter of intent or purchase order from the customer may not result in actual sales due to, among other factors, cancellations, unanticipated variations in scope or schedule adjustments. There is no assurance that we will be able to make the required operational adjustments to our productions plans and the failure to make such adjustments may have a material adverse effect on our total income, cash flows and operations. Further, we may be unable to claim compensation or damages for products manufactured in accordance with the letter of intent or purchase order, which have not been delivered. We cannot guarantee that the income anticipated in our order book will be realized, or, if realized, will be realized on time or result in profits.

For some of the contracts/purchase orders in the order book, our customers have the right to conduct an inspection, either by themselves or through a third party. If we fail the inspections conducted by our customers, orders could be delayed, modified or cancelled and as a result, our total income, operations, cash flows and profitability could be adversely affected.

9. Our business is dependent on a continuing relationship with our key customers, with whom we have not entered into long-term contracts. Any reduction or interruption in the business of a key customer, or a substantial decrease in orders placed by a key customer may have an adverse impact on our total income and operations.

We do not have any long-term contracts obliging any of our customers to purchase our products and/or services in the future. Also, we rely on various industries such as cement, steel, paper, chemical, metals, sugar co-generation, bio-mass power plants, hydro-electric power plants and independent power plants and external consultants who place orders with us for various power projects. There is no assurance that we will be able to maintain historic levels of business from all of our existing customers or to retain our existing customers, or that we will be able to replace our customer base in a timely manner or at all, in the event our existing customers do not continue to purchase products and/ or services from us for any reason. The loss of, or interruption of work by, a significant customer or a number of significant customers may have an adverse effect on our total income and operations, including an interruption or partial or total work stoppage at our manufacturing facilities.

10. Our contingent liabilities could adversely affect our financial condition.

Our contingent liabilities appearing in our restated financial statements as at March 31, 2011 aggregated to Rs. 5,455.56 million on a stand-alone basis and Rs. 7,459.91 million on a consolidated basis, the details of which, are as follows:

(Rs. in million)

Particulars	Stand-alone as at March 31, 2011	Consolidated as at March 31, 2011
Estimated amount of contract remaining to be executed on capital account and not provided for (net of advance)	78.92	78.92
Guarantees and counter guarantees given on imports and sale contracts	1,055.05	3,059.40
Corporate guarantee issued to the bankers of the Subsidiary	3,790.00	3,790.00
Corporate Guarantee issued on behalf of Subsidiary	450.01	450.01
Bills discounted under Letter of Credit	81.58	81.58
Total	**5,455.56**	**7,459.91**

Additionally, since March 31, 2011 our Company has issued corporate guarantees on behalf of our Subsidiary to the extent of Rs. 1,750 million.

In the event that any of these contingent liabilities materialize, our results of operations and financial condition could be adversely affected.

11. Because a certain percentage of our net sales is denominated in foreign currency and a significant percentage of our cost is denominated in Indian Rupees, we face currency exchange risks.

The exchange rate between the Rupee and the other foreign currencies has changed substantially in recent years and may continue to fluctuate significantly in the future. In Fiscal 2011, Fiscal 2010 and 2009, we have derived 5.46%, 4.21% and 8.97%, respectively, of our restated consolidated net sales from foreign currency. At the same time, a substantial proportion of our costs are denominated in Indian Rupees. We expect that a portion of our total income will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Indian Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and other foreign currencies. Any strengthening of the Indian Rupee against any foreign currency could adversely affect our financial condition and results of operations.

12. Our business shall be affected adversely if we are subject to any product related claims.

We are in the business of manufacturing generators which are used in power plants. Therefore, most of our orders involve manufacturing generators that are critical to the operations of our customer's businesses. While we have limited our liability to claims of warranty under some customer contracts for the products that we manufacture and deliver**,** any failure on our part to design and manufacture products as per customer requirements could result in a claim or legal proceeding against us for damages, regardless of our contractual responsibility for such a failure or defect. Under the terms of some of our contracts with our customers, there are obligations on us to indemnify and to pay liquidated damages in the event of any defect or delay in relation to the supply of our products. Commencement of these lawsuits against us or any negative outcome of litigation may adversely affect the results of our operations and our financial condition.

Further, in the event we become subject to product liability or warranty claims caused by defective technology or components or raw materials obtained from an outside supplier, we may not be able to seek compensation from the relevant supplier or sub-contractor. Further, warranty claims against suppliers and sub-contractors may be subject to certain conditions precedent. If no claim can be asserted against a supplier or sub-contractor, or the amounts that we claim cannot be recovered from either a supplier or sub-contractor or from our insurer, if any, our business, financial condition and results of operations could be adversely affected.

13. We rely on our information technology system and any failures in our systems could adversely impact our business.

We rely extensively on our information technology systems for our product designing and to provide us with connectivity across our business functions through our software, hardware and connectivity systems. Any delay in implementation or any disruptions in the functioning could disrupt our ability to design our products, track, record and analyze the merchandise that we sell and cause disruptions of operations, including, among others, an inability to process shipments of goods, process financial information, deliver products or engage in similar normal business activities. Additionally, this may also adversely affect our ability to give periodic updates to our customer, which we are required to do up to the time of delivery or installation for all of the products we manufacture.

14. We require regulatory approvals in the ordinary course of our business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.

We require regulatory approvals, sanctions, licenses, registrations and permissions for operating our business, most of which expire in due course from time to time. We generally apply for renewals of such regulatory approvals, environmental approvals, licenses, registrations and permissions, prior to or upon their expiry. We are also required to intimate government agencies for change in our registered office. Please see the section titled "Government Approvals" on page 237 for further details. We cannot assure you that we will obtain all regulatory approvals, sanctions, licenses, registrations and permissions that we may require in the future, or receive renewals of existing or future approvals, sanctions licenses, registrations and permissions in the time frames required for our operations or at all, which could adversely affect our business. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditures. If we fail to comply or a regulator alleges that we have not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected.

15. *Changes in the business plans of our clients or change in relationship with existing clients may impact our business*

Our future success will depend in part on our ability to respond to our customers' emerging needs. We cannot assure you that we will be able to adapt to these changes in a cost effective and timely manner, including any assurance that we are or will be aware of technological advances and the emerging industry standards practices on a cost-effective and timely basis. Sudden change in the business plans of our clients or change in our relationship with these existing clients may make our products and services more competitive or may require us to incur additional capital expenditures to upgrade our facilities in order to provide newer products or services to meet the business plans of our clients. If we are unable to adapt our technology in a timely manner to changing market conditions and client requirements, our business and our financial performance could be adversely affected.

16. *We sell our products in a highly competitive industry. An inability to compete effectively may lead to a lower market share or reduced operating margins.*

The generator as well as the motor manufacturing industry is highly competitive, both in India and internationally. As a result, to remain competitive in the market, we must continuously strive to reduce our production and distribution costs and improve our operating efficiencies. If we fail to do so, our competitors may be able to sell their products at prices lower than ours, which may have an adverse affect on our market share and results of operations.

Many of our competitors may be larger than us and may benefit from greater economies of scale and operating efficiencies. There is no assurance that we can continue to effectively compete with such manufacturers in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. Moreover, the competitive nature of the manufacturing industry may result in lower prices for our products and decreased gross profit margins, either of which may materially adversely affect our sales and profitability.

17. *Failure to manage the proposed expansion in our lines of business could disrupt our business and affect our financial condition.*

We continue to identify and target specific project segments and industries where we believe there is potential for growth. We intend to expand and diversify our line of business by manufacturing generators beyond 52 MWs. Further as part of our diversified product offerings, we have started manufacture of motors.

We are embarking on a growth strategy, which involves substantial expansion of our current business as well as expansion of our manufacturing facilities. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we scale-up and diversify our operations, we may not be able to execute our orders efficiently, which could result in delays, loss of customers, increased costs and diminished quality and may adversely affect our reputation. Such expansion also increases the challenges involved in preserving a uniform culture, values and work environment across our projects, developing and improving our internal administrative infrastructure, particularly our financial, and operational infrastructure, communications, internal control and other internal systems; recruiting, training and retaining sufficient skilled management, technical and marketing personnel; maintaining high levels of customer satisfaction; and adhering to health, safety, and environmental standards. Our failure to manage our growth could have an adverse effect on our business, financial condition and results of operations.

18. *We may be liable for the quality of technology licensors', sub-contractors' or suppliers' work and may be sued for product or service liability that arises from their work.*

The quality and efficiency of our technology licensors, suppliers and sub-contractors have a direct impact on the overall quality of our products and the timeliness of their delivery. Consequently, we would have to seek remedies from our suppliers, sub-contractors or technology licensors, as the case may be, should any service or product liability claim be made by our clients against us. Although we generally design and test the technology we use and implement strict quality control measures on our processes through the establishment and enforcement of stringent internal rules and regulations, we may be subject to such potential claims against us. In case of any such claim against us, even if it is not proven, our reputation may suffer and our business may be adversely affected. In addition, our resources could be strained by any claim which proceeds to litigation irrespective of the merits of our case. We cannot assure you that claims of such nature will not be brought against us or will be decided in our favor, which could have an adverse impact on our reputation, business and financial condition.

19. We typically enter into contracts for our Power Project Business that require us to complete the execution within a specified timeframe, which exposes us to various forms of risks with respect to delays in contract execution

The contracts entered into by us for our Power Project Business typically require us to complete the project within a specified timeframe, which means we generally bear the risk of delay. A number of factors may cause a delay in project execution, including:

- delays in receipt of work schedules and engineering inputs, approvals and decisions required from the customer;
- delays in delivery of raw materials, components or equipment;
- changes to project plans and process requirements;
- delays due to interface issues with the other contractors employed by the customer;
- delays in performance by the sub-contractors;
- delays due to environmental considerations;
- delays in receiving the necessary regulatory clearances, approvals and certifications or delay in renewal of the same;
- onsite accidents and accidents during delivery and installation of our products;
- delays in transportation of equipment and construction material;
- unavailability of skilled and unskilled labour;
- local strikes, bandhs and curfews by political parties;
- adverse weather conditions; and
- adverse changes to the relevant legal, regulatory or tax regimes.

In the event that we fail to complete a power plant project within the specified timeframe, our customers are typically entitled to receive liquidated damages for the delay to the extent the delay is attributable to us, and our customers may invoke the bank guarantees that we have provided in connection with the performance of the project or retain our security deposits as compensation for such damages. As we continue to undertake power plant projects of increasing size, we may become increasingly exposed to the risk of delay in the performance of power plant execution contracts.

20. The terms under which credit facilities are availed by us from our lenders contain restrictive covenants and may be altered by the bank at any time without assigning any reason.

Pursuant to the loan facilities availed by us, the terms under which credit facilities are availed contain restrictive covenants and may be altered by the bank at any time without assigning any reason. We cannot assure you that we will have adequate funds at all times to repay this credit facility and may also be subject to demands for the payment of penal interest. Moreover, our ability to borrow and the terms of our borrowings depend on our financial condition, the stability of our cash flows and our capacity to service debt in a rising interest rate environment. We may not be successful in obtaining these additional funds in a timely manner, or on favourable terms or at all, which could adversely affect our results of operations.

The restrictive covenants contained in the agreement with our lenders include a requirement of obtaining prior written consent for incurring capital expenditure for major expansion/diversification/modernization, entering into any borrowing arrangements with other banks, financial institutions and/or any other parties, effecting mergers and acquisitions, effecting any change in the constitution/composition of the Board of our Company and certain other corporate actions. There can be no assurance that we will be able to comply with these financial or other covenants, or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business. These restrictive covenants may affect some of the rights of our shareholders. Our current financial obligations as well as any additional financing that we require to fund our capital expenditures may, if met by way of additional debt financing, place restrictions on us which may, among other things, increase our vulnerability to general adverse economic and industry conditions; limit our ability to pursue our growth plans; require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes; and limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive

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financial or operational covenants or otherwise. For details of these restrictive covenants, see the section titled "Financial Indebtedness" beginning on page 230.

21. Delays or defaults in payments by our customers could result in a reduction of our net profits.

We often commit resources to orders prior to receiving advances or other payments from customers in amounts sufficient to cover expenditures on projects as they are incurred. We may be subject to working capital shortages due to delays or defaults in customer payments. If customers default in their payments on an order to which we have devoted significant resources or if customers cancel the order without paying the amount spent on raw materials by us up to receipt of the cancellation order or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

Moreover, our products are made as per the specifications provided by our customers. Hence, any cancellations would result in a lost sales opportunity and we also run the risk of not being able to sell those products to another customer. These events could have a material adverse effect on our total income and results of operations.

22. Our success depends in large part upon senior management and our highly skilled professionals and our ability to attract and retain these personnel.

Our senior management and our Directors collectively have many years of experience in the electrical and power equipment manufacturing business and Power Project Business and are difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. For further details of our senior management and our Directors please see the section titled "Our Management" on page 138. Except for Nikhil Kumar, we do not maintain key man life insurance for any of the senior members of our management team or other key personnel. We cannot assure you that we will continue to retain any or all of the key members of our management. The loss of the services of any key member of our management team could have an adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

Our ability to execute orders and to obtain new clients depends largely on our ability to attract, train, motivate and retain highly skilled professionals, particularly project managers and other mid-level professionals. We rely extensively on our skilled workforce which mainly consists of engineers. We are also subject to laws and regulations governing our relationships with our employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Shortage of skilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business, and results of operations.

We invest in training the professionals that we hire. If we cannot hire and retain additional qualified personnel, our ability to bid on and obtain new projects may be impaired and our total income could decline. In addition, we may not be able to expand our business effectively. Additionally, we may have difficulty redeploying and retraining our professionals to keep pace with continuing changes in technology and evolving standards.

23. We may face risks arising from any disproportionate increase in labour costs including in relation to increased wage demands, labour unrest, or claims arising from industrial accidents.

As of June 30, 2011, we had 946 employees at our plants and offices in India. Of these, we have 507 permanent employees on the rolls of our Company, 195 contract employees and 31 trainees. Our Subsidiary has 188 permanent employees, 18 contract employees and 7 trainees. Our labour cost (which includes the remuneration paid to the employees of our Company and our Subsidiary) is 6.61% of our total expenditure on a restated stand-alone basis and 5.20% of our total expenditure on a restated consolidated basis for Fiscal 2011. Several of our employees and workmen are represented by a labour union under a memorandum of settlement entered into on August 25, 2008 which expired on March 31, 2011. We are currently in the process of negotiating the revised memorandum of settlement and while we consider our labour relations to be good, in the future, we may not be able to satisfactorily renegotiate our collective bargaining agreements when they expire. While we have not had any work stoppage on account of any labour unrest, collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have an adverse effect on our financial condition.

Moreover, India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Any upward revision of the prescribed minimum wage or other benefits required to be paid to our workers (including in the event of injuries or death sustained in course of employment, dismissal or retrenchment) will result in the increase in cost of labour which we may be unable to pass on to our customers due to market conditions and pricing pressure from our competitors. This would result in us being required to absorb the additional increase in cost, which may have a material adverse effect on our profitability.

Although we endeavor to provide adequate insurance coverage and a safe working environment to all our employees, we cannot rule out the possibility of future industrial accidents. A successful claim brought against us in excess of available insurance coverage may have a material adverse effect on our financial position.

24. We may be unsuccessful at generating internal growth.

Our ability to generate internal growth will be affected by, among other factors, our ability to attract new customers, increase the number or size of orders received by existing customers, hire and retain employees and increase volume, utilizing our existing facilities. In addition, our customers may reduce the number or size of their orders. Many of the factors affecting our ability to generate internal growth may be beyond our control, and we cannot be certain that our strategies will be successful or that we will be able to generate cash flow sufficient to fund our operations and to support internal growth. If we are unsuccessful, we may not be able to achieve internal growth, expand our operations or grow our business.

25. Our operations and our work force are exposed to various hazards.

We endeavour to maintain adequate health and safety standards at our manufacturing units and our power plants. However, there are certain unanticipated or unforeseen risks that may arise due to adverse conditions such as lightning, and earthquakes. Additionally, our operations are subject to hazards inherent in manufacturing, such as risk of equipment failure, work accidents, fire, or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Our policy of covering these risks through insurance may not always be effective or adequate. Failure to effectively cover ourselves against the associated risks for any of these reasons including other unforeseen circumstances could expose us to substantial costs and potentially lead to material losses. Any liability in excess of our insurance limits could result in additional costs, which would reduce our profits and adversely affect our business and results of operations. Faults in designing and installation might also require repair work, which may not be foreseen or covered by our insurance.

26. Our insurance coverage may not adequately protect us against all material risks.

We have insured against a majority of the risks associated with our business, either directly or through our Subsidiary. While we believe that the insurance coverage which we maintain directly or through our contractors, would be reasonably adequate to cover the normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses. For details, see the section titled "Our Business - Insurance" on page 126. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and as a result, our results of operations and financial performance could be adversely affected.

27. Certain of our premises are not owned by us.

We do not own the premises on which our branch offices in Japan and Hong Kong and one of our offices in Bangalore are located, and the same have been leased to us/used pursuant to an arrangement for provision of branch office and address for correspondence purpose. Additionally, on June 1, 2011, we have leased premises close to our manufacturing facility at Dabaspet. Below is a table which provides a list of our premises and their lease terms:

Sl. No.	Facility and Location	Lease Term	
		From	Till
	Premises of our Company		
	30-A (Part), Survey No. 63 Dabaspet, Nelamangala Taluk Bangalore 562 111 Karnataka, India	June 4, 2011	June 3, 2012
	Premises of our Subsidiary		
1.	RMJ Mandoth Towers, No. 37 7th Cross, Vasanthnagar Bangalore 560 052 Karnataka, India	May 1, 2008	April 30, 2013
2.	No. 11/1 Palace Road Bangalore 560 052 Karnataka-India	November 15, 2010	September 30, 2012
	Branch Offices		
1.	Tohwa Building, 4th Floor, 3-3 Kitashinagawa, 3 – Chome, Shingawa-ku, Tokyo Japan – 1400 001	May 1, 2010	April 30, 2012
2.	Suite 605/6F China Insurance Group Building 141 Des Voeux Road Central Hong Kong*	July 6, 2010	Renewable with the option for either party to terminate.

** Provision of branch office and address for correspondence purpose*

If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations and our results of operations, which may have an adverse effect on and financial performance could be adversely affected.

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

At present our Promoter / Promoter Group owns 89.45% stake in our Company and after completion of the Issue, the shareholding of our Promoter / Promoter Group would be reduced to 65.59% shares of our Company. Hence upon completion of this Issue, our Promoter / Promoter Group will continue to own the majority of our Equity Shares. 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, and may take or block actions with respect to our business which may conflict with the interests of our minority shareholders 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 our control or a change in our capital structure, a merger, consolidation, takeover or other business combination involving us.

29. We have entered into, and will continue to enter into, related party transactions.

We have in the course of our business entered into transactions with related parties as illustrated in the table below, which are extracted from our restated consolidated financial statements:

(Rs. in million)

Nature of Transactions	Fiscal 2011	Fiscal 2010	Fiscal 2009
Remuneration			
Nikhil Kumar	62.26	48.22	44.59
Hitoshi Matsuo	35.65	28.92	28.90
Tadao Kuwashima	10.03	7.47	6.38
Sitting Fees			
Mohib N. Khericha	0.09	0.02	0.02
Hitoshi Matsuo	0.00*	-	-

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Nature of Transactions	Fiscal 2011	Fiscal 2010	Fiscal 2009
Lease Rent			
Mohib N. Khericha	2.40	1.80	1.80
Consultation Charges			
Mohib N. Khericha	-	0.33	0.34

** Less than 0.01*

For more information regarding our related party transactions, see the related party transactions on pages 176 and 196 contained in our restated financial statements included in this Prospectus. Further, our business is expected to involve transactions with such related parties in the future.

30. We have in the past and will continue to enter into transactions with our wholly owned Subsidiary.

We have in the past and will continue to enter into transactions with our wholly owned Subsidiary. For further details see section titled "Financial Statements" on page 162 and details on related party transactions on page 176. While we believe that the same would not be covered by Section 297 of the Companies Act, 1956, it is possible that transactions we enter into in the future with our Subsidiary may result in Directors who are common to our companies being deemed to be interested in such transactions. If that occurs, we will ensure that we comply with the applicable provisions of the Companies Act and other applicable laws. Our failure to comply with applicable laws may result in penalties being imposed on our Company, which may have an adverse effect on our business and results of operations.

31. The Promoters, Directors, and certain Key Management Personnel hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.

Our Promoters, Directors and certain Key Management Personnel hold Equity Shares in our Company. For details, see the section titled "Capital Structure" on page 54 and "Our Management" on page 138. To the extent of such equity shareholding, the Promoters, Directors and Key Management Personnel would be deemed to be interested in our Company in excess of their remuneration and reimbursement of expenses. One of our Promoters, Mohib N. Khericha, has received Rs. 2.40 million from our Company as rent for leasing out his premises at Mumbai for the period ended March 31, 2011.

32. The name and logo of our Company is yet to be registered as a trademark.

We have been conducting our business using our logo and our customers and suppliers associate our logo with our Company and its operations. While we have applied for registration of our logo as our trademark and while we have not received any negative observations from the registrar or third parties, it cannot be confirmed that we would be able to obtain a registration of our logo as our trademark. Further, unauthorized parties may infringe upon or misappropriate our logo or other proprietary rights. The misappropriation or duplication of our intellectual property could disrupt our business, distract our management and employees, reduce our total income and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome of any such litigation cannot be guaranteed.

33. Our Company has made issuances of Equity Shares during the last 12 months at a price that may be lower than the Issue Price.

Our Company has, in the last 12 months made issuances of Equity Shares at a price that could be lower than the Issue Price, whose details are as follows:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	Consideration
October 19, 2010(1)	425,000	10	379	Consideration other than cash*
December 31, 2010(2)	187,120	10	10	Cash
January 11, 2011(3)	16,246,934	10	-	Non-Cash**

(1) Allotment of 125,000 Equity Shares each to Nikhil Kumar, Hitoshi Matsuo and Mohib N. Khericha; 37,500 Equity Shares to G.S. Raju; 12,500 Equity Shares to K.G. Prabhakar pursuant to the acquisition by our Company of the Equity Shares held by them in our Subsidiary
(2) Allotment of 187,120 Equity Shares to Mohib N. Khericha

(3) Allotment of 4,017,622 Equity Shares to Saphire Finman Service Private Limited, 3,425,776 Equity Shares to Nikhil Kumar, 2,823,496 Equity Shares to Hitoshi Matsuo, 1,389,400 Equity Shares to Sofia M. Khericha, 1,231,240 Equity Shares to Mohib N. Khericha, 889,882 Equity Shares to Foziya Akil Contractor, 756,168 Equity Shares to Chartered Capital and Investment Limited, 584,180 Equity Shares to Toyo Denki K.K., 180,562 Equity Shares to Yukinobu Teshima, 154,338 Equity Shares to Tadao Kuwashima, 112,870 Equity Shares to Fumio Yamada, 97,000 Equity Shares to G.S. Raju, 69,000 Equity Shares to K.G. Prabhkar, 38,500 Equity Shares each to Prabhamani S, Manjunath S.V., Vinay Hegde, 27,500 Equity Shares each to Ramesh N. S., Ramakrishna Varna, Vasudev Murthy R, M.N. Varalakshmi, Vishal Bangera, Udaya Kumar and Shekhar C.S., 22,000 Equity Shares each to Ravishankar H.R., V. Srinivasa Murthy and Harish B.C., 16,500 Equity Shares to Raghava Rao K.R., 13,200 Equity Shares each to Jagadeesh V., Niranjan Margaonkar and Rajkumar Joseph 11,000 Equity Shares to Krishnamurthy T.R., Mohammed Mujahid, 8,000 Equity Shares to Girisha K. and Vishwanath Hangari, 3,300 Equity Shares to Prakash Mirajkar,.2,000 Equity Shares to K. Saravanan, Arun Kumar, Jayagopi N, Chindanda B.S., Mithu Raju T., Lakshmikanth B. N., Rajesh C., Nanda Kumar TH, Prakash G, Muniraj D., Ravi K. N., Babu M. L., Sunil K. Biradar, Kumar K. N., Ramesh R., Satish Singh B., Ashok Kumar L., Raghu B., Ravikumar B.M., Jagadish R., Prasanth C. M . and Rajashekar R.

Note: *Except for (i) Saphire Finman Service Private Limited, Nikhil Kumar, Hitoshi Matsuo and Mohib N. Khericha who are the Promoters of the Company; (ii) for Chartered Capital and Investment Limited, which is one of the group entities;and (iii) Sofia M. Khericha and Foziya Akil Contractor who form part of the Promoter Group, none of the other allotees are related to the Promoters or Promoter Group of the Company.*

**These Equity Shares were allotted by our Company pursuant to the acquisition of equity shares of our Subsidiary. See foot note 18 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure. Pursuant to a valuation reports dated September 3, 2010 provided by B.K. Ramadhyani & Co on the valuation of the shares of the Company and that of its subsidiary, DF Power Systems Private Limited, the Equity Shares were allotted at a price of Rs. 379, at a premium of Rs. 369 per Equity Share. The valuation was computed using a weighted average value computed through (i) earnings capitalization or yield method, (ii) break-up value or book value method, and (iii) discounted cash flow method.*

** *The bonus issue was made through capitalization of the surplus as reflected in the Profit and Loss Account as at March 31, 2010 appearing under the head 'reserves and surplus' in the Balance Sheet of the Company as at March 31, 2010*

For further details, see section titled "Capital Structure" on page 54.

34. Our Company, one of our Promoters and one of our Group Entities are involved in certain legal and other proceedings and may face liabilities as a result. Any adverse decision may have a significant adverse effect on our business and results of operations.

We are involved in certain legal proceedings and claims in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Our business, results of operations and financial condition could be affected by future litigation or claims adverse to us. Types of potential litigation cases include product liability, contract, employment-related, labour relations, personal injury or property damage, intellectual property, stockholder claims and claims arising from any injury or damage to persons, property or the environment from hazardous substances used, generated or disposed of in the conduct of our business.

Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our liabilities. Also, we cannot assure you that these legal proceedings will be decided in our favour. Any adverse decision may have a significant adverse effect on our business and results of operations. Our outstanding litigations and amount outstanding to the extent ascertainable are summarized below:

Cases filed against our Company

(Rs. in million)

Sl. No.	Nature of Proceeding	Number of Cases/Notices	Amount*
1.	Arbitration proceedings	1	19.71**
2.	Income tax proceedings	2	126.29
3.	Excise/service tax proceedings	5	12.94
	Total	**8**	**158.94**

**Amount includes only an aggregate of quantified monetary values specifically claimed through the application, plaint or petition. This does not include the value of any specific relief, any un-quantified damages or interest which may have been claimed.*
*** Excludes counter claim of Rs. 159.36 million by our Company*

Cases filed by our Company

(Rs. in million)

Sl. No.	Nature of Proceeding	Number of Cases/Notices	Amount*
1.	Excise/service tax proceedings	1	4.30
	Total	**1**	**4.30**

**Amount includes only an aggregate of quantified monetary values specifically claimed through the application, plaint or petition. This does not include the value of any specific relief, any un-quantified damages or interest which may have been claimed.*

Cases filed against our Promoter

Sl. No.	Nature of Proceeding	Number of Cases/Notices	Amount*
1.	Income Tax proceedings	1	-
	Total	**1**	**-**

**Amount includes only an aggregate of quantified monetary values specifically claimed through the application, plaint or petition. This does not include the value of any specific relief, any un-quantified damages or interest which may have been claimed*

Cases filed by our Promoter

Sl. No.	Nature of Proceeding	Number of Cases/Notices	Amount*
1.	Debt recovery proceedings	2	-
	Total	**2**	**-**

**Amount includes only an aggregate of quantified monetary values specifically claimed through the application, plaint or petition. This does not include the value of any specific relief, any un-quantified damages or interest which may have been claimed*

Cases filed against Chartered Capital and Investment Limited

Sl. No.	Nature of Proceeding	Number of Cases/Notices	Amount*
1.	Income Tax proceedings	1	-
2.	Civil suit proceedings	1	-
	Total	**2**	**-**

**Amount includes only an aggregate of quantified monetary values specifically claimed through the application, plaint or petition. This does not include the value of any specific relief, any un-quantified damages or interest which may have been claimed*

For details regarding these legal proceedings, please see the section titled "Outstanding Litigation and Material Developments" on page 232. If our Company or Subsidiary or Group Companies or Directors fail to successfully defend these or other claims, or if provisions prove to be inadequate, our business, financial condition and results of operations could be adversely affected.

35. Some of our Group Companies have incurred losses in the past and may incur losses in the future.

Bangalore Beers and Wines and Nilarya Trading Private Limited, have incurred losses in Fiscal 2008 and Fiscal 2009 respectively and may incur losses in the future. Details of the same are provided below:

(Rs. in million)

Name of the Group Company	Profit/ (Loss) after Tax	Period
Bangalore Beers and Wines	(0.06)	Fiscal 2008
Nilarya Trading Private Limited	(0.00*)	Fiscal 2009

**Less than 0.01 million*

Source: derived from the audited financials

36. As we continue to expand our business, our working capital requirements may increase and we may not be able to raise the required capital for future orders.

As we increase our production and undertake expansion, our business may require a large amount of working capital to finance the purchase of raw materials for our manufacturing business and Power Project Business before payments are received from customers. Our working capital requirements may increase if, under certain orders, payment terms do not include advance payments or such orders have payment schedules that are back-ended. Our working capital requirements may also increase owing to a growing number of orders to be delivered within a similar timeframe and due to the growth of our Company's business generally. All of these factors may result, or have resulted, in increases in our working capital needs.

Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our current projects and other laws that are conducive to our raising capital in this manner. Given the increase in the number of orders being executed by us for both the manufacturing business, and Power Project Business, our attempts to complete future financings may not be successful or on favourable terms and failure to obtain financing on terms favourable to us could have a material adverse effect on our business and results of operations.

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

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and will be subject to management discretion and to prior consent of the lenders. There can be no assurance that we will be able to pay dividends in the future.

38. Upon the listing of the equity shares of our Company we would be required to obtain the approval from the Central Government for the remuneration payable to our whole time directors.

Pursuant to the revision/annual increment of our whole time director`s remuneration, in excess of the limits prescribed under the provisions of the Companies Act, 1956, upon listing we are required to obtain the approval of the Central Government for this remuneration payable as approved by our shareholders. We cannot assure you that this approval will be forthcoming. Therefore, the remuneration currently payable to our whole time directors may be impacted until such time that we make adequate profit

39. Our failure to successfully adopt IFRS could have an adverse effect on the price of our Equity Shares.

Significant differences exist between the present accounting standards and the International Financial Reporting Standards, or IFRS which could have a material effect on the financial results of the Company. We have not attempted to quantify the impact of IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of the Company, the terms of this Issue and the financial information contained in this Prospectus.

40. Additional issuances of equity may dilute your holdings and sales by our Promoters could adversely affect the market price of our Equity Shares.

Sales of a large number of our Equity Shares by our Promoters could adversely affect the market price of our Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of our Equity Shares. Any future issuance of our Equity Shares or securities linked to our Equity Shares, such as ESOPs, may dilute your shareholding in our Company as well as the holdings of our existing shareholders. Further, sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by potential investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

Under the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR"), listed companies are required to maintain public shareholding of at least 25.00% of their issued share capital. Pursuant to the Securities Contracts (Regulation) (Amendment) Rules, 2010, notified on June 4, 2010 and the notification of the Ministry of Finance, Government of India dated August 9, 2010, the SCRR were amended to define 'public shareholding' to refer to persons other than a company's promoter and promoter group and subsidiaries and associates, and excluding shares held by a custodian against which depository receipts have been issued overseas. Companies, such as ours, whose draft offer documents were filed with the SEBI on or prior to the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, are required, on listing, to increase their public shareholding to at least 25.00% of its issued share capital within three years of the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, i.e. June 4, 2010. Failure to comply with the minimum public shareholding provision would require a listed company to delist its shares and may result in penal action being taken against the listed company pursuant to the SEBI Act This may require us to issue additional Equity Shares or require our Promoters or Promoter Group to sell their Equity Shares, which may adversely affect our trading price.

41. Our funding requirements and deployment of the Net Proceeds of the Issue are based on management estimates and have not been independently appraised, and are not subject to monitoring by any independent monitoring agency.

We intend to use the net proceeds of the Issue for the purposes described in the section titled "Objects of the Issue" on page 67. The objects of the Issue have not been appraised by any bank or financial institution and are not subject to any monitoring by any independent agency. These are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Based on the competitive nature of the industry, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

42. The Net Proceeds of the Issue which will be deployed towards general corporate purposes may be more than 25% of the Net Proceeds of the Issue.

We intend to utlilize a portion of the Net Proceeds of the Issue for general corporate purposes as disclosed in the section titled "Objects of the Issue" on page 67. The Net Proceeds of the Issue which will be used for general corporate purposes may exceed 25% of the Net Proceeds of the Issue. In this regard, we will not be able to make adequate disclosure to inform investors of the utilization of funds for general corporate purposes as our Company has not yet entered into any definitive agreements, and the Board has not yet authorised any specific commitments, with respect to utilization of the portion of the Net Proceeds of the Issue which will be used for general corporate purposes.

43. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those other countries. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

44. There is no existing market for our Equity Shares and we cannot assure you that such a market will develop. The stock price may be volatile, and you may be unable to resell your shares at or above the Issue price or at all.

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained upon the completion of this Issue. The initial public offering price of the Equity Shares offered hereby was determined through our negotiations with the GCBRLM and the BRLMs and may not be indicative of the market price of the Equity Shares after this Issue. The market price of our Equity Shares after this Issue will be subject to significant fluctuations in response to, among other factors:

- variations in our operating results and the performance of our business;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- changes in financial estimates by securities research analysts;
- addition or loss of executive officers or key employees;
- loss of one or more significant customers;
- the performance of the Indian and global economy;
- significant developments in India's economic liberalization and deregulation policies, and the fiscal regime; and
- volatility in the Indian and global securities markets.

Many of these factors are beyond our control. There has been recent volatility in the Indian stock markets and our share price could fluctuate significantly as a result of such volatility in the future.

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45. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Upon listing, we will be subject to a daily circuit breaker imposed by BSE and the NSE in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

46. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.

The Equity Shares are proposed to be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry or "demat" accounts with depository participants in India are expected to be credited within three Working Days of the date on which the basis of allotment is approved by the Stock Exchanges. Thereafter, upon receipt of final approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within twelve Working Days of the date of closure of the Issue. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

47. Conditions in and the volatility of the Indian securities market may affect the price or liquidity of our Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have often experienced periods of significant volatility, with the BSE index declining by 10.16% to 9,826.91 points (the intra-day low on May 22, 2006). The BSE index also fell by 453.36 points or 3.49% to 12,529.62 points on March 14, 2007. Moreover, the BSE index fell from a close of 20,873.33 points on January 8, 2008 to a close of 8,509.56 points on October 27, 2008, a fall of approximately 59.23%. Trading was also halted on the NSE and BSE on May 18, 2009 as the BSE Sensex rose by 17.34% after the announcement of India's parliamentary results. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. If similar events occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

48. In the event there is a shortfall in receipt of issue proceeds from this Issue, we may be unable to meet our equity requirement for our proposed expansion plans and other objects of the Issue.

In case of any shortfall in the proceeds raised from this Issue, there can be no assurance that we will be able to raise the funds through other sources to satisfy our obligations of meeting equity contribution for our proposed expansion plans. In the event of a shortfall in raising the requisite capital from the Net Proceeds of the Issue towards meeting the objects of the Issue, the shortfall will be satisfied by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or internal accruals available with us.

External Risk Factors

49. Our international operations in relation to procurement, sales and marketing expose us to foreign currency, legal, tax and economic risks.

Our customers are present in numerous countries including Japan, U.S.A., U.K., Germany, Thailand, Philippines, United Arab Emirates, Kenya, Zambia, etc. As a result of our existing and expanding international operations, we are subject to risks inherent to conducting operations in international markets, including:

- cost structures and cultural and language factors, associated with managing and coordinating our international operations in relation to procurement, sales and marketing;
- compliance with a wide range of regulatory requirements, foreign laws as applicable, including tax laws where we usually rely on the opinions of experts on such matters; and
- potential difficulties with respect to protection of our intellectual property rights in some countries; and
- exchange rate volatility.

The risks stated above and the constantly changing dynamics of international markets could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

50. Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect our financial condition and results of operations.

Our operations are subject to environmental laws and regulations including the Environment Protection Act, 1986, the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974 and other regulations promulgated by the Ministry of Environment and the Pollution Control Boards (PCBs) of the state of Karnataka. In addition, some of our operations are subject to risks involving personal injury, loss of life, environmental damage and severe damage to property.

We believe that the Government may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations can often require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our employees, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or a shutdown of our facilities. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

Under various applicable environmental laws and regulations, the owner or operator of real property may be liable for failing to maintain air and water pollution within prescribed levels, or for failing to comply with various environmental regulations while constructing and operating our manufacturing plants. We are not aware of any environmental liability that could have a material adverse effect on our business, assets or results of operations, nor have we been notified by any governmental authority or any third party, and we are not otherwise aware, of any material non-compliance or other claim relating to hazardous or toxic substances in connection with any of our present or former manufacturing plants. We cannot, however, assure you that we will remain in compliance with all environmental laws and regulations, or that the requirements of such laws and regulations will not change.

51. A slowdown in economic growth in India could lead to loss in customer demand and also cause our business to suffer.

Our performance, growth and ability to satisfy customers needs both domestically and globally, are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

52. Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

We are incorporated in India and all of our facilities and assets are located in India. We derive a major portion of our income from our business in India. Consequently, our performance, the market price and liquidity of the

Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in and affecting India. In the early 1990s, India experienced significant inflation, low growth in gross domestic product and shortages of foreign currency reserves. Since 1991, the Indian government has pursued policies of economic liberalization, including providing significant tax incentives and relaxing certain regulatory restrictions, in order to encourage foreign investment in specific industries. We cannot assure you that liberalization policies will continue. Furthermore, the rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our Equity Shares could also change. Since 1996, the government of India has changed numerous times. Currently and in the past, the central government has been a coalition of several political parties. Various factors, including a collapse of the present coalition government due to the withdrawal of support of coalition members, could trigger significant changes in India's economic liberalization and deregulation policies, disrupt business and economic conditions in India generally and our business in particular. A prolonged economic slowdown, significant inflation and local and national economic conditions could hurt our operations and therefore affect our results.

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

Certain events that are beyond our control, including terrorist attacks and other acts of violence in India, South Asia or other countries, may adversely affect the Indian and worldwide financial markets and may result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations, financial condition and prospects. Increased volatility in the financial markets, including economic recession, can have an adverse impact on the economies of India and other countries. In addition, South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Events of this nature in the future, as well as social and civil unrest within other countries in South Asia, could influence the Indian economy by disrupting communications and making travel and transportation more difficult.

India has also experienced social unrest, communal disturbances and riots in some parts of the country during recent times. Such political and social tensions could create a perception that investments in Indian companies involve greater degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy, our business, financial performance and the trading price of the Equity Shares.

54. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect 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 capital expenditure plans, business and financial performance.

55. Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.

Foreign ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in effect in India, the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India if the sale does not meet the requirements under RBI circulars. The RBI must approve the conversion of the Rupee proceeds from any such sale into foreign currency and repatriation of that foreign currency from India unless the sale is made on a stock exchange in India through a stock broker at the market price. As provided in the foreign exchange controls currently in effect in India, the RBI will approve the price at which the Equity Shares are transferred based on a specified formula, and a higher price per share may not be permitted. The approval from the RBI or any other government agency may not be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

56. 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, tsunamis, floods and drought in the past few years, which have had an adverse impact on the Indian economy. For example, there was an earthquake in 2004 in Gujarat. The occurrence of any such natural calamities in the future could have a negative impact on the Indian economy and/or our operations, adversely affecting our business and the price of our Equity Shares.

57. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business, financial condition, results of operations and the price of our Equity Shares. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business, financial condition, results of operations and the price of our Equity Shares.

Prominent Notes:

1. The net worth of our Company was Rs. 1,873.05 million on a restated consolidated basis and Rs. 1,775.13 million on a restated stand-alone basis as of March 31, 2011 as per section titled "Financial Information" on Page 162.

2. The average cost of acquisition of our Equity Shares by our Promoters, Nikhil Kumar is Rs. 11.30, Hitoshi Matsuo is Rs. 13.37, Mohib N. Khericha is Rs. 28.30 and Saphire Finman Services Private Limited is Rs. 3.68 per Equity Share. The average cost of acquisition of our Equity Shares held by Promoter group members, Chartered Capital and Investment Private Limited, Sofia M Khericha and Foziya Akil Contractor are Rs. 2.19, Rs. 2.47 and Rs. 1.98 per Equity Share. The bonus shares were accounted for calculating such average cost of acquisition. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by us.

3. Our Promoters and certain of our Directors are interested in our Company by virtue of their shareholding. See the sections titled "Capital Structure" and "Our Management" on page 54 and page 138, respectively.

4. For details of the Group Entities having business interests or other interests in our Company see the sections titled "Our Promoter" and "Group Entities" on pages 153 and 156 and details on related party transactions on pages 176 and 196.

5. For details of transactions by our Company with Subsidiary or Group Companies during the last year, see the sections titled "Financial Information" on page 162 and details on related party transactions on pages 176 and 196. The aggregate amount of related party transactions entered into by our Company other than with the Subsidiary for the Fiscal 2011 is Rs. 110.43 million on a restated consolidated basis and Rs. 85.12 million on a restated stand-alone basis.

6. There are no financing arrangements whereby the Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Red Herring Prospectus.

7. Investors may contact the GCBRLM and the BRLMs who have submitted the due diligence certificates to the Board, for any complaints pertaining to the Issue.

8. Our Company was incorporated as TD Power Systems Private Limited on April 16, 1999. Our status was subsequently changed to a public limited company by a special resolution of the members passed at the extraordinary general meeting held on January 17, 2011. The fresh certificate of incorporation consequent on conversion was granted to our Company on February 4, 2011 by the Additional Registrar of Companies, Karnataka, at Bangalore.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

The "Industry Overview" section quotes and otherwise includes information extracted from CRISIL Research report, Power Generators dated October, 2010 prepared by CRISIL Limited that was commissioned by us for purposes of this Prospectus. We have not commissioned any other report for purposes of this Prospectus other than the CRISIL Research. Except for the CRISIL Research, market and industry related data used in this Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

INDIAN ECONOMY: AN OVERVIEW

India, the world's largest democracy with an estimated population of 1.17 billion, had an estimated GDP on a purchasing power parity basis of an estimated US$ 4.05 trillion in 2010, according to the United States Central Intelligence Agency (CIA) Factbook. This made the Indian economy the fourth largest in the world after the United States, China and Japan.
(*Source: CIA World Factbook, https://www.cia.gov/library/publications/the-world-factbook/geos/in.html as on February 11, 2011*)

Growth in Real GDP of India

The Indian economy is one of the largest economies in the world with a GDP at current prices in Fiscal 2011 estimated at 73.07 trillion (***Source****: Ministry of Statistics and Programme Implementation*). It is one of the fastest growing economies in the world, with a real GDP growth rate of 10.4% for calendar year 2010 and a projected 8.2% growth rate for calendar year 2011 (***Source****: International Monetary Fund, World Economic Outlook, June 2011 Update).*

India has managed an average growth rate in excess of 7.00% per year since 1997. The Indian economy exhibited robust acceleration in the pace of recovery in the fourth quarter of Fiscal 2010 led by strong growth in industrial activities. At 8.60%, GDP growth in the fourth quarter of Fiscal 2010 showed a significant recovery in relation to the 5.80% growth recorded during the second half of Fiscal 2009 and approached the average 8.80% growth achieved during 2003-2008. The Professional Forecasters' Survey conducted by the Reserve Bank in June 2010 places overall (median) GDP growth rate for 2010-11 at 8.40%, higher than 8.20% reported in the previous round of the survey. The following table shows India's economic growth in comparison to other developing countries, as well as the International Monetary Fund's projections for economic growth through calendar year 2011:

Growth/Real GDP*	2009 (%)	2010 (%)	2011 (Projected) (%)	2012 (Projected) (%)
Advanced Economies	(3.4)	3.0	2.2	2.6
China	9.2	10.3	9.6	9.5
India	6.8	10.4	8.2	7.8
Russia	(7.8)	4.0	4.8	4.5
Mexico	(6.1)	5.5	4.7	4.0
Brazil	(0.6)	7.5	4.1	3.6

** Annual Percentage change in GDP at constant prices*
Source: International Monetary Fund, World Economic Outlook, June 2011 Update

The turnaround in the growth momentum was backed with Index of Industrial Production –"**IIP**" registering a growth rate of 10.90% during 2009-10, as against the growth rate of 7.70% during April-November, 2009. The sectors which showed growth rates of 5.00% or more are:

Sector	Growth Rate (%)
Mining and Quarrying	10.6
Manufacturing	10.8
Electricity, gas and water supply	6.5
Construction	6.5
Trade, hotels, transport and communication	9.3
Financing, insurance, real estate and business services	9.7
Community, social and personal services	5.6

(Source: CSO Press note May 31, 2010)

Domestic demand, driven by purchases of consumer durables and automobiles, has re-emerged as a key driver of growth. The Government's fiscal policies and the monetary policies of the Reserve Bank of India have also played an important role in the revival of economic growth. In particular, the Government as part of its fiscal stimulus package took the following initiatives to promote consumption in the economy:

- Increased Government expenditure especially on infrastructure
- Reduced taxes to spur consumption

(Source: RBI's Macroeconomic and Monetary Developments First Quarter Review 2010-11)

Power sector

Introduction

The Indian power sector has undergone a variety of reforms intended to encourage private sector participation since the early 1990s. While the reforms have enhanced the viability of state electricity boards by unbundling them into generation, transmission and distribution utilities, privatizing distribution and providing a choice to some categories of consumers these reforms however have not been very successful in attracting private sector investment, especially in the transmission and distribution segments.

The Government had launched an ambitious mission of "Power for all by 2012" in 2005. This necessitated significant capacity additions, especially towards expanding the regional transmission network and inter-regional capacity to transmit power. Therefore, the Government announced capacity additions of around 40,000MW and 66,000MW under the Tenth and Eleventh Plans, respectively. However, the Tenth Plan witnessed capacity additions of only 21,095MW. Accordingly, the revised estimate for the Eleventh Plan was adjusted to 78,700MW. But in view of the progress of the projects, this target has been revised downwards to about 62,000MW in the mid-term appraisal of Eleventh Plan.

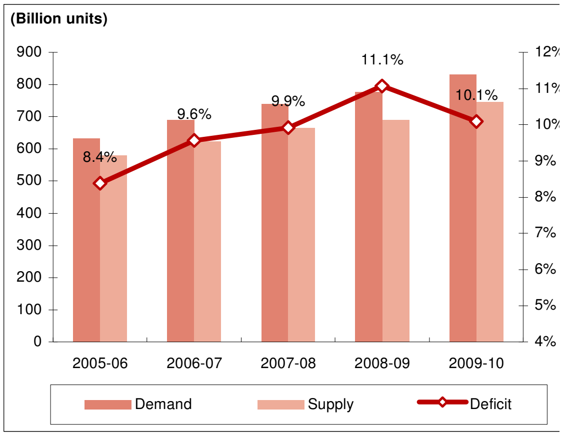
In the captive power segment, the Government expects about 12,000 MW capacity power plants to be added during the Eleventh Plan period. Besides meeting the demand of the industry, this would also help supply surplus power to the grid.

Demand-Supply scenario

India's GDP has grown significantly over the past few years, leading to notable growth in demand for power. The growth in the industrial and commercial sectors over the last five years has led to a 7 per cent CAGR in demand for power. However, the growth in capacities has been insufficient to meet the increase in demand; as a result, deficit levels widened to 11 per cent in 2008-09 from 7 per cent in 2003-04. During the year, the countrywide base load deficit narrowed to 10 per cent.

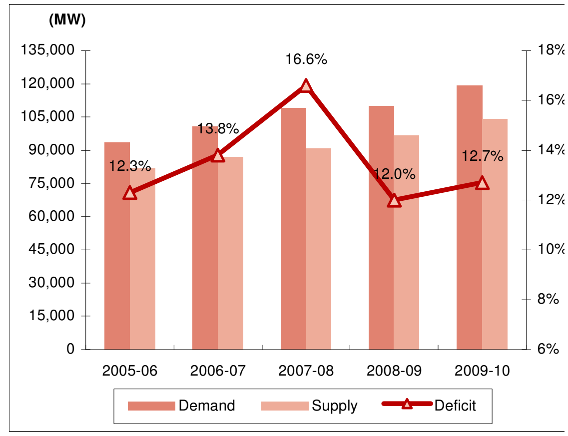
According to CRISIL Research, over the last five years, power demand has grown at a CAGR of 7.1 per cent while supply has grown by only 6.6 per cent resulting in the base load deficit widening from 8.4 per cent in 2005-06 to 10.1 per cent in 2009-10. During the same period, movement in peak load deficit has been very uneven, with the deficit rising from 12.3 per cent in 2005-06 to 16.6 per cent in 2007-08, before declining again to 12.7 per cent in 2009-10.

Base load deficit



Source: CEA, CRISIL Research, Power Generators, October 2010

Peak load deficit



Source: CEA, CRISIL Research, Power Generators, October 2010

SUMMARY OF OUR BUSINESS

Overview

We are one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52 MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines. We focus on manufacturing custom-designed generators for our customers who are based across the world. We also manufacture motors. From the inception of our Company and as of June 30, 2011, we have manufactured a total of 1,538 generators with an aggregate output capacity of 12,657 MW, of which 233 generators have been supplied to customers across 34 countries. As of June 30, 2011, the total value of our order book for manufacturing generators was Rs. 3,795.57 million, however the value of our order book may not necessarily indicate what our actual sales will be.

In addition to manufacturing AC Generators our Company also executes Turbine Generator ("**TG**") island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with our generator. The scope of work of the TG island projects consists of design services, procurement and supply of equipment, assembly, installation & commissioning. From the inception of our Company and as of June 30, 2011 our Company has completed a total of 92 TG island projects with an aggregate output capacity of 1,799 MW which includes projects executed in Uganda, Kenya, Zambia and Philippines.

Our Subsidiary, DF Power Systems Private Limited, is in the business of Engineering, Procurement and Construction ("**EPC**"), executing Boiler-Turbine Generator ("**BTG**") island projects and the balance of plant ("**BOP**") portion for steam turbine power plants with output capacity from 52 MW up to 150 MW ("**EPC Business**"). The scope of work for the EPC Business comprises of design services, procurement and supply of equipments, assembly and installation & commissioning (excluding civil works). From the inception of our Subsidiary and as of June 30, 2011 our Subsidiary has completed a total of 2 BTG island projects with an aggregate output capacity of 111.50 MW.

Our TG island projects and EPC Business are collectively referred to as our "**Power Project Business**".

As of June 30, 2011, the total value of our Company's order book for the Projects Business (as defined below) was Rs. 1,831.40 million and for the EPC Business was Rs. 5,308.90 million and the cumulative value of our order book was Rs. 10,946.88 million, however the value of our order book may not necessarily indicate what our actual sales will be.

Our customer base primarily comprises companies operating in the industrial sector and includes cement, steel, paper, chemical, metals, sugar co-generation, bio-mass power plants, hydro-electric power plants and Independent Power Plants ("**IPPs**") companies. Some of our customers include Balrampur Chini Mills Limited, Nava Bharat Ventures Limited, Chettinad Cement Corporation Limited, Shree Cements Limited and Vasavadatta Cements.

We commenced business providing TG project solutions and subsequently, in August 2001, forayed into manufacturing of generators up to 30 MW under a license from Toyo Denki Seizo K.K. ("**Toyo Denki**"), a leading manufacturer of power and electric equipments located in Japan. Our Company currently owns the technology, which was originally licensed from Toyo Denki, and has further developed in-house capability to manufacture generators up to 40 MW.

Our Company has entered into a Product Development Cooperation and Manufacturing Agreement dated May 12, 2009 with Voith Hydro Holding GmbH & Co.KG ("**Voith Hydro**") for jointly developing electric generators. Under the agreement, the parties are to jointly develop and design electric generators our Company will manufacture such generators for Voith Hydro Group.

We have technology/license arrangements with the following companies:

Sl No	Year of tie-up	Name of the Licensor	Type of Prime Mover	Permitted Output Capacity
1	2007	Siemens AG	Steam/Gas turbine	20MW up to 52MW
2	2008	Sicme Motori SrL	Wind Turbine	1MW
3	2010	Toshiba Mitsubishi Electric Industrial Systems	High Voltage Motors	Up to 10MW

Our Company has granted a limited license to General Electric Company, USA to manufacture generators using our design for the Brazilian market, and if on a co-manufacturing basis, to other countries in Central and South America.

Our manufacturing facility consisting of two manufacturing units in Dabaspet, Industrial Area on the outskirts of Bangalore is spread over 219,290.72 sq. ft. These facilities house our marketing, design and development, procurement, manufacturing, quality management and administrative functions, consisting of 733 employees including 507 permanent employees, 195 contract employees and 31 trainees, as of June 30, 2011 who are well trained and experienced to cater to the needs of our customers. The manufacturing facilities are equipped with advanced machinery and equipment and are ISO 9001:2008 compliant.

We have one branch office in Japan. Our Company's branch office in Japan sources turbines for our TG island projects and sells generators we manufacture. Our Subsidiary's branch office in Hong Kong was recently established for sourcing power plant equipment for our EPC Business and for sourcing and selling power plant equipment to third parties.

Our Company is ISO 9001-2008 certified and ISO 14001/OHSAS 18001:2007 certified by TUV SUD Management Services GmBH, Munich.

Our restated consolidated total income has increased from Rs. 7,453.85 million in Fiscal 2010 to Rs. 8,746.43 million in Fiscal 2011, which is an increase of 17.34% and our restated consolidated profit after tax has increased from Rs. 435.11 million in Fiscal 2010 to Rs. 566.55 million in Fiscal 2011, which is an increase of 30.21%.

For the purposes of our financial statements, we evaluate and report our consolidated financial results in three business segments: Our "**manufacturing business**" comprises sale of AC Generators, spares, manufactured by us and scrap (and excludes sale of AC Generators, manufactured by us in India and sold to our branch office in Japan). Our "**Project Business**" comprises, supply of equipment (including BoP), installation and commissioning of TG island; sale of turbines; and sale of AC Generators and spares by our branch office. Our EPC Business comprises supply of boilers, turbines, generators and power plant equipments, installation and commissioning (excluding civil works).

The table below sets out our restated consolidated net sales for each of our business segments for the periods indicated:

(*Rs. in million*)

Sector	**Fiscal 2011**		**Fiscal 2010**		**Fiscal 2009**	
	Amount	**Percentage (%)**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
Manufacturing	3,235.33	37.46	2,553.04	34.58	2,154.10	43.43
Projects Business	1,643.47	19.03	1,782.85	24.15	2,534.07	51.08
EPC Business	3,758.46	43.51	3,046.32	41.27	272.57	5.49
Total	**8,637.26**	**100.00**	**7,382.21**	**100.00**	**4,960.74**	**100.00**

The table below sets out our restated consolidated net sales based on a geographic breakdown for the periods indicated:

(*Rs. in million*)

	Fiscal 2011		**Fiscal 2010**		**Fiscal 2009**	
	Amount	**Percentage (%)**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
India						
Manufacturing	3,235.33	37.46	2,553.04	34.58	2,154.10	43.43
Projects Business	441.62	5.11	308.08	4.17	1,103.74	22.25
EPC Business	3,758.46	43.51	3,046.32	41.27	272.57	5.49
Japan						
Projects Business (includes sale of AC Generators by branch office)	1,201.85	13.92	1,474.77	19.98	1,430.33	28.83
Total	**8,637.26**	**100.00**	**7,382.21**	**100.00**	**4,960.74**	**100.00**

ORDER BOOK

Order Book in terms of our manufacturing business means the value and quantity of generators to be executed based on customer orders and in relation to our Power Project Business means the value of the projects to be executed based on customer orders.

	As at June 30, 2011	
	Value (Rs. in million)**	**Quantity**
Manufacturing		
Domestic	2,351.73	223
Export*	1,443.84	69
Motors-Export	11.01	2
Projects Business		
Domestic	876.38	17
Export	955.02	
EPC Business		
India	5,308.90	8
Total	**10,946.88**	**319**

** includes orders for AC Generators placed through our branch office in Japan.*
*** the value of our order book may not necessarily indicate what our actual sales will be. For further details, please refer Risk Factor titled "Our order book may not necessarily indicate what our future sales will be and our actual sales may be significantly less than estimated sales, which could adversely affect our results of operations and cash flows" on page 12.*

Strengths

Leading manufacturer of AC Generators with a diversified product portfolio

We have a diverse product range which includes, steam turbine generators, horizontal hydro generators, vertical hydro generators, diesel engine generators, wind turbine generators, gas engine generators, gas turbine generators, high voltage motors and generators for Geo Thermal and Solar thermal applications. We believe, we are among the very few Indian manufacturers with the capability to manufacture generators with output capacities ranging from 1MW - 52MW. From the inception of our Company and as of June 30, 2011, we have manufactured a total of 1,538 generators with an aggregate output capacity of 12,657 MW, of which 233 generators have been supplied to customers across 34 countries. We have recently commenced manufacturing motors and as of June 30, 2011, we have manufactured a total of 6 motors with an aggregate output capacity of 8.75 MW which have been exported.

Our diversified product offering has allowed us to develop a broad customer base across a range of industries and has reduced our dependence on any particular industry or market segment. Our wide portfolio of products gives us a competitive advantage, as we can cater to all the major verticals of the power generation industry. We cater to both conventional and renewable fuel based power plants. Conventional power plants consist of steam/gas turbine power plants and diesel/gas engine power plants and renewable fuel based power plants include wind, hydro, bio-mass, solar thermal and geo- thermal power plants. We believe that a majority of future power plants will be based on conventional fuels and our Company has the entire range of generators to cater to this sector. With our technological relationships with the leading power equipment manufacturers we also have the ability to design and manufacture a complete range of generators required to cater to the renewable fuel based segment of the power generation market.

Technology ownership, relationships and in-house design expertise

We have a well established track record of successfully absorbing new technologies for manufacturing generators. We have entered into arrangements with international power equipment manufacturers such as Siemens Aktiengesellschaft ("**Siemens AG**") and Sicme Motori SrL ("**Sicme Motori**") which gives us access to the latest know-how, design and technology to manufacture AC Generators. Our Company has an in-house product development team comprising 50 technical personnel as of June 30, 2011 all of whom are trained and competent engineers. Our product development team works in conjunction with our technical partners to focuses on new product development at lower costs, improving quality and design. We have developed in-house capability to manufacture generators up to 40 MW through the efforts of our product development team. In 2007, our Company granted a limited license to General Electric Company, USA to manufacture generators using our design for the Brazilian market, and if on a co-manufacturing basis, to other countries in Central and

South America. We believe our technological relationships and our in-house design expertise enable us to provide our customers innovative and customized solutions. We have special and highly customized designs for hydro, wind, gas engine generators. For instance, last year we successfully designed and sold our largest gas engine generator of 9.68 MW to a leading international engine company in Austria. We competed against a number of European companies to secure this order and we successfully delivered the proto-type generator.

Project Execution Capabilities for Power Project Business

From the inception of our Company and our Subsidiary until June 30, 2011, we have completed a total of 94 projects with an aggregate output capacity of 1910.50 MW which includes projects executed in India, Uganda, Kenya, Zambia and Philippines. We have gained significant experience and have an established track record and reputation for efficient project management, execution and timely completion of projects in the power generation sector. We believe that our expertise in successful and timely implementation of projects provides us with significant competitive advantages and our performance has enabled us to satisfy the pre-qualification criteria for bidding for similar and more complex projects. Our experience and capability in the execution of different types of projects has given us the ability to adapt to and operate in different work conditions on complex power plant projects.

We have experienced teams for our Power Project Business which consists of over 195 employees as of June 30, 2011, of which 162 are engineers having expertise in the fields of planning and procurement, design and development, and execution. Of these employees, 44 focus exclusively on project design and remaining focus on the procurement and project implementation activities.

Customer centric approach with the ability to customize

We believe our customer centric approach has enabled us to understand and respond to the requirements of our customers. Our ability to provide customized solutions enables us to expand and innovate our product and project portfolio in line with current and future requirements of our customers. We work closely with our customers from the pre-order phase through manufacturing, installation and commissioning up to monitoring the performance of the machines supplied to ensure customer satisfaction. We continue to lay strong emphasis on our post-delivery customer service to ensure it is quick and responsive. We provide after sales service that is centralized in Bangalore and through a dedicated customer support and a technically qualified team. Our branch office in Japan markets and sells our products and services to international customers in the Asia Pacific region.

Our satisfied customer base is a result of the high quality products that we manufacture. We have long-term relationships with many of our clients, including Balrampur Chini Mills Limited, Nava Bharat Ventures Limited, Chettinad Cement Corporation Limited, Shree Cements Limited and Vasavadatta Cements and have received repeat business from such clients.

State of the art manufacturing facilities and cost efficient production

Our two manufacturing units are spread over 931,305.60 sq. ft. of industrial land are equipped with advanced machines and tools and are ISO 9001:2008 compliant. We have invested in the latest technology to meet the quality expectations of our customers. For example we have a precision machine shop that can machine large components to very close tolerances, a sophisticated coil shop with automation and cutting edge quality control equipment to accurately measure process standards. In the past, our generators have been approved by leading engineering consultants. Further, our IT infrastructure assists in ensuring seamless interaction between various teams and processes within our Company.

We believe that we have been able to provide competitively priced products through cost efficient production and with the highest quality standards which enables us to receive new business from our existing or from new customers. We constantly work towards making our designs easier to manufacture - this improves reliability, quality and cost. We have several dedicated vendors with whom we have a long relationship and who have been trained to work at our expected levels of quality.

We have quality management procedures which focus on (i) improvement in customer satisfaction, (ii) supplier performance improvement, (iii) on-time delivery, and (iv) reduction of wastage. These procedures include specific processes implemented to ensure quality checks at every phase of the production process which enable us to ensure quality of our products that we delivered to our customers at competitive prices.

Skilled senior management and technical team

We believe that our qualified and experienced management and technical teams have contributed to growth of our operations and the development of in-house processes and competencies. Our Promoters, Nikhil Kumar and Hitoshi Matsuo have significant experience in the manufacturing and project businesses in the power sector in India and overseas. Nikhil Kumar has around 20 years of work experience and Hitoshi Matsuo has over 40 years of work experience. Our management team consists of technically qualified and highly experienced professionals who operate our business and work in an independent manner under the guidance of our senior management. We believe that the above management framework allows us to maintain the flexibility to address our markets and in each of the geographies where we sell our products.

We have a lean corporate structure for quick response and decision making which enables us to be responsive to both market and customer needs. Our technical teams bring with them extensive experience in marketing, engineering, procurement, manufacturing, quality assurance, finance, project execution and after sales services. Our senior management team that is in charge of operations has extensive experience in the industry, which enables them to guide our technical teams in our business operations. We believe the strength and quality of our management team and the nature of our organizational structure have been instrumental in implementing our business and growth strategies.

Strategy

Enhancing our product portfolio

We propose to continue to expand our product portfolio by upgrading and introducing new products under our business verticals. We are exploring opportunities to expand our manufacturing capabilities to produce generators up to 300MW.

We intend to continue the expansion of manufacturing capacities in order to, address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added products and services to our customers. We recognize that there is significant growth potential in manufacturing AC generators and we believe we are well positioned to capitalize on the opportunities presented by our markets. We will continue to use our design capabilities and manufacturing strength to develop innovative designs for our products which will help lower manufacturing costs and expand our customer base. We intend on exploring relationships with customers in both developed and developing markets, which we believe will provide increased export opportunities.

Strengthen our presence in developed and emerging markets and explore new geographies

We plan to further expand our geographical coverage by selling our products to global OEMs manufacturing prime movers who are located in developed countries such as Japan, Germany, Austria, Italy, etc.

In the past, we have focused on emerging markets such as Middle East, Africa and South East Asia, as a part of our strategy and intend to continue our focus on these markets in the future. We plan to leverage our market presence, our brand name and execution capabilities to attract new clients and obtain new projects in different geographies. We may enter into partnerships/ alliances with local partners to understand and penetrate newer markets.

Constant focus on technology, operational efficiency and cost competitiveness

We consider technological leadership to be a significant factor for success and therefore intend to continue to devote significant resources to upgrade our technological capabilities to provide value added engineering services. When we see strategic opportunities we will continue to establish technical tie-ups to further enhance our capabilities.

We constantly focus on reducing operational costs, wastes, by continuous improvement of our operations and processes through kaizen techniques, management information systems and quality control tools. We are also focused on improving efficiency relating to business aspects such as logistics, financial planning, product planning and raw material procurement.

Given the nature of our industry, cost competitiveness is a key component of success. We believe we have low production costs relative to most of our competitors, which is partly attributable to our integrated operations and investments in advanced technologies. Further our scale of operations provides us with a significant advantage in reducing costs and sustaining our cost advantage. We also undertake various internal and external benchmarking exercises that would enable us to improve the cost effectiveness of our components, systems and sub-systems. We shall continue to as we have done in the past, explore opportunities of working with companies having expertise in our area of operations including obtain license for their technologies and/or form joint ventures.

Expansion of Power Project Business

We will continue to grow our Power Project Business in India and in other emerging markets. Currently we have been bidding and executing projects up to 150 MW. In the future, we plan to bid for projects up to 300 MW. We are also examining the possibility of executing projects including civil works. We have a track record of utilising our management bandwidth, skills and internal systems to execute large and complex projects that take 15 to 24 months to complete. We will concentrate on executing projects that leverage our experience and expertise.

We believe that our expertise in project implementation provides us with a significant competitive advantage in an industry where substantial expansion is expected in the future.

SUMMARY FINANCIAL INFORMATION

The following tables set forth our selected historical financial information derived from the restated consolidated financial information of our Company March 31, 2009, 2010 and 2011 and standalone financial information of our Company March 31, 2007, 2008, 2008, 2009, 2010 and 2011, for the fiscal years ended including the reports thereon and annexures thereto. The summary financial information of our Company presented below should be read in conjunction with the respective financial statements and the notes (including accounting polices) thereto included in sections titled "Financial Information" and "Management`s Discussion and Analysis of Financial Condition and Results of Operations of our Company" on pages 162 and 203.

Annexure A - Restated Standalone Statement of Assets and Liabilities

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
FIXED ASSETS					
Gross Block	1353.25	1,252.57	620.10	460.28	267.11
Less : Depreciation	233.50	155.53	101.44	69.22	49.49
Net Block	1,119.75	1,097.04	518.66	391.06	217.62
Less: Revaluation reserve	-	-	-	-	-
Net Block after adjustment for revaluation reserve	1,119.75	1,097.04	518.66	391.06	217.62
Capital Work in progress (At cost)	20.43	-	8.58	37.35	28.38
Total (A)	**1140.18**	**1,097.04**	**527.24**	**428.41**	**246.00**
INVESTMENT (B)	**204.13**	**33.05**	**3.55**	**0.05**	**0.05**
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	777.17	373.31	325.38	150.28	153.77
Sundry Debtors	1,194.72	1,131.87	894.65	1,304.86	915.52
Cash & Bank Balances	909.51	677.64	678.19	455.85	254.42
Loans & Advances	376.22	369.08	380.31	216.32	163.59
Total (C)	**3,257.62**	**2,551.90**	**2,278.53**	**2,127.31**	**1,487.30**
Less :LIABILITIES & PROVISIONS					
Current Liabilities	1788.50	1,615.46	1,463.04	1,627.78	1,254.62
Provisions	109.72	73.19	72.61	61.08	76.39
Secured Loans	605.66	682.20	287.15	222.40	126.18
Unsecured Loans	250.00	-	-	6.96	8.42
Deferred Tax Liability (Net)	72.91	70.19	38.70	21.34	12.26
Total (D)	**2826.79**	**2,441.04**	**1861.50**	**1,939.56**	**1,477.87**
NET WORTH (A) + (B) + (C) - (D)	**1775.14**	**1,240.95**	**947.82**	**616.21**	**255.48**
<u>Networth Represented by:</u>					
SHAREHOLDERS' FUNDS					
Capital	243.70	63.44	63.44	63.44	43.44
Reserves & Surplus	1,531.44	1,177.51	884.38	552.77	212.04
Less: Revaluation reserve	-	-	-	-	-
Reserves & Surplus (Net of revaluation reserve)	1,531.44	1,177.51	884.38	552.77	212.04
NET WORTH	**1,775.14**	**1,240.95**	**947.82**	**616.21**	**255.48**

The above statement should be read with the Notes on Restated Consolidated Summary of assets and liabilities, Profits and Losses and Cash flow and Significant Accounting Policies for restated financial statements as appearing in Annexure D4, to this report.

The reason for increase in fixed assets between the period ended March 31, 2009 and the period ended March 31, 2010 was due to the modernization and process improvement, for which the Company has invested Rs. 122.15 million in land, building and Rs. 481.57 million for lamination coating and machining facilities and other facilities like office equipment, computers, furniture and fixtures and vehicles amounting to Rs. 28.75 million at the Company's manufacturing facility.

The reason for increase in fixed assets between the period ended March 31, 2010 and the period ended March 31, 2011 was due to the modernization and process improvement, for which the Company has invested Rs. 39.52 million in land & building, Rs. 48.34 million towards plant & machinery, and other facilities like office equipment, computers, furniture and fixtures and vehicles amounting to Rs. 16.67 million at the Company's manufacturing facility.

Annexure B - Restated Standalone Statement of Profit and Loss

Particulars (Years ended Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
INCOME					
Gross Sales	5,158.88	4,520.00	4,900.07	5,620.83	4,494.47
Less : Excise Duty Paid	280.08	184.11	211.90	330.47	241.94
Net Sales	4,878.80	4,335.89	4,688.17	5,290.36	4,252.53
Other Income	69.43	52.11	71.40	43.04	22.27
Total Income	**4,948.23**	**4,388.00**	**4,759.57**	**5,333.40**	**4,274.80**
EXPENDITURE					
Consumption of Raw Materials,					
Stores, Spares parts & Components	2,273.90	1,812.88	1,602.04	1,610.60	1,227.65
Purchases for Projects Business	1,146.91	1,377.60	2,010.50	2,690.64	2,398.77
Operating and Other Expenses	754.51	577.37	537.49	451.54	329.64
Interest and Finance Charges					
On Fixed Loans	26.30	14.93	18.03	9.34	6.28
On Other Accounts	40.57	27.32	8.02	5.50	3.22
	66.87	42.25	26.05	14.84	9.50
Loss on Sale of Fixed Asset	0.36	0.27	-	5.44	0.29
Depreciation	78.91	55.81	32.67	25.17	15.73
Amortisation of Technical Knowhow	-	-	-	-	-
Total Expenditure	**4,321.46**	**3,866.18**	**4,208.75**	**4,798.23**	**3,981.58**
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	**626.77**	**521.82**	**550.83**	**535.17**	**293.22**
Less : Provision for Taxation (net)	207.50	160.00	164.06	167.01	125.00
Less: Provision for wealth tax	0.15	0.09	0.07	0.10	-
Less : Deferred Tax (net)	2.72	31.49	17.37	9.05	4.62
Less : Fringe Benefit Tax	-	-	3.40	3.40	2.45
PROFIT BEFORE EXTRA ORDINARY ITEMS	**416.40**	**330.24**	**365.93**	**355.61**	**161.15**
Add/(Less) Extra ordinary items					
Add : Provision no longer required	-	-	3.90	-	-
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	-	-	1.11	-	-
RESTATED PROFIT AFTER TAX AND EXTRA ORDINARY ITEMS	**416.40**	**330.24**	**368.72**	**355.62**	**161.15**
Balance of Profit brought forward from previous year	1,042.97	786.01	492.66	188.74	47.83
Appropriations:					
Less : Capitalisation of Profit	162.47	-	-	-	-
Less : Provision for Dividend on Cumulative Convertible Preference Share including Tax on Dividend			-	-	-
Less : Provision for Dividend on Equity Shares including Tax on Dividend	56.84	37.11	37.11	14.88	7.62
Less : Transfer to General Reserve	31.43	36.17	38.26	36.81	12.62
Balance of Profit Carried to Balance Sheet	**1,208.64**	**1,042.97**	**786.01**	**492.66**	**188.74**

Annexure C - Restated Standalone Statement of Restated Cash Flow - (Rs. In millions)

		31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
A						
	Net Profit before tax and extraordinary items	626.77	521.82	550.83	535.18	293.22
	Adjustments for	-	-	-	-	-
	Depreciation	78.91	55.81	32.67	25.17	15.73
	Amortisation	-	-	-	-	-
	(Profit) / Loss on sale of Fixed Asset	0.36	0.10	(0.02)	5.44	0.29
	Dividend Income	(0.71)	(0.01)	(0.01)	(0.01)	(0.01)
	Interest Income	(27.14)	(27.17)	(42.62)	(23.96)	(10.07)
	Interest Payments	66.87	42.25	26.05	14.84	9.50
	Provision for Warranty Claims	2.46	(1.36)	(2.79)	4.79	12.51
	Exchange Fluctuation Deficit	-	-	-	4.16	12.04
	Provision for Gratuity & Leave Encashment	22.51	4.07	6.86	6.87	1.84
	Operating profit before Working Capital Changes	**770.04**	**595.52**	**570.96**	**572.49**	**335.06**
	Adjustments for					
	Trade Receivables	(62.86)	(237.21)	409.09	(389.33)	(441.75)
	Other Receivables	7.87	(23.08)	(126.94)	(41.60)	(45.95)
	Inventories	(403.85)	(47.94)	(175.11)	3.51	(23.85)
	Trade Payables	173.03	152.43	(164.74)	373.15	482.43
	Cash generated from Operations	**484.23**	**439.72**	**513.25**	**518.22**	**305.92**
	Payment of Fringe Benefit Tax	-	0.51	6.04	3.55	2.29
	Payment of Gratuity	7.54	2.21	2.72	2.24	2.05
	Direct Taxes Paid	217.81	169.67	173.98	196.41	91.56
	Net Cash Flow from Operating Activities	**258.88**	**267.32**	**330.51**	**316.02**	**210.02**
B	**Cash flow from Investing Activities**					
	Purchase of Fixed Assets	(124.96)	(626.67)	(131.50)	(215.00)	(110.50)
	Purchase of Investments	(171.08)	(29.50)	(3.50)	-	-
	Sale of Fixed Asset / Purchase of Investments	3.83	2.78	0.46	1.89	0.68
	Dividend Received	0.71	0.01	0.01	0.01	0.01
	Interest Received	27.14	49.01	5.82	6.04	7.80
	Net Cash used in investing activities	**(264.36)**	**(604.37)**	**(128.73)**	**(207.07)**	**(102.01)**
C	**Cash flow from financing activities**					
	Proceeds from issuance of Share Capital	13.55	-	-	20.00	-
	Share Application Money	-	-	-	-	-
	Share Premium	156.83	-	-	-	-
	Refund on Income Tax	-	3.89	4.69	5.69	-
	Long term borrowings	(75.85)	241.58	7.50	68.08	31.07
	Temporary Borrowing		(18.64)	1.00	(1.49)	1.64
	Unsecured Loans & Deposits	249.60	7.24	(8.57)	(3.80)	0.76
	Working Capital borrowings	(0.26)	164.86	57.86	31.96	1.80
	Interest Paid	(69.40)	(43.08)	(27.05)	(16.19)	(9.19)
	Dividend and Tax on Dividend paid	(37.11)	(37.11)	(14.88)	(7.62)	(4.36)
	Net Cash flow from financing activities	**237.35**	**318.72**	**20.56**	**96.63**	**21.72**
	Net increase/decrease in cash and cash equivalents	**231.88**	**(18.32)**	**222.34**	**205.59**	**129.73**
	Cash and cash equivalents at the beginning	**677.63**	**678.19**	**455.85**	**254.42**	**136.73**
	Cash and cash equivalents at close	**909.51**	**659.87**	**678.19**	**460.01**	**266.46**
	Actual Closing Cash Balance	909.51	677.63	678.19	455.85	254.42
	Add : Non-Cash Equivalents	-	(17.76)	-	4.16	12.04
	Cash and cash equivalents at Close	**909.51**	**659.87**	**678.19**	**460.01**	**266.46**

NOTES : Cashflows are reported using the indirect method. Cash and cash equivalents is after adjusting translation gain/loss.

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Annexure E - Restated Consolidated Statement of Assets and Liabilities

Particulars (As at Rs. In millions)	**31st March 2011**	**31st March 2010**	**31st March 2009**
FIXED ASSETS			
Gross Block	1,367.98	1,260.44	622.11
Less : Depreciation	235.95	156.40	101.61
Net Block	1,132.03	1,104.04	520.50
Less: Revaluation reserve	-	-	-
Net Block after adjustemnet for revaluation reserve	1,132.03	1,104.04	520.50
Capital Work in progress (At cost)	20.44	-	8.57
Total (A)	**1,152.47**	**1,104.04**	**529.07**
INVESTMENT (B)	**0.05**	**3.88**	**0.05**
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	777.17	373.31	325.38
Sundry Debtors	2,039.76	2,066.76	880.76
Cash & Bank Balances	2,078.03	1,436.24	1,053.72
Loans & Advances	645.09	940.53	833.01
Total (C)	**5540.05**	**4,816.84**	**3,092.87**
Less :LIABILITIES & PROVISIONS			
Current Liabilities	3,766.55	3,734.58	2,270.91
Provisions	125.62	75.55	75.28
Secured Loans	605.67	682.19	287.16
Unsecured Loans	250.00	-	-
Deferred Tax Liability	71.68	70.03	37.88
Total (D)	**4819.52**	**4,562.35**	**2,671.23**
Minority Interest (E)	**-**	**44.04**	**1.93**
NET WORTH (A) + (B) + (C) - (D) - (E)	**1,873.05**	**1,318.37**	**948.83**
Networth Represented by:			
SHAREHOLDERS' FUNDS			
Capital	243.70	63.44	63.44
Share Application Money (Pending Allotment)	-	3.83	-
Reserves & Surplus	1,557.52	1,250.67	884.96
Less: Revaluation reserve	-	-	-
Reserves & Surplus (Net of revaluation reserve)	1,557.52	1,250.67	884.96
Capital Reserve on consolidation	71.83	0.43	0.43
NET WORTH	**1,873.05**	**1,318.37**	**948.83**

The above statement should be read with the Notes on Restated Consolidated Summary of assets and liabilities, Profits and Losses and Cash flow and Significant Accounting Policies for restated financial statements as appearing in Annexure H4, to this report.

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Annexure F - Restated Consolidated Statement of Profit and Loss

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
INCOME			
Gross Sales	8,917.33	7,566.32	5,172.63
Less : Excise Duty Paid	280.08	184.11	211.89
Net Sales	8,637.26	7,382.21	4,960.74
Other Income	109.17	71.64	104.95
Total Income	**8,746.43**	**7,453.85**	**5,065.69**
EXPENDITURE			
Consumption of Raw Materials, Stores, Spares parts & Components	2,273.90	1,812.88	1,602.04
Purchases for Projects Business	1,146.91	1,377.60	2,010.50
Purchases for EPC	3,320.24	2,743.37	263.42
Operating and Other Expenses	1,001.80	730.13	576.34
Interest and Finance Charges			
On Fixed Loans	26.30	14.93	18.03
On Other Accounts	40.57	27.32	8.04
	66.87	42.25	26.07
Loss on Sale of Fixed Asset	0.36	0.27	-
Depreciation	80.48	56.51	32.85
Amortisation of Technical Knowhow	-	-	-
Total Expenditure	**7,890.56**	**6,763.01**	**4,511.22**
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	**855.87**	**690.84**	**554.47**
Less : Provision for Taxation (net)	287.51	223.50	166.31
Less: Provision for wealth tax	0.15	0.09	0.07
Less : Deferred Tax (net)	1.65	32.14	16.56
Less : Fringe Benefit Tax	-	-	4.05
PROFIT BEFORE EXTRA ORDINARY ITEMS	566.55	435.11	367.48
Add/(Less) Extra ordinary items		-	-
Add : Provision no longer required	-	-	3.90
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	-	-	1.11
RESTATED PROFIT AFTER EXTRA ORDINARY ITEMS	**566.55**	**435.11**	**370.27**
Balance of Profit brought forward from previous year	**1,110.60**	**786.59**	**492.55**
Less: Minority Interest	-	31.46	0.43
Less: Capital Reserve/(Goodwill)	26.42	-	0.43
Appropriations:			
Less : Capitalisation of Reserves	162.46	-	-
Less : Provision for Dividend on Equity Shares including Tax on Dividend	70.83	37.93	37.11
Less : Transfer to General Reserve	42.67	41.71	38.26
Balance of Profit Carried to Balance Sheet	**1,374.77**	**1,110.60**	**786.59**

Annexure G - Restated Consolidated Statement of Cash flow

	(Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
A	***CASH FLOW FROM OPERATING ACTIVITIES***			
	Net Profit before tax and extraordinary items	855.87	690.84	554.47
	Adjustments for			
	Depreciation	80.48	56.51	32.85
	Amortisation	-	-	-
	(Profit) / Loss on sale of Fixed Asset	0.36	0.10	(0.02)
	Dividend Income	(0.01)	(0.01)	(0.01)
	Interest Income	(103.45)	(50.09)	(61.50)
	Interest Payments	66.87	42.25	26.07
	Provision for Warranty Claims	2.46	(1.36)	(1.42)
	Exchange Fluctuation Deficit	0.74	-	-
	Provision for Gratuity & Leave Encashment	25.26	4.99	8.16
		72.71	**52.39**	**4.13**
	Operating profit before Working Capital Changes	**928.58**	**743.23**	**558.60**
	Adjustments for			
	Trade Receivables	27.00	(1,172.10)	422.98
	Other Receivables	326.43	(183.03)	(580.14)
	Inventories	(403.85)	(47.94)	(175.11)
	Future contracts	524.52	305.27	-
	Trade Payables	(492.55)	1,167.43	582.91
		(18.46)	**69.63**	**250.65**
	Cash generated from Operations	**910.12**	**812.86**	**809.25**
	Payment of Fringe Benefit Tax	-	0.51	6.34
	Payment of Gratuity	9.56	3.51	2.72
	Direct Taxes Paid	303.73	215.99	173.98
		313.29	**220.01**	**183.04**
	Net Cash Flow from Operating Activities	**596.83**	**592.85**	**626.21**
B	**Cash flow from Investing Activities**			
	Purchase of Fixed Assets	(131.81)	(632.53)	(133.51)
	Purchase of Investments	-	-	-
	Sale of Fixed Asset / Purchase of Investments	3.83	2.78	0.46
	Dividend Received	0.01	0.01	0.01
	Interest Received	103.45	71.93	24.70
	Net Cash used in investing activities	**(24.52)**	**(557.81)**	**(108.35)**
C	**Cash flow from financing activities**			
	Proceeds from issuance of Share Capital	13.55	-	1.40
	Share Application Money	-	11.00	-
	Share Premium	-	-	-
	Refund on Income Tax	-	3.89	4.69
	Long term borrowings	(75.85)	241.58	7.50
	Temporary Borrowing	-	(18.64)	1.00
	Unsecured Loans & Deposits	249.60	7.24	(8.57)
	Working Capital borrowings	(0.26)	164.86	57.86
	Interest Paid	(66.87)	(43.08)	(27.08)
	Dividend and Tax on Dividend paid	(37.93)	(37.11)	(14.88)
	Net Cash flow from financing activities	**82.24**	**329.72**	**21.94**
	Net increase/decrease in cash and cash equivalents	**654.54**	**364.76**	**539.80**
	Cash and cash equivalents at the beginning	**1,436.24**	**1,053.72**	**513.93**
	Cash and cash equivalents at close	**2,090.78**	**1,418.48**	**1,053.72**
	Actual Closing Cash Balance	2,078.03	1,436.24	1,053.72
	Add : Non-Cash Equivalents	12.75	(17.76)	-
	Cash and cash equivalents at Close	**2,090.78**	**1,418.48**	**1,053.72**

NOTE: Cashflows are reported using the indirect method.Cash and cash equivalents is after adjusting translation gain/loss.

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THE ISSUE

	Equity Shares offered
Issue by our Company	8,867,187 Equity Shares
Of which	
A) Qualified Institutional Buyers (QIB) portion(1)	Up to 4,433,592 Equity Shares
Of which	
Allocation for Anchor Investor(1)	Up to 1,304,550 Equity Shares
Mutual Funds Portion	156,452 Equity Shares
Balance for all QIBs including Mutual Funds	2 972,590 Equity Shares
B) Non-Institutional Portion(2)	Not less than 1,330,079 Equity Shares
C) Retail Portion(2)	Not less than 3,103,516 Equity Shares
Equity Shares outstanding prior to the Issue	24,370,401 Equity Shares
Equity Shares outstanding after the Issue	33,237,588 Equity Shares
Use of Net Proceeds of the Issue	See the section titled "Objects of the Issue" on page 67.

Allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis.

(1) Our Company has allocated up to 1,304,550 Equity Shares to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, see the section titled "Issue Procedure" on page 258.

(2) Subject to valid Bids being received at or above the Issue Price, under subscription, if any, in any category, 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 GCBRLM, the BRLMs and the Designated Stock Exchange.

GENERAL INFORMATION

Registered Office of our Company

TD Power Systems Limited
#27, 28, 29 KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bangalore 562 111
Karnataka, India
Tel: (91) (80) 22995700
Fax: (91) (80) 22995718
Website: www.tdps.co.in
Registration Number: 25071
Company Identification Number: U31103KA1999PLC025071

Address of the Registrar of Companies

The Registrar of Companies, Karnataka at Bangalore
'E' wing, 2nd floor
Kendriya Sadana
Koramangala
Bangalore 560 034
Karnataka, India

Board of Directors of our Company

The Board of Directors comprises the following:

Name and Designation	Age (years)	DIN	Address
Mohib N. Khericha Non Executive Chairman	59	00010365	#4, Saritakunj Society, Opp. NID Hostel, PT College Road, Paldi, Ahmedabad 380 007, Gujarat, India
Hitoshi Matsuo Managing Director	67	00062562	Minamidai, Sagamihara City Kanagawa-Ken, Japan
Nikhil Kumar Joint Managing Director	43	00062243	#21, 17th cross, Malleswaram West, Bangalore 560 055, Karnataka, India
Tadao Kuwashima Director	64	00361284	8/13/2, Sugita Isogoka Yokohamachi-SHE, Kanagamaken, Japan
Salil Baldev Taneja Independent Director	44	00328668	3, Kasturba Samadhi Road, near Aga Khan Palace, off Nagar Road, Yerwada, Pune 411 014, Maharashtra, India
Nandita Lakshmanan Independent Director	41	00213783	1/C, Sharanam, Cunningham Road, Bangalore 560 052, Karnataka, India
Dr. Arjun Kalyanpur Independent Director	46	01605169	Villa #19, Regent Place, Whitefield Main Road, Tubrahalli, Bangalore 560 066, Karnataka, India
Nithin Bagamane Independent Director	47	00136704	No. 69, Lavelle Road, 2nd Cross, Bangalore 560 001, Karnataka, India

For further details of the Directors, see the section titled "Our Management" on page 138.

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Company Secretary and Compliance Officer

N. Srivatsa is the Company Secretary and Compliance Officer of our Company and his contact details are as follows:

TD Power Systems Limited
#27, 28, 29 KIADB Industrial Area Dabaspet
Nelamangala Taluk, Bangalore 562 111
Karnataka, India
Tel: (91) (80) 22017800
Fax: (91) (80) 22017850
Email: srivatsa.n@tdps.co.in

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

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, ASBA account number and the designated branch of the SCSB where the ASBA Form was submitted by the ASBA bidders.

Global Co-ordinator and Book Running Lead Manager

Enam Securities Private Limited
801, Dalamal Towers
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: tdps.ipo@enam.com
Investor Grievance Email: complaints@enam.com
Website: www.enam.com
Contact Person: Sonal Sinha
SEBI Registration No.: INM000006856

Book Running Lead Managers

Antique Capital Markets Private Limited
6th Floor, Nirmal Building
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: (91 22) 4031 3300
Fax: (9122) 2202 2691
Email: tdps.ipo@antiquelimited.com
Investor Grievance Email: investors@antiquelimited.com
Website: www.antiquelimited.com
Contact Person: Sandeep Sharma
SEBI Registration No.: INM000011385

Equirus Capital Private Limited
4th Floor, A Wing, Fortune 2000
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India
Tel: (91 22) 2653 0600
Fax: (91 22) 2653 0601

Email: tdps.ipo@equirus.com
Investor Grievance Email: investorsgrievance@equirus.com
Website: www.equirus.com
Contact Person: Munish Aggarwal
SEBI Registration No.: INM000011286

Syndicate Members

Antique Stock Broking Limited
15th Floor, Nirmal Building
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 4031 3300
Fax: (91 22) 2204 0303
Email: vrajesh @antiquelimited.com
Website: www.antiquelimited.com
Contact Person: Vrajesh Shah
SEBI Registration No.: INB231298739

India Infoline Limited
8th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (W)
Mumbai – 400 013
Maharashtra, India
Tel: (91 22) 4646 4716
Fax: (91 22) 2493 1073
E-mail: puneet.mahajan@iiflcap.com
Website: www.iiflcap.com
Contact Person: Puneet Mahajan
SEBI Registration No.: INM000010940

Self Certified Syndicate Banks

The list of banks that has been notified by SEBI to act as SCSB for the ASBA Process is provided on http://www.sebi.gov.in/pmd/scsb.html. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

Legal Advisors

Domestic Legal Counsel to the Issue
Amarchand & Mangaldas & Suresh A. Shroff & Co. 201, Midford House, Midford Garden Off M.G. Road Bangalore 560 001 Karnataka, India Tel: (91 80) 2558 4870 Fax: (91 80) 2558 4266
International Legal Counsel to the Underwriters
DLA Piper 80 Raffles Place #48-01 UOB Plaza 1 Singapore - 048624 Tel: (65) 6512 9561 Fax: (65) 6512 9500

Auditors of our Company

B.K. Ramadhyani & Co.
4B, Chitrapur Bhavan
N0. 68, 8th Main, 15th Cross, Malleswaram
Bangalore 560 055
Karnataka, India
Tel: (91 80) 2346 4700
Fax: (91 80) 2334 8964
Email: murthi@ramadhyani.com

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (West)
Mumbai 400 078
Maharashtra, India
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Email: tdpsl.ipo@linkintime.co.in
Investor Grievance Email: tdpsl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sachin Achar
SEBI Registration No.: INR000004058

Bankers to the Issue and Escrow Collection Banks

Axis Bank Limited
No. 9, Esquire Centre, Opp. Nalli
Bangalore 560 001
Karnataka, India
Tel: (91 80) 2537 0602
Fax: (91 80) 2555 9444
Email: shashikantha.kamath@axisbank.com; p.venkatesh@axisbank.com
Website: www.axisbank.com
Contact Person: Shashikath Kamath\Venkatesh P.S.
SEB Registration No.: INBI00000017

Citibank N.A.
1st Floor, Kalapurnam
Near Municipal Market C.G. Road
Ahmedabad 380 009
Gujarat, India
Tel: (91 79) 4001 5820
Fax: (91 79) 4001 5822
Email: bhumit.desai@citi.com
Website: www.citibank.co.in
Contact Person: Bhumit Desai
SEBI Registration No.: INBI00000037

Deutsche Bank AG
Kodak House, Dr. D N Road
Fort, Mumbai 400 001
Maharashtra, India
Tel: (91 22) 6670 6449
Fax: (91 22) 6670 3920
Email:ganeshan.shivaraman@db.com
Website: www.db.com
Contact Person: Ganeshan Shivaraman

SEBI Registration No.: INBI00000003

ICICI Bank Limited
Capital Markets Division,
30, Mumbai Samachar Marg
Mumbai 400 001
Maharashtra, India
Tel: (91 22) 6631 0312
Fax: (91 22) 6631 0350
Email: viral.bharani@icicibank.com
Website: www.icicibank.com
Contact Person: Viral Bharani
SEBI Registration No.: INBI00000004

Refund Banker

Axis Bank Limited
No. 9, Esquire Centre, Opp. Nalli
Bangalore 560 001
Karnataka, India
Tel: (91 80) 2537 0602
Fax: (91 80) 2555 9444
Email: shashikantha.kamath@axisbank.com; p.venkatesh@axisbank.com
Website: www.axisbank.com
Contact Person: Shashikath Kamath\Venkatesh P.S.
SEB Registration No.: INBI00000017

Bankers to our Company

Bank of Baroda
Corporate Financial Service Branch
HJS Chambers, I Floor
No. 26, Richmond Road
Bangalore 560 025
Karnataka, India
Tel: (91 80) 2227 0567
Fax: (91 80) 2227 1569
Email: corban@bankofbaroda.com

Experts

Except (a) the report of CARE in respect of the IPO grading of this Issue that is annexed with the Prospectus; (b) the report of the Auditors on the Company's restated stand-alone and consolidated financial statements as included in this Prospectus; and (c) the Statement of Tax Benefits included in this Prospectus prepared by the Auditors, we have not obtained any expert opinions.

Monitoring Agency

There is no requirement for a monitoring agency for the Issue pursuant to Regulation 16 of the SEBI Regulations.

Statement of Inter-se allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities in this Issue amongst the GCBRLM and BRLMs:

Sl. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity and type of instruments	Enam, Antique and Equirus	Enam

Sl. No	Activity	Responsibility	Co-ordinator
2.	Due diligence of the Company's operations, management, business plans and legal affairs. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The GCBRLM and the BRLMs will ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same	Enam, Antique and Equirus	Enam
3.	Drafting and approval of all statutory advertisement	Enam, Antique and Equirus	Enam
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement and brochures	Enam, Antique and Equirus	Enam
5.	Appointment of Printer(s), Advertising Agency, Registrar(s) and Banker(s) to the Issue	Enam, Antique and Equirus	Enam
6.	Domestic institutional marketing, including banks, mutual funds and allocation of investors for meetings and finalising road show schedules	Enam, Antique and Equirus	Enam
7.	International institutional marketing, including allocation of investors for meetings, preparation and finalisation of the road-show presentation and finalising road show schedules	Enam, Antique and Equirus	Enam
8.	Non-Institutional and Retail Marketing of the Issue, which will cover, inter alia: • formulating marketing strategies, preparation of publicity budget; • finalising media and PR strategy; • finalising centres for holding conferences for brokers etc; • finalising collection centres; and • following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	Enam, Antique and Equirus	Enam
9.	Pricing and managing the book	Enam, Antique and Equirus	Enam
10.	Coordination with Stock Exchanges for book building software and bidding terminals.	Enam, Antique and Equirus	Enam
11.	Post-Bidding activities, which shall involve essential follow-up steps, including follow-up with Bankers to the Issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the Company about the closure of the Issue, based on correct figures, finalisation of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Bidding activity, such as Registrar to the Issue, Bankers to the Issue, Self Certified Syndicate Banks, including responsibility for underwriting arrangements, as applicable.*	Enam, Antique and Equirus	Enam

** In case of under-subscription in an issue, the lead merchant banker responsible for underwriting arrangements shall be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the underwriters is issued in terms of these regulations.*

Even if any of these activities are handled by other intermediaries, the designated GCBRLM and the BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Credit Rating

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

IPO Grading

This Issue has been graded by Credit Analysis & Research Limited (“**CARE”)** a SEBI-registered credit rating agency, as **4**, indicating above average fundamentals. The IPO grading is assigned on a five point scale from 1 to 5 with an IPO Grade 5 indicating strong fundamentals and an IPO Grade 1 indicating poor fundamentals. Pursuant to SEBI Regulations, the rationale/description furnished by the credit rating agency will be updated at the time of filing the Red Herring Prospectus with the RoC. Attention is drawn to the disclaimer appearing on Annexure I.

Trustee

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

Appraising Agency

There is no project being appraised.

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 finalised after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. our Company;
2. the GCBRLM and the BRLMs;
3. the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters;
4. the SCSBs;
5. the Escrow Collection Bank(s); and
6. the Registrar to the Issue.

This is an Issue for at least 25.00% of the post-Issue capital in accordance with Rule 19(2)(b)(i) of the SCRR. This Issue is being made through the 100.00% Book Building Process wherein up to 50.00% of the Issue shall be allocated on a proportionate basis to QIB Bidders. The Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors. 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15.00% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% 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.

Our Company shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed the GCBRLM, the BRLMs and the Syndicate Members to manage the Issue and procure subscriptions to the Issue.

In accordance with the SEBI Regulations, QIB Bidders are not allowed to withdraw their Bids after the Bid/ Issue Closing Date. For further details, see the section titled “Terms of the Issue” on page 251.

The Book Building Process under the SEBI Regulations is subject to change from time to time and 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 the Book Building Process and price discovery process

Investors should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, offer size of 3,000 equity shares and receipt of five bids from bidders out which one bidder has bid for 500 equity shares at Rs. 24 per equity share while another has bid for 1,500 equity shares at Rs. 22 per equity share. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book given below shows the demand for the shares of a company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken by the Bidders for Bidding

- Check eligibility for bidding (see "Who Can Bid?" in the section titled "Issue Procedure " on page 260);

- Bidders should ensure that they have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be;

- If you are a QIB (other than an Anchor Investor) or a Non-Institutional Bidder, ensure that you submit your Bid only through ASBA;

- Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form;

- Ensure that the Bid cum Application Form or ASBA Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the Bid Cum Application Form or ASBA Bid cum Application Form, respectively;

- Ensure the correctness of your demographic details given in the Bid cum Application Form or the ASBA Bid cum Application Form, with the details recorded with your Depository Participants;

- Bids by QIBs (including Anchor Investors) shall be submitted only to the GCBRLM, the BRLMs and/ or their affiliates and to the Syndicate Members; and

- Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the members of the Syndicate at the Syndicate ASBA Centres (meaning Bidding centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept Bid cum Application Forms in terms of the SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011). Ensure that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained will nominate at least one branch at each of the above location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html).

Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered and sold in the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the GCBRLM and the BRLMs shall be responsible for bringing in the amount devolved in the event that their Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriters including through its Syndicate/ Sub Syndicate. The Underwriting Agreement is dated August 29, 2011. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs.)
Enam Securities Private Limited 801, Dalamal Towers Nariman Point Mumbai 400 021 Maharashtra, India	6,207,031	1,588,999,910
Equirus Capital Private Limited 4th Floor, A Wing, Fortune 2000 Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India	1,329,978	340,474,381
Antique Capital Markets Private Limited 6th Floor, Nirmal Building Nariman Point Mumbai 400 021 Maharashtra, India	133,007	34,049,792
Antique Stock Broking Limited 6th Floor, Nirmal Building Nariman Point Mumbai 400 021, India	1,197,071	306,450,176
India Infoline Limited 8th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (W) Mumbai – 400 013 Maharashtra, India	100	25,600

The above mentioned amount is indicative underwriting and this would be finalised after determination of the Issue Price and actual allocation.

In the opinion of the Board of Directors (based on the certificates given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The Board of Directors, at its meeting held on August 29, 2011, has authorised the execution and delivery of the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the table above, the GCBRLM and the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to the investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/ subscribe to Equity Shares to the extent of the defaulted amount.

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

CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Prospectus, is set forth below:

(In Rs.)

		Aggregate value at nominal value	Aggregate value at Issue Price
A)	**Authorised share capital**		
	35,000,000 Equity Shares	350,000,000	
B)	**Issued, subscribed and paid up share capital before the Issue**		
	24,370,401 Equity Shares	243,704,010	
C)	**Present Issue in terms of the Red Herring Prospectus**		
	8,867,187 Equity Shares fully paid up	88,671,870	2,269,999,872
D)	**Equity capital after the Issue**		
	33,237,588 Equity Shares fully paid up	332,375,880	8,508.822,528
E)	**Share premium account**		
	Before the Issue*	165,342,516	
	After the Issue	2,346,670,518	

* *As on the date of the Red Herring Prospectus*

This Issue has been authorized by a resolution of our Board of Directors dated February 10, 2011 and a resolution of our shareholders in their Extraordinary General Meeting dated February 16, 2011.

For details in change of the authorised capital of our Company, see the section titled "History and Corporate Structure" on page 131**.**

Notes to Capital Structure:

1. ***Share capital history of our Company***

(a) Equity share capital history

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment/ Consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
April 8, 1999	200	10	10	Cash	Subscribers to Memorandum (1)	200	2,000	-
March 30, 2000	401,000	10	10	Cash	Allotment of shares(2)	401,200	4,012,000	-
March 30, 2001	598,800	10	10	Cash	Allotment of shares(3)	1,000,000	10,000,000	-
July 5, 2001	1,000,000	10	-	Capitalisation of reserves	Bonus (4)	2,000,000	20,000,000	-
July 21, 2004	110,000	10	30	Conversion	Conversion of Preference Shares(5)	2,110,000	21,100,000	2,200,000
December 16, 2004	1,000,000	10	-	Capitalisation of reserves	Bonus (6)	3,110,000	31,100,000	2,200,000
December 16, 2004	269,800	10	10	Cash	Allotment of shares (7)	3,379,800	33,798,000	2,200,000
March 23, 2005	72,720	10	16.50	Cash	Allotment of shares (8)	3,452,520	34,525,200	2,672,680
August 16, 2005	78,682	10	30	Conversion	Conversion of Preference Shares(9)	3,531,202	35,312,020	4,246,310
September 12, 2005	41,724	10	16.50	Cash	Allotment of shares (10)	3,572,926	35,729,260	4,517,516
September 12, 2005	280,700	10	10	Cash	Allotment of shares (11)	3,853,626	38,536,260	4,517,516
November 14, 2005	200,000	10	30	Cash	Allotment of shares (12)	4,053,626	40,536,260	8,517,516

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment/ Consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
March 31, 2006	289,941	10	10	Cash	Allotment of shares (13)	4,343,567	43,435,670	8,517,516
November 14, 2007	1,907,910	10	10	Cash	Allotment of shares (14)	6,251,477	62,514,770	8,517,516
January 21, 2008	92,090	10	10	Cash	Allotment of shares (15)	6,343,567	63,435,670	8,517,516
June 9, 2010	1,145,780	10	10	Cash	Allotment of shares (16)	7,489,347	74,893,470	8,517,516
June 14, 2010	22,000	10	10	Cash	Allotment of shares (17)	7,511,347	75,113,470	8,517,516
October 19, 2010	425,000	10	379	Consideration other than cash*	Allotment pursuant to acquisition of the shares of the Subsidiary(18)	7,936,347	79,363,470	165,342,516
December 31, 2010	187,120	10	10	Cash	Allotment of shares (19)	8,123,467	81,234,670	165,342,516
January 11, 2011	16,246,934	10	-	Capitalisation of surplus in profit and loss account	Bonus (20)	24,370,401	243,704,010	165,342,516

(1) Allotment of 100 Equity Shares each to Vijay R Kirloskar and Nikhil Kumar;

(2) Allotment of 130,000 Equity Shares to Nikhil Kumar, 70,000 Equity Shares to P.Rajaram Rao (Trustee for KEC Engineers of Mysore Welfare Trust), 51,000 Equity Shares to Vijay Kirloskar, 50,000 Equity Shares each to P.Rajaram Rao (Trustee for KEC Executives and other Officers Welfare Trust), P.Rajaram Rao (Trustee for KEC Vice Presidents Welfare Trust), P.Rajaram Rao (Trustee for KEC Officers and Engineers Welfare Trust);

(3) Allotment of 230,000 Equity Shares to Hitoshi Matsuo, 130,000 Equity Shares to Nikhil Kumar, 90,000 Equity Shares each to Sofia M Khericha and Chartered Capital and Investment Limited, 58,800 Equity Shares to Javed S. Saiyed;

(4) Allotment of 260,100 Equity Shares to Nikhil Kumar, 230,000 Equity Shares to Hitoshi Matsuo; 90,000 Equity Shares each to Sofia M. Khericha, Chartered Capital and Investment Limited, Foziya Akil Contractor, P. Rajaram Rao; 58,800 Equity Shares to Javed S. Saiyed, 30,000 Equity Shares each to Taiyeb M. Zamindar, Salim T. Zamindar and Faiyaz T. Zamindar, 1,100 Equity Shares to Mohib N. Khericha as Bonus shares in the ratio of one Equity Share for every one Equity Share held by the shareholders as on June 28, 2001;

(5) Allotment of 61,667 Equity Shares to Yukinobu Teshima; 48,333 Equity Shares to Hitoshi Matsuo

(6) Allotment of 260,100 Equity Shares to Nikhil Kumar, 230,000 Equity Shares to Hitoshi Matsuo; 90,000 Equity Shares each to Sofia M. Khericha, Chartered Capital and Investment Limited, Foziya Akil Contractor, P. Rajaram Rao; 58,800 Equity Shares to Javed S. Saiyed, 30,000 Equity Shares each to Taiyeb M. Zamindar, Salim T. Zamindar and Faiyaz T. Zamindar, 1,100 Equity Shares to Mohib N. Khericha as Bonus shares in the ratio of one Equity Share for every two shares held by the shareholders as on March 31, 2004, the record date for the Bonus Issue. Hence 110,000 preference shares converted into Equity Shares as on July 21, 2004 was not considered for the Bonus allotment made on December 16, 2004;

(7) Allotment of 141,270 Equity Shares to Nikhil Kumar,128,530 Equity Shares to Hitoshi Matsuo;

(8) Allotment of 36,360 Equity Shares each Chartered Capital and Investment Limited and Javed S. Saiyed;

(9) Allotment of 39,145 Equity Shares to Tadao Kuwashima, 38,642 Equity Shares to Fumio Yamada, 150 Equity Shares to Yukinobu Teshima, 745 Equity Shares to Hitoshi Matsuo;

(10) Allotment of 41,724 Equity Shares to Chartered Capital and Investment Limited;

(11) Allotment of 90,000 Equity Shares each to Sofia M. Khericha and Foziya Akil Contractor, 70,700 Equity Shares to Javed S. Saiyed, 30,000 Equity Shares to Chartered Capital and Investment Limited;

(12) Allotment of 200,000 Equity Shares to Toyo Denki Seizo K.K.;

(13) Allotment of 84,941 Equity Shares to Foziya Akil Contractor, 80,000 Equity Shares each to Sofia M. Khericha and Javed S. Saiyed and 45,000 Equity Shares to Mohib N. Khericha;

(14) Allotment of 509,901 Equity Shares to P.Rajaram Rao (Trustee for KEC Executives and other Officers Welfare Trust), 424,338 Equity Shares to Nikhil Kumar, 399,490 Equity Shares to Hitoshi Matsuo, 255,200 Equity Shares to Mohib N. Khericha, 254,700 Equity Shares to Sofia M. Khericha, 28,464 Equity Shares to Yukinobu Teshima, 18,024 Equity Shares to Tadao Kuwashima, 17, 793 Equity Shares to Fumio Yamada;

(15) Allotment of 92,090 Equity Shares to Toyo Denki Seizo K.K.;

(16) Allotment of 1,650 Equity Shares to Prakash Mirajkar; 4,000 Equity Shares each to Vishwanath Hangari and Girisha K.; 5,500 Equity Shares each to Krishna Murthy T. R., Muhammed Mujahid; 6,600 Equity Shares each to Raj Kumar Joseph, Jagdeesh V, Niranjan Mangaokar; 8,250 Equity Shares to Raghava Rao K.; 11,000 Equity Shares each to Ravishankar HR, V. Srinivasa Murthy, G. S. Raju, Harish B. C.; 13,750 Equity Shares each to Ramakrishna Varna, Ramesh N.S., Vasudhev Murthy R, M. N. Varalalakshmi, Vishal Bangera, Udaya Kumar, Shekar C.S.; 19,650 Equity Shares to Hitoshi Matsuo; 20,000 Equity Shares to Tadao Kuwashima; 22,000 Equity Shares to Prabhakar KG; 19,250 Equity Shares each to Prabhamani S., Manjunath S. V. and Vinay Hegde; 241,980 Equity Shares each to Nikhil Kumar and 595,450 Equity Shares to Saphire Finman Service Private Limited;

(17) Allotment of 1,000 Equity Shares each to K. Saravanan, Arun Kumar, Jayagopi N, Chindanda B.S., Mithu Raju T., Lakshmikanth B. N., Rajesh C., Nanda Kumar TH, Prakash G, Muniraj D., Ravi K. N., Babu M. L., Sunil K. Biradar, Kumar K. N., Ramesh R., Satish Singh B., Ashok Kumar L., Raghu B., Ravikumar B.M., Jagadish R., Prasanth C. M. and Rajashekar R;

(18) Allotment of 125,000 Equity Shares each to Nikhil Kumar, Hitoshi Matsuo and Mohib N. Khericha; 37,500 Equity Shares to G.S. Raju; 12,500 Equity Shares to K.G. Prabhakar pursuant to the acquisition by our Company of the Equity Shares held by them in our Subsidiary;

(19) Allotment of 187,120 Equity Shares to Mohib N. Khericha;

(20) Allotment of 4,017,622 Equity Shares to Saphire Finman Service Private Limited, 3,425,776 Equity Shares to Nikhil Kumar, 2,823,496 Equity Shares to Hitoshi Matsuo, 1,389,400 Equity Shares to Sofia M. Khericha, 1,231,240 Equity Shares to Mohib N. Khericha, 889,882 Equity Shares to Foziya Akil Contractor, 756,168 Equity Shares to Chartered Capital and Investment Limited, 584,180 Equity Shares to Toyo Denki K.K., 180,562 Equity Shares to Yukinobu Teshima, 154,338 Equity Shares to Tadao Kuwashima, 112,870 Equity Shares to Fumio Yamada, 97,000 Equity Shares to G.S. Raju, 69,000 Equity Shares to K.G. Prabhkar , 38,500 Equity Shares each to Prabhamani S, Manjunath S.V., Vinay Hegde, 27,500 Equity Shares each to Ramesh N. S., Ramakrishna Varna, Vasudev Murthy R, M.N. Varalakshmi, Vishal Bangera, Udaya Kumar and Shekhar C.S., 22,000 Equity Shares each to Ravishankar H.R., V. Srinivasa Murthy and Harish B.C., 16,500 Equity Shares to Raghava Rao K.R., 13,200 Equity Shares each to Jagadeesh V., Niranjan Margaonkar and Rajkumar Joseph, 11,000 Equity Shares to Krishnamurthy T.R., Mohammed Mujahid, 8,000 Equity Shares to Girisha K. and Vishwanath Hangari, 3,300 Equity Shares to Prakash Mirajkar,.2,000 Equity Shares to K. Saravanan, Arun Kumar, Jayagopi N, Chindanda B.S., Mithu Raju T., Lakshmikanth B. N., Rajesh C., Nanda Kumar TH, Prakash G, Muniraj D., Ravi K. N., Babu M. L., Sunil K. Biradar, Kumar K. N., Ramesh R., Satish Singh B., Ashok Kumar L., Raghu B., Ravikumar B.M., Jagadish R., Prasanth C. M . and Rajashekar R as bonus shares in the ratio of two Equity Shares for every one Equity Share held by the shareholders as on December 31, 2010. The bonus issue was made through capitalization of the surplus as reflected in the Profit and Loss Account as at March 31, 2010 appearing under the head 'reserves and surplus' in the Balance Sheet of the Company as at March 31, 2010.

**These Equity Shares were allotted by our Company pursuant to the acquisition of Equity Shares of our Subsidiary. See foot note 18 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure. Pursuant to a valuation report dated September 3, 2010 provided by B.K. Ramadhyani & Co on the valuation of the shares of the Company and that of its subsidiary, DF Power Systems Private Limited, the Equity Shares were allotted at a price of Rs. 379, including a premium of Rs. 369 per Equity Share. The valuation was computed using a weighted average value computed through (i) earnings capitalization or yield method, (ii) break-up value or book value method, and (iii) discounted cash flow method.*

(b) <u>Equity Shares allotted for consideration other than Cash</u>:

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Reason for Allotment	Persons to whom the Equity Shares were issued	Benefits to our Company
July 5, 2001	1,000,000	10	Bonus	Refer footnote 4 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Bonus Issue
July 21, 2004	110,000	10	Conversion of Preference Shares	Refer footnote 5 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Conversion of Preference Shares
December 16, 2004	1,000,000	10	Bonus	Refer footnote 6 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Bonus Issue
August 16, 2005	78,682	10	Conversion of Preference Shares	Refer footnote 9 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Conversion of Preference Shares
October 19, 2010	425,000	10	Issuance of equity shares for consideration other than cash	Refer footnote 18 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Acquisition of equity shares of our Subsidiary by our Company to enable full consolidation
January 11, 2011	16,246,934	10	Capitalisation of surplus in profit and loss account	Refer footnote 20 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Bonus Issue

All pre-Issue Equity Shares were fully paid-up at the time of allotment of the Equity Shares.

Other than the preferential allotments on June 9, 2010, June 14, 2010, October 19, 2010 and December 31, 2010 and the bonus issue on January 11, 2011, the details of which are provided in table 1(a) above, our Company has not issued any Equity Shares, during the preceding one year, at a price lower than the Issue Price.

(c) <u>Preference share capital history</u>

Date of allotment of the Preference Shares	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
July 5, 2001	330,000*	10	10	Cash

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Date of allotment of the Preference Shares	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
July 31, 2002	236,045**	10	10	Cash

** Converted into 110,000 Equity Shares on July 21, 2004*
*** Converted into 78,682 Equity Shares on August 16, 2005*

As on the date of this Prospectus, there are no outstanding preference shares.

2. ***Promoters' Contribution and Lock-in***

All Equity Shares, which are being locked-in are not ineligible for computation of promoters' contribution under Regulation 33 of the SEBI Regulations.

(a) History of the share capital held by the Promoters

Nikhil Kumar

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction	Percentage of Pre-Issue paid-up capital	Percentage of Post-Issue paid-up capital
April 8, 1999	100	10	10	Cash	Subscribers to the memorandum	0.00%**	0.00%**
March 30, 2000	130,000	10	10	Cash	Allotment of shares	0.53%	0.39%
March 30, 2001	130,000	10	10	Cash	Allotment of shares	0.53%	0.39%
July 5, 2001	260,100	10	-	Capitalisation of reserves	Bonus	1.07%	0.78%
December 16, 2004	260,100	10	-	Capitalisation of reserves	Bonus	1.07%	0.78%
December 16, 2004	141,270	10	10	Cash	Allotment of shares	0.58%	0.43%
November 14, 2007	424,338	10	10	Cash	Allotment of shares	1.74%	1.28%
June 9, 2010	241,980	10	10	Cash	Allotment of shares	0.99%	0.73%
October 19, 2010	125,000	10	379	Consideration other than cash*	Allotment pursuant to acquisition of the shares of the Subsidiary	0.51%	0.38%
January 11, 2011	3,425,776	10	-	Capitalisation of surplus in profit and loss account	Bonus	14.06%	10.31%
Total	**5,138,664**					21.09%	15.46%

** These Equity Shares were allotted by our Company pursuant to the acquisition of Equity Shares of our Subsidiary. See foot note 18 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure. Pursuant to a valuation report dated September 3, 2010 provided by B.K. Ramadhyani & Co the Equity Shares were allotted at a price of Rs. 379, including a premium of Rs. 369 per Equity Share.*
***Less than 0.01%*

Hitoshi Matsuo

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction	Percentage of Pre-Issue paid-up capital	Percentage of Post-Issue paid-up capital
March 30, 2001	230,000	10	10	Cash	Allotment of shares	0.94%	0.69%
July 5, 2001	230,000	10	-	Capitalisation of Reserves	Bonus	0.94%	0.69%

July 21, 2004	48,333	10	30	Conversion of Preference Shares	Allotment of shares	0.20%	0.15%
December 16, 2004	230,000	10	-	Capitalisation of Reserves	Bonus	0.94%	0.69%
December 16, 2004	128,530	10	10	Cash	Allotment of shares	0.53%	0.39%
August 16, 2005	745	10	30	Conversion of Preference Shares	Allotment of shares	0.00%**	0.00%**
November 14, 2007	399,490	10	10	Cash	Allotment of shares	1.64%	1.20%
June 9, 2010	19,650	10	10	Cash	Allotment of shares	0.08%	0.06%
October 19, 2010	125,000	10	379	Consideration other than cash*	Allotment pursuant to acquisition of the shares of the Subsidiary	0.51%	0.38%
January 11, 2011	2,823,496	10	-	Capitalisation of surplus in profit and loss account	Bonus	11.59%	8.49%
Total	**4,235,244**					17.38%	12.74%

**These Equity Shares were allotted by our Company pursuant to the acquisition of Equity Shares of our Subsidiary. See foot note 18 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure. Pursuant to a valuation report dated September 3, 2010 provided by B.K. Ramadhyani & Co the Equity Shares were allotted at a price of Rs. 379, including a premium of Rs. 369 per Equity Share.*

***Less than 0.01%*

Mohib N. Khericha

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction	Percentage of Pre-Issue paid-up capital	Percentage of Post-Issue paid-up capital
February 16, 2001	1,100	10	10	Cash	Transfer	0.00%**	0.00%**
July 5, 2001	1,100	10	-	Capitalisation of Reserves	Bonus	0.00%**	0.00%**
December 16, 2004	1,100	10	-	Capitalisation of Reserves	Bonus	0.00%**	0.00%**
March 31, 2006	45,000	10	10	Cash	Allotment of shares	0.18%	0.14%
November 14, 2007	255,200	10	10	Cash	Allotment of shares	1.05%	0.77%
October 19, 2010	125,000	10	379	Consideration other than cash*	Allotment pursuant to acquisition of the shares of the Subsidiary	0.51%	0.38%
December 31, 2010	187,120	10	10	Cash	Allotment of shares	0.77%	0.56%
January 11, 2011	1,231,240	10	-	Capitalisation of surplus in profit and loss account	Bonus	5.05%	3.70%
Total	**1,846,860**					7.58%	5.56%

**These Equity Shares were allotted by our Company pursuant to the acquisition of Equity Shares of our Subsidiary. See foot note 18 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure. Pursuant to a valuation report dated September 3, 2010 provided by B.K. Ramadhyani & Co the Equity Shares were allotted at a price of Rs. 379, including a premium of Rs. 369 per Equity Share.*

***Less than 0.01%*

Saphire Finman Services Private Limited

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction	Percentage of Pre-Issue paid-up capital	Percentage of Post-Issue paid-up capital
July 1, 2009	1,049,901	10	12	Cash	Transfer	4.31%	3.16%
April 12, 2010	363,460	10	10	Cash	Transfer	1.49%	1.09%
June 9, 2010	595,450	10	10	Cash	Allotment of shares	2.44%	1.79%
January 11, 2011	4,017,622	10	-	Capitalisation of surplus in profit and loss account	Bonus	16.49%	12.09%
Total	**6,026,433**					24.73%	18.13%

None of the Equity Shares held by the Promoters are pledged.

(b) <u>Details of Promoters contribution locked in for three years</u>

Pursuant to Regulations 32 and 36 of the SEBI Regulations, an aggregate of 20.00% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue.

The details of such lock-in are given below:

Name	Date of allotment/acquisition and when made fully paid-up	Nature of allotment	Nature of consideration	No. of shares locked in*	Face value (Rs.)	Issue price/purchase price (Rs.)	Percentage of post-Issue paid-up capital
Nikhil Kumar	January 11, 2011	Bonus	Bonus	1,661,990	10	0	5.00%
Hitoshi Matsuo	January 11, 2011	Bonus	Bonus	1,661,990	10	0	5.00%
Mohib N. Khericha	February 16, 2001	Cash	Transfer	1,100	10	10	0.00%**
	July 5, 2001	Bonus	Bonus	1,100	10	0	0.00%**
	December 16, 2004	Bonus	Bonus	1,100	10	0	0.00%**
	March 31, 2006	Cash	Allotment	45,000	10	10	0.14%
	November 14, 2007	Cash	Allotment	255,200	10	10	0.77%
	January 11, 2011	Bonus	Bonus	607,000	10	0	1.83%
Saphire Finman Services Private Limited	July 1, 2009	Cash	Transfer	313,238	10	12	0.94%
	January 11, 2011	Bonus	Bonus	2,099,802	10	0	6.32%
<u>TOTAL</u>				6,647,520			20.00%

** Commencing from the date of the Allotment of the Equity Shares in the Issue.*
***Less than 0.01%*

The minimum Promoter's contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoter under the SEBI Regulations. The Promoter's contribution constituting not less than 20.00% post-Issue paid-up equity share capital shall be locked-in for a period of three years from the date of Allotment in the Issue.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution. In this connection, our Company confirms that the Equity Shares being locked-in do not consist of:

(i) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from a bonus issue by utilization of revaluation reserves or unrealized profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
(ii) Equity Shares acquired by the Promoters during the one year preceding the date of the Red Herring Prospectus at a price lower than the price at which Equity Shares are being offered to the public in the Issue; and
(iii) Equity Shares pledged with any creditor.

Further, our Company has not been formed by the conversion of a partnership firm into a company.

Our Company has obtained specific written consent from our Promoters for inclusion of the Equity Shares held by them in the minimum Promoter's contribution subject to lock-in. Further, our Promoters have given an undertaking to the effect that they shall not sell/transfer/dispose of in any manner, Equity Shares forming part of the minimum Promoter's contribution from the date of filing the Red Herring Prospectus till the date of commencement of lock-in in accordance with SEBI Regulations.

(c) Details of pre-Issue Equity Share capital locked-in for one year

In addition to the 20.00% of the post-Issue paid-up equity shareholding of our Company held by our Promoters and locked-in for three years as specified above, the entire pre-Issue equity share capital will be locked-in for a period of one year from the date of Allotment of the Equity Shares in this Issue. Accordingly, 6,647,520 Equity Shares representing approximately 20.00% of the post-Issue paid-up share capital of our Company, will be locked in for a period of one year from the date of Allotment of the Equity Shares in the Issue.

(d) Other requirements in respect of lock-in

Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters which are locked-in for a period of three years can be pledged only with any scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or institution. Further, such pledge can be created only if the loan has been granted by such scheduled commercial bank or public financial institution for financing one or more of the objects of the Issue and the pledge of the Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by our Promoters which are locked-in for a period of one year can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by our Promoters and locked-in may be transferred to and amongst the Promoter Group or to a new promoter or persons in control of our Company, subject to the continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of allotment in the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

(e) Lock-in of Equity Shares to be issued, if any, to the Anchor Investor

Any Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion, shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

3. ***The shareholding pattern of our Company***

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

Category code (I)	**Category of shareholder (II)**	**Number of shareholders (III)**	**Total number of shares (IV)**	**Number of shares held in dematerialized form (V)**	**Total shareholding as a percentage of total number of shares**		***Shares Pledged or otherwise encumbered***		***Post IPO***		***Shares Pledged or otherwise encumbered(Post-IPO)***	
					As a percentage of (A+B) (VI)	**As a percentage of (A+B+C) (VII)**	***Number of shares (VIII)***	***As a percentage (IX)=(VIII)/(IV)*100***	***Number of Shares****	***As a % of (A+B+C)****	***Number of shares***	***As a percentage***
(A)	Shareholding of Promoter and Promoter Group											

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Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		*Shares Pledged or otherwise encumbered*		*Post IPO*		*Shares Pledged or otherwise encumbered(Post-IPO)*	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	*Number of shares (VIII)*	*As a percentage (IX)= (VIII)/(IV)*100*	*Number of Shares**	*As a % of (A+B+C)**	*Number of shares*	*As a percentage*
(1)	Indian											
(a)	Individuals/ Hindu Undivided Family											
	Promoters											
	Nikhil Kumar	1	5,138,664	0	21.09%	21.09%	-	0.00%	5,138,664	15.46%	-	0.00%
	Mohib N. Kericha	1	1,846,860	0	7.58%	7.58%	-	0.00%	1,846,860	5.56%	-	0.00%
	Promoter Group											
	Foziya Akil Contractor	1	1,334,823	0	5.48%	5.48%	-	0.00%	1,334,823	4.02%	-	0.00%
	Sofia M. Khericha	1	2,084,100	0	8.55%	8.55%	-	0.00%	2,084,100	6.27%	-	0.00%
(b)	Central Government/ State Government(s)											
(c)	Bodies Corporate											
	Promoter											
	Saphire Finman Services Private Limited	1	6,026,433	0	24.73%	24.73%	-	0.00%	6,026,433	18.13%	-	0.00%
	Promoter Group											
	Chartered Capital and Investment Limited	1	1,134,252	0	4.65%	4.65%	-	0.00%	1,134,252	3.41%		
(d)	Financial Institutions/ Banks											
(e)	Any Other (Trust)											
	Sub-Total (A)(1)	**6**	**17,565,132**	0	**72.08%**	**72.08%**	**-**	**0.00%**	**17,565,132**	**52.85%**	**-**	**0.00%**
(2)	Foreign											
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)											
	Promoter											
	Hitoshi Matsuo	1	4,235,244	0	17.38%	17.38%	-	0.00%	4,235,244	12.74%	-	0.00%
(b)	Bodies Corporate											
(c)	Institutions											
(d)	Any Other (specify)											
	Sub-Total (A)(2)	**1**	**4,235,244**	0	**17.38%**	**17.38%**	**-**	**0.00%**	**4,235,244**	**12.74%**	**-**	**0.00%**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**7**	**21,800,376**	0	**89.45%**	**89.45%**	**-**	**0.00%**	**21,800,376**	**65.59%**	**-**	**0.00%**
(B)	Public											

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		*Shares Pledged or otherwise encumbered*		*Post IPO*		*Shares Pledged or otherwise encumbered(Post-IPO)*	
					As a percentage of (A+B) (VI)	**As a percentage of (A+B+C) (VII)**	*Number of shares (VIII)*	*As a percentage (IX)= (VIII)/(IV)*100*	*Number of Shares**	*As a % of (A+B+C)**	*Number of shares*	*As a percentage*
	shareholding											
(1)	Institutions											
(a)	Mutual Funds/ UTI											
(b)	Financial Institutions/ Banks											
(c)	Central Government/ State Government(s)											
(d)	Venture Capital Funds											
(e)	Insurance Companies											
(f)	Foreign Institutional Investors											
(g)	Foreign Venture Capital Investors											
(h)	Any Other (specify)											
	Sub-Total (B)(1)	**0**	**Nil**	**0**	**Nil**	**Nil**	**-**	**0.00%**				
(2)	Non-institutions											
(a)	Bodies Corporate											
	Toyo Denki	1	876,270	0	3.60%	3.60%	-	0.00%				
(b)	Individuals - Individual shareholders holding nominal share capital up to Rs. 1 lakh.	44	773,100	0	3.17%	3.17%						
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	5	920,655	0	3.77%	3.77%						
(c)	Independent Directors											
	Sub-Total (B)(2)	**50**	**2,570,025**	**0**	**10.55%**	**10.55%**	**-**	**0.00%**				
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**50**	**2,570,025**	**0**	**10.55%**	**10.55%**	**-**	**0.00%**	**11,437,212**	**34.41%**	**-**	**0.00%**
	TOTAL (A)+(B)	**57**	**24,370,401**	**0**	**100.00%**	**100.00%**	**-**	**0.00%**	**33,237,588**	**100.00%**	**-**	**0.00%**
(C)	Shares held by Custodians and against which Depository Receipts have been issued											
	GRAND TOTAL (A)+(B)+(C)	**57**	**24,370,401**	**0**	**100.00%**	**100.00%**	**-**	**0.00%**	**33,237,588**	**100.00%**	**-**	**0.00%**

* *Assuming that the non-Promoter Group shareholders do not apply for, and are not Allotted Equity Shares in this Issue.*

For further details on Equity Shares held by Promoters and Promoter Group, refer to Note 2 of Notes to Capital Structure.

4. ***Equity Shares held by top ten shareholders***

(a) On the date of and ten days prior to filing the Prospectus with RoC:

S. No.	Name	Number of Equity Shares	Percentage of Pre-Issue Equity Share capital (%)
1.	Saphire Finman Services Private Limited	6,026,433	24.73
2.	Nikhil Kumar	5,138,664	21.08
3.	Hitoshi Matsuo	4,235,244	17.38
4.	Sofia Kericha	2,084,100	8.55
5.	Mohib N. Khericha	1,846,860	7.58
6.	Foziya Akil Contractor	1,334,823	5.48
7.	Chartered Capital and Investment Limited	1,134,252	4.65
8.	Toyo Denki Seizo KK	876,270	3.60
9.	Yukinobu Teshima	270,843	1.11
10.	Tadao Kuwashima	231,507	0.95
	Total	**23,178,996**	**95.11**

(b) Two years prior to the date of filing this Prospectus with RoC:

Sl. No.	Name	Number of Equity Shares	Percentage of Pre-Issue Equity Share capital (%)
1.	Nikhil Kumar	1,345,908	21.22
2.	Hitoshi Matsuo	1,267,098	19.97
3.	Sofia Kericha	694,700	10.95
4.	Rajaram Rao (Trustee for Kirloskar Electric Executivies & Other officers Welfare Trust)	509,901	8.03
5.	Foziya Akil Contractor	444,941	7.01
6.	Chartered Capital and Investment Limited	378,084	5.96
7.	Javed S Saiyed	363,460	5.73
8.	Mohib N. Khericha	303,500	4.79
9.	Toyo Denki Seizo KK	292,090	4.60
10.	Rajaram Rao	270,000	4.26
	Total	**5,869,682**	**92.52**

5. ***Details of transactions in Equity Shares by our Promoters and our Promoter Group***

There have been allotments of Equity Shares by the Company to our Promoters and our Promoter group during the six month period immediately preceding the date on which the Draft Red Herring Prospectus was filed with SEBI, in the following manner:

Name of Promoters/Promoter Group	Date of the transaction	No. of Equity Shares	Issue Price (Rs.)	Nature of Transaction
Nikhil Kumar	October 19, 2010	125,000	379	Allotment pursuant to acquisition of the shares of the Subsidiary*
Hitoshi Matsuo	October 19, 2010	125,000	-	Allotment pursuant to acquisition of the shares of the Subsidiary*
Mohib N. Khericha	October 19, 2010	125,000	-	Allotment pursuant to acquisition of the shares of the Subsidiary*
Mohib N. Khericha	December 31, 2010	187,120	10	Allotment of shares
Saphire Finman Services Private Limited	January 11, 2011	4,017,622	-	Bonus
Nikhil Kumar	January 11, 2011	3,425,776	-	Bonus
Hitoshi Matsuo	January 11, 2011	2,823,496	-	Bonus
Mohib N. Khericha	January 11, 2011	1,231,240	-	Bonus
Sofia Khericha	January 11, 2011	1,389,400	-	Bonus
Foziya Akil Contractor	January 11, 2011	889,882	-	Bonus
Chartered Capital and Investment Limited	January 11, 2011	756,168	-	Bonus

* *Allotment of Equity Shares pursuant to the acquisition by our Company of the shares held by them in our Subsidiary*

Apart from the above allotments, no Equity Shares have been sold or purchased by the Promoters, Promoter Group entities, Directors and their relatives during the period of six months preceding the date on which the Draft Red Herring Prospectus was filed with SEBI.

6. ***Details of Equity Shares held by our Directors, Key Management Personnel***

The table below sets forth the details of Equity Shares that are held by our Directors and Key Management Personnel:

S. No.	Name	Designation	Number of Equity Shares	Pre-Issue Equity Share Capital (%)	Post-Issue Equity Share Capital (%)*
1.	Nikhil Kumar	Joint Managing Director	5,138,664	21.08	15.46
2.	Hitoshi Matsuo	Managing Director	4,235,244	17.38	12.74
3.	Mohib N. Khericha	Non-Executive Chairman	1,846,860	7.58	5.56
4.	Tadao Kuwashima	Director	231,507	0.95	0.70
4.	K.G. Prabhakar	Chief Financial Officer	103,500	0.42	0.31
5.	M.N. Varalakshmi	Manager-Finance & Accounts	41,250	0.17	0.12
6.	S. Prabhamani	General Manager, Product Design	57,750	0.24	0.17
7.	Vishwanath Hangari	Senior Manager-Product Desgn	12,000	0.05	0.04
8.	Manjunath S.V.	General Manager-Manufacturing	57,750	0.24	0.17
9.	Ramakrishna Varna	Senior Manager-Manufacturing	41,250	0.17	0.12
10.	R. Vasudeva Murthy	Manager, Product Planning and Material Management	41,250	0.17	0.12
11.	Vinay Hegde	Head-Marketing	57,750	0.24	0.17
12.	Udaya Kumar	Senior Manager-Commercials & Procurement-Subsidiary	41,250	0.17	0.12
13.	Vishal Bangera	Manager-Electrical Engineering-Subsidiary	41,250	0.17	0.12
14.	C.S. Shekar	Senior Manager-Design-Subsidiary	41,250	0.17	0.12
15.	V. Srinivas Murthy	Chief Project Execution-Subsidiary	33,000	0.13	0.10
16.	G.S. Raju	Chief Executive Officer-Subsidiary	145,500	0.60	0.44
17.	Harish B.C.	Vice-President-Subsidiary	33,000	0.13	0.10
	Total		**12,200,025**	**50.06**	**36.71**

** Assuming that the above non-Promoter shareholders do not apply for, and are not Allotted Equity Shares in this Issue.*

This disclosure is made in accordance with Schedule VIII - Part A of the SEBI Regulations.

7. There are no financing arrangements whereby the Promoters, the Promoter Group, the Directors or their immediate relatives have financed the purchase by any other person of securities of our

Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board.

8. The Company has not issued any Equity Shares in terms of any scheme approved under Sections 391-394 of the Companies Act.

9. Neither our Company, nor our Promoters, nor our Directors nor the GCBRLM and the BRLMs have entered into any buy-back, safety net and/or standby arrangements for the purchase of Equity Shares from any person.

10. Except as stated in the sections titled "Capital Structure" and "Our Management" on pages 54 and 138, none of the Directors or the Key Management Personnel hold any Equity Shares in the Company

11. Our Company has not raised any bridge loans against the proceeds of the Issue.

12. Our Company will ensure that transactions in the Equity Sharers by the Promoters between the date of filing of the Red Herring Prospectus with the Registrar of Companies and the Bid Closing Date will be intimated to the Designated Stock Exchanges within twenty four hours of the transaction.

13. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing this Prospectus.

14. As of the date of this Prospectus, no Equity Shares of our Company have been pledged.

15. Except as disclosed in this Prospectus, 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 Prospectus with RoC until the Equity Shares to be issued pursuant to the Issue have been listed which includes those shares which may be utilized for rounding off.

16. There are no outstanding warrants, options or other financial instruments or rights that may entitle any person to receive any Equity Shares in our Company.

17. Our Company has not issued any Equity Shares out of revaluation reserves.

18. Up to 50.00% of the Issue shall be allocated to QIBs on a proportionate basis. 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

19. Under-subscription, if any, in any category other than the QIB Portion, would be met with spill-over from other categories or combination of categories at the discretion of our Company in consultation with the GCBRLM, the BRLMs and the Designated Stock Exchange.

20. Over-subscription to the extent of 10.00% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

21. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

22. None of the Promoters, Promoter Group, nor any of the Group Companies will participate in the Issue.

23. Except as disclosed in this Prospectus, 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 Prospectus with RoC until the Equity Shares to be issued

pursuant to the Issue have been listed which includes those shares which may be utilized for rounding off. Further, our Company does not presently intend to or propose to alter the capital structure by way of split or consolidation of the denomination of our Equity Shares, or issue Equity Shares on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement, within a period of six months from the Bid/Issue Opening Date, except that, if our Company enters into acquisitions, joint ventures or other arrangements, and may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures at any time after the listing of the Equity Shares or refund of application moneys on account of failure of the Issue. Provided further, in addition to what has been stated above, if the business needs of our Company so require, our Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares.

24. Neither the GCBRLM and the BRLMs nor any of its associates hold any shares in our Company.

25. There will be only one denomination of Equity Shares unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

26. The Equity Shares will be fully paid up at the time of Allotment failing which no allotment shall be made.

27. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Prospectus.

28. Our Company has 57 shareholders as of the date of this Prospectus.

29. Our Company has not undergone any scheme of merger or amalgamation.

30. Our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme.

OBJECTS OF THE ISSUE

The Objects of the Issue are to:

a) Finance the expansion of our manufacturing plant in Dabaspet;
b) Construct a project office in Bangalore city;
c) Repay debt;
d) Fund working capital requirements of our Company; and
e) Fund our general corporate purposes.

The objects of the Issue are also to achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our Company's brand name and provide liquidity to our Company's existing shareholders. Listing will also provide a public market for our Equity Shares in India.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The details of the Net Proceeds of the Issue are as follows:

(Rs. in million)

Sl. No.	Description	Amount
1	Gross Proceeds of the Issue	2,270.00
2	Issue related Expenditure	139.34
3	Net Proceeds of the Issue	2,130.66

Use of Net Proceeds of the Issue

The utilization of the Net Proceeds of the Issue is as follows:

(Rs. in million)

Sl. No.	Expenditure Items	Total estimated cost	Amounts deployed as on June 30, 2011*	Balance to be deployed as on June 30, 2011	Amount to be financed from Net Proceeds of the Issue	Estimated Net Proceeds of the Issue utilization for Fiscal		
						2012	2013	2014
1.	Finance the expansion of our manufacturing plant in Dabaspet	1,027.36(1)	81.01	946.35	946.35	518.53	427.82	-
2.	Construction of a project office in Bangalore city	289.09(2)	0.00	289.09	289.09	156.00	97.09	36.00
3.	Repayment of debt	328.07(3)	26.07	302.00	302.00	302.00	0.00	-
4.	Funding working capital requirements of our Company	400.00	-	400.00	400.00	400.00	0.00	-
5.	General corporate purposes	225.48	-	225.48	225.48	225.48	-	-
	Total	2,270.00	107.08	2,162.92	2,162.92	1,602.01	524.91	36.00

** As per the certificate of B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated August 8, 2011, the expenditure incurred as of June 30, 2011, has been funded through internal accruals .*

(1) *As per the certificate of InForm Architects Private Limited (Architect) dated June 30, 2011 (in relation to construction and development costs forming part of the total estimated cost)*

(2) *As per the certificate of InForm Architects Private Limited (Architect) dated June 30, 2011 (in relation to other costs excluding cost of land)*

(3) *Principal amount outstanding as on February 1, 2011 as per the certificate of B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated February 18, 2011.*

Means of Finance

We intend to utilize the Net Proceeds of the Issue for financing the growth of our business. The funding of these projects is proposed to be made completely from the Net Proceeds of the Issue. Accordingly, there is no requirement for us to make firm arrangements of finance through verifiable means towards 75.00% of the stated means of finance, excluding the amount to be raised through the Issue and existing identifiable internal accruals. Our fund requirements and deployment of the Net Proceeds of the Issue is based on internal management appraisals and estimates and our Company's current business plan and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from existing and/or future lenders.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt, as required.

We operate in competitive and dynamic market conditions and may have to revise our estimates from time to time on account of market conditions including any industry consolidation initiatives, such as potential acquisition opportunities etc. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting projects which are not currently planned, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project or land acquisition in relation to current plans, at the discretion of the management of our Company.

Details of the Objects

A. Finance our expansion activities of our manufacturing plant in Dabaspet

The break-down of the cost for our proposed project expansion is as below:

Sl. No.	Particulars	Rs. in million
a)	Construction and development costs	350.00
b)	Procurement of machineries	654.48
c)	Design and engineering software	22.88
	Grand Total	**1,027.36**

(a) <u>*Construction and development costs*</u>

Currently, our Company has two manufacturing units that are located in Dabaspet on lands owned by us. One of these manufacturing units located at KIADB Industrial Area, Nelamangala Taluk, Dabaspet, Bangalore, measures approximately 15 acres. A portion of this land presently houses one of our manufacturing units and the area currently lying vacant of approximately 200,558 sq. ft. is the portion of the land on which we intend to construct and expand our manufacturing unit.

The particulars of the break-up of the construction and development costs related to our expansion are as follows:

(Rs. in million)

Sl. No.	Particulars	Total Cost*	Expenses already Incurred as of June 30, 2011**
1.	**Civil**	**250.08**	-
	(a) Architecture Building Works	55.42	-
	(b) Structural Building Works	170.02	-
	(c) Site Related Works	14.01	-
	(d) Machine Foundation Works	10.63	-
2.	**Interiors**	**27.40**	**-**
3.	**Others**	**72.52**	**-**
	(a) Roads and drains	15.00	-
	(b) Site development	5.00	1.00
	(c) Air conditioner Installation	4.70	-
	(d) Ventilation	4.00	-

Sl. No.	Particulars	Total Cost*	Expenses already Incurred as of June 30, 2011**
	(e) Electrical	22.30	-
	(f) PMC and Architect Fee	14.91	34.71
	(g) Contingency	6.61	-
	Total	**350.00**	**35.71**

** As per the certificate of InForm Architects Private Limited (Architect) dated June 30, 2011. Includes service tax at 4.12% and labour cess at 1.00%.*

*** As per the certificate of B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated August 8, 2011*

(b) *<u>Procurement of machineries, equipments and other items</u>*

We have issued purchase orders and received quotations from various vendors/suppliers for the purpose of procurement of machineries, equipments and other items for the proposed expansion of the manufacturing facility in Dabaspet. Upon placing the final orders for these plant and machinery and other equipments, there will be a minimum time period involved for the delivery of these.

A detailed break-up of the various plant and machinery and other equipments along with their configuration is given below:

1. Production related machinery

(In million)

Sl. No.	Name / configuration of machinery	Name of supplier	Value of purchase order/quotation* (Rs. equivalent amount)	Date of purchase order/ quotation	Date of supply under the purchase order/quotation	Value of purchase order/ agreement (Rs. equivalent amount)	Value of quotation (Rs. equivalent amount)	Total Value*						Amount deployed as of June 30, 2011**
								Rs.	Euro	US$	CAD	CHF	Total (Rs. equivalent amount)	
1.	Global Vacuum Pressure Impregnation Plant	AMS Anlagenbau GmbH & Co. KG	29.47	January 13, 2011	August 15, 2011	53.70	-	24.23	0.32	-	-	-	53.70	17.34
		Vaccum Systems and Products	14.79	January 13, 2011	August 15, 2011									
		Hydro Pneo VAC Technologies	0.42	August 31, 2010	March 25, 2011									
		Edwards India Private Limited	0.13	October 13, 2010; May 14, 2010	October 13, 2010; May 20, 2010									
		Vaccum Plant and Instruments Manufacturing Co.	8.81	October 14, 2010	March 14, 2011									
		Akshaya Engineers	0.08	October 21, 2010	October 25, 2011									
2.	Lathe for Motors	Goratu Maquinas Herramienta, SA	57.61	December 14, 2010	10 months from payment	-	57.61	-	0.62	-	-	-	57.61	0.00
3.	Ovens	Agro Thermodyne Co.	13.51	November 23, 2010	May 25, 2011	11.14	7.52	18.66	-	-	-	-	18.66	0.67
		Suji Enterprises	3.39	June 30, 2011	90 days from purchase order									
		SGF FAB Industries	1.68	August 30, 2010	September 25, 2010									
		Raystan Industries	0.08	November 19, 2010	November 30, 2010									

4. Balancing M/Cs	Abro Technologies Private Limited	13.09	November 18, 2010	April 30, 2011	13.60	-	13.60	-	-	-	-	13.60	1.13
	United Technologies	0.51	January 23, 2010	February 5, 2010									
5. Painting Booths	Prism Surface Coatings Private Limited	3.66	December 30, 2010	12 weeks from payment	-	3.66	3.66	-	-	-	-	3.66	0.00
6. Coil Section	Bartech International, Inc.	49.34	July 12, 2011	September 30, 2011	97.08	10.11	10.11	-	0.75	0.76	-	107.19	0.00
	Suji Enterprises	10.11	June 30, 2011	90 days from purchase order									
	Alliance Winding Equipment, Inc.	47.74	July 14, 2011	September 30, 2011									
7. Process related equipments	Eltel Industries	1.23	January 24, 2011	6 to 8 weeks from purchase order	47.32	1.23	3.70	-	-	-	0.64	48.55	4.14
	S.K. High Voltage Equipments	0.13	July 12, 2011	September 30, 2011									
	Quality Control Equipments Private Limited	1.91	December 7, 2010	March 25, 2011									
	Accurate Electro Industries	0.43	August 11, 2010	September 25, 2010									
	Micamation Limited	44.85	October 29, 2010	May 25, 2011									
8. Winding Section	Suji Enterprises	4.73	June 30, 2011	90 days from purchase order	0.12	4.73	4.85	-	-	-	-	4.85	0.00
	Series 4 Limited	0.12	October 20, 2010	October 30, 2010									
9. Machine shop and core assembly	Strategi Automation Solutions Private Limited	2.50	February 25, 2010	April 1, 2011	14.53	-	14.53	-	-	-	-	14.53	1.91
	Pusalkar Engineers	2.64	July 28, 2009	October 28, 2009									

Sl. No.	Name / Configuration of Machinery	Name of supplier	Value of purchase order/quotation* (Rs. equivalent amount)	Date of purchase order/ quotation	Date of supply under the purchase order/quotation	Value of purchase order/ Agreement	Value of quotation	Rs.	Euro	US $	CAD	CHF	SEK	Total (Rs. equivalent amount)	Amount deployed as of June 30, 2011**
		CNC India Tools and Services Private Limited	0.99	June 29, 2010	July 10, 2010										
		Hydro Pack India Private Limited	8.19	November 8, 2010	March 31, 2011										
		Sri Gagana Industries	0.14	June 21, 2010	June 21, 2010										
		Sri Vinayaka Enterprises	0.07	September 4, 2010	September 4, 2010										
10.	Power related equipments	Powerica Limited	19.53	February 16, 2011	May 31, 2011	21.21	2.68	23.89	-	-	-	-		23.89	0.00
		Disha Enterprises	2.68	June 29, 2011	4 weeks from purchase order										
		Vee Vee Control Private Limited	1.23	July 12, 2011	September 30, 2011										
		Kaeser Compressors (India) Private Limited	0.45	February 16, 2011	June 6, 2011										
	Total													**346.24**	**25.19**

** Inclusive of all applicable taxes and duties; Conversion Rates as of June 30, 2011: 1 USD: 45.33 INR, 1 Euro: 65.24 INR; 1 Canadian Dollar (CAD): 46.41 INR, 1 Swiss Franc (CHF): 54.42 INR, 1 Swedish Krona (SEK): 7.15 (Source: Oanda Corporation, www.oanda.com)*
*** As per the certificate of B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated August 8, 2011*

2. Material handling equipments

(In million)

Sl. No.	Name / Configuration of Machinery	Name of supplier	Value of purchase order/quotation* (Rs. equivalent amount)	Date of purchase order/ quotation	Date of supply under the purchase order/quotation	Value of purchase order/ Agreemen	Value of quotation	Total Value* Rs.	Euro	US $	CAD	CHF	SEK	Total (Rs. equivalent amount)	Amount deployed as of June 30, 2011**
	Cranes	Kone Cranes India Private Limited	50.57	November 8, 2010	June 25, 2011	62.35	35.20	86.70	0.07	-	-	-	0.43	97.55	9.01
		Minitech Engineering	17.82	July 4, 2011	8 to 10 weeks from purchase order										

		AB Solving OY	6.53	June 27, 2011	16 weeks from purchase order									
		SGF FAB Industries	16.06	June 29, 2011	6 months from purchase order									
		Dilip Materials Handling Equipment	0.75	December 17, 2010	December 25, 2010									
		Abro Technologies Private Limited	1.09	June 29, 2011	2 months from purchase order									
		Skoogs Maskin & Svets AB	4.31	October 28, 2010	November 25, 2010									
		Jiva Innovations Private Limited	0.42	April 9, 2010	April 25, 2011									
	Fork Lifts and Handling Equipment	Nilkamal Limited	2.01	July 12, 2011	September 30, 2011	2.01	0.57	2.58	-	-	-	-	-	2.58	0.00
		Dilip Materials Handling Equipment	0.57	January 25, 2011	4 weeks from purchase order									
	Storage Stands, Racks for Stores	Metal Storage Systems Private Limtied	2.95	July 8, 2011	5 weeks from purchase order	0.18	3.40	3.58	-	-	-	-	-	3.58	0.00
		Essae - Teraoka Limited	0.18	July 12, 2011	September 30, 2011									
		Dilip Materials Handling Equipment	0.45	July 25, 2010	4 weeks from purchase order									
Total														**103.71**	**9.01**

** Inclusive of all applicable taxes and duties; Conversion Rates as of June 30, 2011: 1 USD: 45.33 INR, 1 Euro: 65.24 INR; 1 Canadian Dollar (CAD): 46.41 INR, 1 Swiss Franc (CHF): 54.42 INR, 1 Swedish Krona (SEK): 7.15 (Source: Oanda Corporation, www.oanda.com)*
*** As per the certificate of B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated August 8, 2011*

3. Quality assurance equipments

(In million)

Sl. No.	Name / Configuration of Machinery	Name of supplier	Value of purchase order/quotation* (Rs. equivalent amount)	Date of purchas order/ quotatio	Date of supply under the purchase order/quotation	Value of purchase order/ Agreement	Value of quotation	Total Value*						Amount deployed as of June 30, 2011**
								Rs.	Euro	US $	CAD	JPY	Total (Rs. equivalent amount)	

1.	Equipment for testing Siemens generators	Yokugawa India Limited	10.18	October 11, 2010	10 weeks from purchase order	0.81	14.47	15.27	-	-	-	-	15.27	3.41
		Transducers and Allied Products	0.13	June 25, 2011	-									
		Envicon	0.18	June 29, 2011	-									
		Trident Powercraft Private Limited	0.77	June 27, 2011	-									
		Omicron Energy Solutions Private Limited	3.21	June 30, 2011	10 weeks from purchase order									
		Schneider Electric India Private Limited	0.66	October 21, 2010	October 30, 2010									
		Excellent Power Control	0.01	December 22, 2010	December 27, 2010									
		Disha Enterprises	0.13	December 17, 2010	December 17, 2010									
2.	Equipment for testing Unit I machines	Gelenkwellenwerk Stadtilm GmbH	1.52	July 4, 2011	14 weeks from payment	-	4.37	2.85	0.02	-	-	-	4.37	0.00
		Yokugawa India Limited	1.47	October 28, 2010	10 weeks from purchase order									
		Leonardo Automation (India) Private Limited	0.49	June 29, 2011	10 weeks from purchase order									
		Shree Associates	0.38	June 25, 2011, June 27, 2011	16 weeks from purchase order									
		Bombay Tools Supplying Agencies Private Limited	0.51	July 29, 2011	-									
3.	Equipment for testing Unit II machines	ABB Limited	7.37	February 16, 2011	March 31, 2011	1.73	50.654	51.02	0.01	-	-	0.09	52.37	2.10

Classic Clamping Systems	1.03	June 27, 2011	90 days from purchase order
ELEQ	0.85	June 23, 2011	-
Josts Engineering Company Limited	0.44	November 2, 2010	-
Kamath Transformers Private Limited	5.18	June 29, 2011	4 weeks from purchase order
Microdyne Systems	0.03	June 29, 2011	3 weeks from purchase order
Nihon Denki Company Limited	0.07	June 29, 2011	3 weeks from purchase order
Rachana Technologies	0.14	June 29, 2011	Immediate
Shreyans Enterprises	0.03	January 21, 2011	5 days from purchase order
Shylendra Electronics	0.27	June 28, 2011, June 24, 2011	10 weeks from purchase order
Tangent Test Technologies	1.57	February 2, 2011	8 weeks from purchase order
Transducers and Allied Products	0.26	June 24, 2011	-
Trident Powercraft Private Limited	4.79	June 27, 2011	-
Yokogawa India Limited	29.48	June 27, 2011	10 weeks from purchase order
Savim Technologies Private Limited	0.86	July 29, 2011	2 weeks from purchase order

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		Classic Clamping	2.83	June 27, 2011	90 days	0.22	62.20	54.09	0.03	-	-	6.91	62.42	3.34
		ELEQ	0.59	November 11, 2010	12 weeks from purchase order									
		Forbes Marshall Private Limited	0.27	June 25, 2011	-									
		Gelenkwellenwerk Stadtilm GmbH	1.87	July 4, 2011	14 weeks from purchase order									
		INSTRANS	0.31	January 27, 2011	-									
		Josts Engineering Company Limited	0.44	November 2, 2010	-									
		Madras Hydraulic Hose Private Limited	0.70	June 28, 2011	2 weeks from purchase order									
4.	Common instruments for TMEIC and AC Generator (Unit II)	Microdyne Systems	0.08	June 29, 2011	3 weeks from purchase order									
		Mechanalysis India Private Limited	1.87	June 27, 2011	12 weeks from purchase order									
		Mini Machine Tools	25.09	June 29, 2011	8 weeks from purchase order									
		Nihon Denki Company Limited	0.20	June 24, 2011	2 weeks from purchase order									
		Omricon Energy Solutions Private Limited	3.21	June 30, 2011	-									
		Perfect Cooling Towers	1.69	June 28, 2011	4 weeks from purchase order									
		Pune Energy Control Devices	0.34	February 4, 2011	6 weeks from purchase order									

		Rectifiers and Electronics	2.17	February 16, 2011	March 31, 2011										
		Shekkar Engineering Works Private Limited	1.21	April 9, 2011	-										
		Shreyans Enterprises	0.16	June 28, 2011	5 days from purchase order										
		Shylendra Electronics	0.09	June 28, 2011	8 weeks from purchase order										
		Soken Electric Company Limited	5.22	June 25, 2011	3 months from purchase order										
		Southern Lubrication Private Limited	3.48	June 27, 2011	-										
		Tangent Test Technologies	1.11	February 2, 2011	8 weeks from purchase order										
		Triveni Engineering and Industries Limited	1.19	November 3, 2010	5 months from purchase order										
		United Technologies	1.92	February 16, 2011	March 31, 2011										
		VeeVee Controls Private Limited	0.61	June 29, 2011	8 weeks from purchase order										
		Yokogawa India Limited	4.46	January 25, 2011	-										
		Shylendra Electronics	0.54	June 24, 2011	10 weeks from purchase order										
		Leonarado Automation India Private Limited	0.76	June 29, 2011, June 27, 2011	10 weeks from purchase order										
5.	FFT Analyzer for vibration measurement	Envicon	0.20	October 12, 2010	October 21, 2010	0.20	4.89	0.20	0.05	-	-	-	5.09	0.00	

		Aimil Limited	4.84	November 18, 2010	10 weeks from purchase order									
		Ing-Tech Engineering Company	0.05	June 30, 2011	2 weeks from purchase order									
6.	Magnetic Lab	Ametek Instruments India Private Limited	5.50	June 29, 2011	6 to 8 weeks from purchase order	-	23.28	2.68	0.10	0.10	0.09	-	23.28	0.00
		Shree Associates	2.68	January 27, 2011	18 to 20 weeks from purchase order									
		Iris Power LP	5.99	June 30, 2011	-									
		Brockhaus Messtechnik GmbH & Co. KG	9.11	June 28, 2010	12 weeks from purchase order									
7.	CMM Instrument	Carl Zeiss Industrielle Messtechnik GmbH	39.98	May 21, 2010	May 31, 2011	39.98	1.75	1.75	0.44	-	-	-	41.73	0.00
		Project Arrangement Consultants	1.75	July 5, 2011	-									
	Total												**204.53**	**8.85**

** Inclusive of all applicable taxes and duties; Conversion Rates as of June 30, 2011: 1 USD: 45.33 INR, 1 Euro: 65.24 INR; 1 Canadian Dollar (CAD): 46.41 INR, 1 Japanese Yen: 0.56 INR (Source: Oanda Corporation, www.oanda.com)*

*** As per the certificate of B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated August 8, 2011*

(c) *Design and engineering software*

(In million)

Sl. No.	Name / Configuration of Machinery	Name of supplier	Value of purchase order/quotation* (Rs. equivalent amount)	Date of purchase order/ quotation	Date of supply under the purchase order/quotation	Value of purchase order/ Agreement	Value of Quotation (Rs. equivalent amount)	Total Agreement value*				Amount deployed as of June 30, 2011***
								Rs.	Euro	US $	Total (Rs. equivalent amount)	
1.	ANSYS-CFX	Ansys Software Private Limited	2.55	February 16, 2011	-	-	2.55	-	-	0.05	2.55	0.00
2.	MADYN 2000	Delta JS AG	1.80	February 16, 2011	March 31, 2011	1.80	-	-	0.03	-	1.80	0.00
3.	ANSOFT - Maxwell3D, RMxprt, Simplorer, Optimetrics, Links to Iges, step and Pro/E	Ansys Software Private Limited	6.52	February 15, 2011	-	-	6.52	-	-	0.13	6.52	0.00
4.	NX Knowledge Fusion	Tata Elxsi Limited	2.25	September 24, 2010	-	-	2.25			-	2.25	2.25
5.	Pro/E – Foundation XE, Unigraphics	Softcell Technologies Limited	1.30	February 15, 2011	-	-	1.32		0.00**	-	1.42	0.00
		Ansys Software Private Limited	0.12	February 16, 2011	-							
6.	MDESIGN Software charges, training and installation	MDesign GmbH	3.00	February 16, 2011	March 31, 2011	3.00	-	-	0.04	-	3.00	0.00
7.	Hardware/support software to support the above mentioned software	Tata Elxsi Limited	5.33	February 14, 2011	-	-	5.33	5.33	-	-	5.33	0.00
	TOTAL										**22.88**	**2.25**

** Inclusive of all applicable taxes and duties; Conversion Rates as of June 30, 2011: 1 USD: 45.33 INR, 1 Euro: 65.24 INR (Source: Oanda Corporation, www.oanda.com)*

**** As per the certificate of B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated August 8, 2011*

Implementation Schedule

Sl. No	Particulars	Estimated Date of Completion/Status
1.	Construction and development costs	August, 2012
2.	Procurement of machineries, equipments and other items	December, 2012
3.	Design and Engineering Software	December, 2011

B. Construction of a project office in Bangalore city

The breakdown of the cost for our proposed project construction of our project office in Bangalore city is as below:

Sl. No.	Particulars	Rs. in million**
1.	Land acquisition cost	156.00
2.	Civil/structural & interior works*	93.80
3.	Other*	
	(i) HVAC Works	8.70
	(ii) Electrical Works	8.55
	(iii) Plumbing Works	3.00
	(iv) Fire Protection System	1.65
	(v) IBMS, Fire Alarm System, Surveillance, Music & PA, Data & Voice Networking	5.10
4.	Architect and Project Management Consultant Fees*	5.48
5.	Project Contingencies*	6.81
	Grand Total	**289.09**

** As per certificate from InForm Architects Private Limited (Architect) dated June 30, 2011.*
*** Inclusive of all applicable taxes and duties*

(a) <u>*Land Acquisition cost*</u>

We propose to utilise Rs. 156.00 million from the Net Proceeds of the Issue for the proposed construction of project office in Bangalore. The land requirement for the project office is around 12,000 sq. ft. We have obtained a report dated February 10, 2011 from Shekhar K. Soman, Chartered Engineer, surveying the potential locations where we may acquire land parcels to construct our project office. However, we have not acquired or identified as yet; a specific parcel of land for this project office. As per the report dated February 10, 2011 from Shekhar K. Soman, Chartered Engineer has, in consultation with the Company, identified some of the potential locations in Bangalore as the following: Railway Parallel Road (Kumar Park West), Kumar Park, Vasanth Nagar and Seshadaripuram Main Road. For further details see section titled "Risk Factors" on page 10.

The estimated cost of land in such locations is based on factors such as location, demand, availability and proximity to various other factors. Pursuant to the report, the approximate value of land in and around the potential locations where we intend to acquire land parcels is Rs. 13,000 per sq.ft.

Based on the suggestions, parameters and criteria contained in the report, we have arrived at the estimated cost of land to be Rs. 156.00 million that we would incur to acquire the parcel of land for our project office.

(b) <u>*Civil/structural & interior works*</u>

The particulars of the break up of the civil, structural and interior works related to construction of our project office, based on the estimate of the total area of development, are as follows:

(Rs. in million)

Sl. No.	Particulars	Total Cost*	Expenses already Incurred
1.	Civil and Structural Works	66.80	0.00
2.	Interiors	27.00	0.00
	Total	**93.80**	**0.00**

* *As per certificate from InForm Architects Private Limited (Architect) dated June 30, 2011*

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Implementation Schedule

Sl. No	Particulars	Estimated Date of Completion
1.	Land acquisition cost	December, 2011
2.	Civil/structural & interior works	December, 2012
3.	Others	December, 2013
4.	Architect and Project Management Consultant Fees	December, 2013

C. Repayment of debt

Our Company intends to utilize the Net Proceeds of the Issue aggregating up to Rs. 302 million towards repayment/pre-payment of its debt as given below. Some of our Company's financing arrangements contain provisions relating to pre-payment penalty, which will be charged as per the extant guidelines of the lender, and the same will have to be paid by our Company at the time of repayment of the loan in addition to the above amount through internal accruals. The applicable interest for the above term loans will be paid by the Company through its internal accruals.

(Rs. in million)

Sl. No.	Lender	Date of Agreement	Amount Sanctioned	Rate of Interest (%)	Purpose of the loan*	Repayment schedule*	Principal Amount outstanding as on June 30, 2011**	Amount to be financed from Net Proceeds of the Issue
1.	Bank of Baroda Corporate Financial Service Branch, Bangalore	March 24, 2006	80.00	Base Rate plus 2.75%	To meet the expenses of the expansion project	Equal monthly instalments of Rs. 1.35 million for 17 months and balance Rs. 0.56 million for last month	18.11	18.11
2.	Bank of Baroda Corporate Financial Service Branch, Bangalore	October 17, 2007	120.00	Base Rate plus 3.50%	To meet the expenses of the expansion project	Equal monthly instalments of Rs. 1.56 million for 39 months and 1.42 million for last month	57.52	57.52
3.	Bank of Baroda Corporate Financial Service Branch, Bangalore	October 17, 2007	300.00	Base Rate plus 2.50%	To meet the expenses of the expansion project	Equal monthly instalments of Rs. 4.00 million for 60 months and Rs. 2.37 million for the last month	226.37	226.37

** Prepayment of this loan is permitted with a prepayment penalty in accordance with the applicable guidelines of Bank of Baroda.*
*** As per certificate from B. K. Ramadhyani & Co (Statutory Auditors of our Company) dated August 6, 2011.*

Pursuant to letter dated February 5, 2011 received from Bank of Baroda, we have been permitted to repay the loans taken from them as indicated above.

For further information, please see the section titled "Financial Indebtedness" on page 230.

D. Funding working capital requirements of our Company

As on March 31, 2011, our Company's working capital facility consisted of aggregate fund based limits of Rs. 283.78 million and aggregate non-fund based limits of Rs. 1,055.05 million (net of margin) and sanctioned term loan facility of Rs. 500.00 million. Our Company's existing working capital requirements and funding on a restated stand-alone basis as of March 31, 2011 was as follows:

(Rs. in million)

Particulars as on March 31, 2011	
Current Assets	3,257.62
Inventories	777.17
Debtors	1,194.72
Cash and bank balance	909.51
Other current assets	376.22
Current Liabilities	1,898.22
Sundry creditors	896.52
Advances from customers	273.69
Other liabilities	618.29
Provisions	109.71
Total Working Capital Requirements	**1,359.40**
Existing Funding Pattern	
Working Capital funding from banks	300.00
Own funds	1,059.40
Total	**1,359.40**

Considering our Company's consolidated order book as on June 30, 2011 of Rs. 10,946.88 million as well as our proposed expansion plan, our expected long term working capital requirements are as follows:

(Rs. in million)

Particulars	
Current Assets	4,554.97
Inventories	900.00
Debtors	1,428.52
Cash and bank balance	1,638.02
Other current assets	588.43
Current Liabilities	2,492.83
Sundry creditors	1,028.81
Advances from customers	367.00
Other liabilities	711.34
Provisions	385.68
Total Working Capital Requirements	**2,062.13**
Proposed Funding Pattern	
Working Capital funding from banks	300.00
Net Proceeds of the Issue	400.00
Own funds	1,362.13
Total	**2,062.13**

Assumptions for Working Capital requirements

Particulars	Number of days outstanding
Inventories (Considered only with respect to manufacturing) (Cost of Sales assumed at 75.00% of the sale value)	102
Sundry debtors	90
Cash and bank balance	103
Other Current Assets	45
Sundry Creditors	79
Advances from customers	23
Provisions	24

Note: While the sundry debtors, cash and bank balance, advances from customers and provisions are in terms of number of days 'Sales', the other three parameters namely, inventories, other current assets and current liabilities are in terms of number of days 'Cost of Sales'.

E. General corporate purposes.

We, in accordance with the policies of our Board, will have flexibility in applying the remaining Net Proceeds of the Issue, for general corporate purposes including expansion of our existing facility, acquisition of fixed assets, investment in our entities who currently are or shall in the future be subsidiaries, associates or joint ventures, repayment of debt, strategic initiatives and acquisitions, brand building exercises and the strengthening of our marketing capabilities.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds of the Issue and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds of the Issue. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the portion of the Net Proceeds of the Issue earmarked for general corporate purposes.

F. Issue Expenses

The estimated Issue related expenditure is as follows:

Sl. No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size
1	Fees of the GCBRLM and the BRLMs including underwriting commission, brokerage and selling commission and SCSB commission and processing fees*	111.19	79.79%	4.90%
2	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	12.56	9.02%	0.55%
3	Registrar to the Issue	1.10	0.79%	0.05%
4	Other expenses (Grading Agency, Legal Advisors, Auditors and other Advisors, SEBI filing fees, bidding software expenses, depository, charges, listing fees, etc:)	14.49	10.40%	0.64%
	Total Estimated Issue Expenditure	**139.34**	**100.00%**	**6.14%**

** SCSBs would be entitled to a processing fee of Rs. 20 for processing the ASBA Bid cum Application Forms procured by members of the Syndicate and submitted to the SCSBs under the Syndicate ASBA process.*

No second-hand equipment and instruments have been purchased or are proposed to be purchased from the Net Proceeds of the Issue. The equipments sought to be purchased out of the Net Proceeds of the Issue are proposed to be acquired in a ready to use condition

Until our Company realises the Net Proceeds of the Issue, it will utilize its internal resources/accurals for payments in respect of the objects of the Issue, which is currently intended to be reimbursed from the Net Proceeds of the Issue.

Interim Use of Funds

Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue.

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, other financial products and investment grade interest bearing securities for the necessary duration. Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies. Our Company confirms that pending utilization of the Net Proceeds of the Issue, it shall not use the funds for any investment in equity or equity linked securities.

Monitoring Utilization of Funds from Issue

As this is an Issue for less than Rs. 5,000 million, there is no need for an appointment of a monitoring agency. Our Board will monitor the utilisation of the Net Proceeds of the Issue through its Audit Committee.

We will disclose the details of the utilisation of the Issue proceeds, including interim use, under a separate head in our financial statements, specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of our Company.

Furthermore, in accordance with Clause 43A of the Listing Agreement, our Company shall be required to inform material deviations in the utilisation of Net Proceeds of the Issue to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee public through advertisement in newspapers.

No part of the Net Proceeds of the Issue will be paid by our Company as consideration to its Promoters, Directors, Subsidiary, Group Entities, or Key Management Personnel, except in the normal course of its business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the GCBRLM and BRLMs, on the basis of assessment of market demand for the Equity Shares though the book-building process and on the basis of the following qualitative and quantitative factors for the Equity Shares. The face value of the Equity Shares is Rs. 10 each and the Issue Price is 25.60 times the face value at the lower end of the Price Band and 26.10 times the face value at the higher end of the Price Band. Investors should review the entire Red Herring Prospectus, including the sections "Risk Factors", "Industry Overview", "Our Business" "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" of the Red Herring Prospectus before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

1. Leading manufacturer of AC Generators with a diversified product portfolio;
2. Technology ownership, relationships and in-house design expertise
3. Project execution Capabilities for Power Project Business;
4. Customer centric approach with the ability to customize;
5. State of the art manufacturing facilities and cost efficient production; and
6. Skilled senior management and technical team.

For a detailed discussion on the qualitative factors, which form the basis for computing the price, please refer to the sections titled "Our Business –Strengths" and "Risk Factors" on pages 112 and 10 respectively of this Prospectus.

Quantitative factors

Information presented in this section is derived from the Company's restated stand-alone and consolidated financial statements prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. ***Basic Earnings Per Share (EPS)***

Financial Period	Stand-alone (Rs.)	Weight Stand-alone	Consolidated (Rs.)	Weight Consolidated
Fiscal 2009	19.38	1	19.46	1
Fiscal 2010	17.35	2	22.86	2
Fiscal 2011	18.44	3	25.09	3
Weighted average	18.23		23.41	

Diluted Earnings Per Share (EPS)

Financial Period	Stand-alone (Rs.)	Weight Stand-alone	Consolidated (Rs.)	Weight Consolidated
Fiscal 2009	19.38	1	19.46	1
Fiscal 2010	17.35	2	22.86	2
Fiscal 2011	18.44	3	25.09	3
Weighted average	18.23		23.41	

i. *Notes: The figures disclosed above are based on the stand-alone and restated consolidated summary statements of the Company.*
ii. *The face value of each Equity Share is Rs. 10.*
iii. *Earnings per share calculations are done in accordance with Accounting Standard 20 'Earning per Share' issued by the Institute of Chartered Accountants of India.*
iv. *The above statement should be read with Significant Accounting Policies and the Notes to the Restated Stand-alone and Consolidated Summary Statements as appearing in Annexure D4 and H4, respectively.*

2. *Price Earning (P/ E) Ratio in relation to the Issue Price of Rs. 256 per Equity Share of Rs. 10 each*

Sr. No.	Particulars	Stand-alone	Consolidated
1.	P/E ratio on the Basic EPS for the year ended March 31, 2011 at the Floor Price	13.88	10.20
2.	P/E ratio on the Diluted EPS for the year ended March 31, 2011 at the Floor Price	13.88	10.20
3.	P/E ratio on the Basic EPS for the year ended March 31, 2011 at the Cap Price	14.15	10.40
4.	P/E ratio on the Diluted EPS for the year ended March 31, 2011 at the Cap Price	14.15	10.40

*Industry P/ E**

	P/ E Ratio
Highest	22.19
Lowest	15.44
Average **	18.81

** P/E based on Fiscal 2011 EPS for the industry peers mentioned below.*
*** Average of industry peers as mentioned below*

3. *Return on Net Worth (RONW) **

Financial Period	Stand-alone (%)	Weight Stand-alone	Consolidated (%)	Weight Consolidated
Fiscal 2009	38.90	1	39.02	1
Fiscal 2010	26.61	2	33.00	2
Fiscal 2011	23.46	3	30.25	3
Weighted average	**27.08**		**32.63**	

**Restated PAT/Net Worth*

4. *Minimum Return on Net Worth after Issue to maintain Pre-Issue EPS for Fiscal 2010:*

(a) Based on Basic EPS

At the Floor Price of Rs. 256 – 15.15% and 20.13% based on Restated Stand-alone and Consolidated financial statements respectively.
At the Cap Price of Rs. 261 – 15.07% and 20.03% based on Restated Stand-alone and Consolidated financial statements respectively.

(b) Based on Diluted EPS

At the Floor Price of Rs. 256 – 15.15% and 20.13% based on Restated Stand-alone and Consolidated financial statements respectively.
At the Cap Price of Rs. 261 – 15.07% and 20.03% based on Restated Stand-alone and Consolidated financial statements respectively.

5. *Net Asset Value per Equity Share*

Period	Stand-alone (Rs.)	Consolidated (Rs.)
Fiscal2009	149.42	149.57
Fiscal2010	195.62	207.83
Fiscal 2011	72.84	76.86
NAV after the Issue	121.70	124.64
Issue Price	256	

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6. *Comparison of Accounting Ratios with Industry Peers*

Sr. No	Name of the company	Face Value (Rs. per Share)	EPS (Rs.)*	P/ E Ratio#	RoNW (%)	Book value per share (Rs.)**
1.	TD Power Systems Limited**	10	25.09	10.20	30.25	76.86
	Peer Group					
2.	BHEL	10	123.66	15.44	30.03	411.73
3.	Alstom Projects	10	25.25	22.19	28.82	87.62

** Source: Respective annual reports / extracts of financial statements of the companies, as available, for the Fiscal Year 2011*
*** Based on restated consolidated financial statements of the Company for Fiscal 2011.*
Information on industry peers is on a consolidated basis
 # Based on closing market price as on July 26, 2011 and EPS for the year ended March 31, 2011, extracted from the respective annual reports / extracts of financial statements of the companies, as available.

The Issue Price of Rs. 256 has been determined by us, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and the Company, GCBRLM and the BRLMs believe that the Issue price of Rs. 256 is justified in view of the above qualitative and quantitative factors.

STATEMENT OF TAX BENEFITS

The Board of Directors,
TD Power Systems Limited,
Plot. No. 27, 28 & 29,
KIADB Industrial Area,
Dabaspet, Bangalore – 562 111,
India.

We hereby report that the enclosed statement states the possible tax benefits available to TDPS Limited (the Company) and to its shareholders under the provisions of Income Tax Act, 1961 (IT Act), the Wealth Tax Act, 1957 (WT Act), collectively referred as direct tax laws, presently in force in India. The Government of India has introduced a bill styled the 'Direct Tax Code, 2010' which is proposed to be implemented with effect from April 1st, 2012. However, since this code is still a proposal and not an act, the proposed provisions contained in the said code which may have a bearing on company or on investors have not been considered. Several of the benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits will be dependent upon such conditions being fulfilled.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. Further the statement does not include any comments on the disallowance or other such implications if any that are associated with the benefit specified therein. This summary is not intended to constitute a complete analysis of the tax consequences under Indian law of the acquisition, ownership and sale of shares and has been furnished for general understanding by prospective investors of the provisions of the act. This has been prepared on the basis of the most beneficial interpretation of the Income Tax Act, 1961 and other direct tax laws, however there may be scope for different views in respect of this approach. In view of the intricacies involved in the act, prospective investors are requested to take specific professional or legal advice before proceeding to invest in shares and acting on any matter relating thereto.
We do not express any opinion or provide any assurance as to whether:

(i) The Company is currently availing any of these benefits or will avail these benefits infuture; or
(ii) The Company's share holders will avail these benefits in future; or
(iii) The conditions prescribed for availing the benefits would be met with.

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

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For B.K.RAMADHYANI & CO
Chartered Accountants
Firm Registration No.002878S

(R.SATYANARAYANA MURTHI)
Partner
Membership No.024248

Place: Bangalore
Date: 5th August, 2011

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STATEMENT OF TAX BENEFITS

The following possible tax benefits shall be available to the Company and the prospective shareholders under the Current Direct Tax Laws. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The possible tax benefits available to TDPS Limited (the Company) and to its shareholders under the provisions of Income Tax Act, 1961 (IT Act), the Wealth Tax Act, 1957 (WT Act), collectively referred as direct tax laws, presently in force in India. The Government of India has introduced a bill styled the 'Direct Tax Code, 2010' which is proposed to be implemented with effect from April 1st, 2012. However, since this code is still a proposal and not an act, the proposed provisions contained in the said code which may have a bearing on company or on investors have not been considered. Several of the benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits will be dependent upon such conditions being fulfilled.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. Further the statement does not include any comments on the disallowance or other such implications if any that are associated with the benefit specified therein. This summary is not intended to constitute a complete analysis of the tax consequences under Indian law of the acquisition, ownership and sale of shares and has been furnished for general understanding by prospective investors of the provisions of the act. This has been prepared on the basis of the most beneficial interpretation of the Income Tax Act, 1961 as amended by the Finance Act, 2011 and other direct tax laws, however there may be scope for different views in respect of this approach. In view of the intricacies involved in the act, prospective investors are requested to take specific professional or legal advice before proceeding to invest in shares and acting on any matter relating thereto.

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Levy of Income Tax

In India, tax is charged on the basis of the residential status of a person under terms of the provisions of the IT Act on his/her total income in the previous year, at the rates as specified in the Finance Act as applicable in the relevant assessment year. An assessment year is a period of 12 months commencing on the first day of April every year ("**Assessment Year"**). Generally, the previous year means the financial year immediately preceding the assessment Year.

In general, in the case of a person who is "resident" in India in a previous year, his/her global income is subject to tax in India. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India. In the case of a person who is "not ordinarily resident" in India, the income chargeable to tax is the same as in the case of persons who are resident and ordinarily resident except that the income which accrues or arises outside India is not included in his total income unless it is derived from a business controlled or a profession set up in India. In the instant case, the income from the shares of the company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of residential status. However, applicable Double Taxation Avoidance Agreement (DTAA) may give some relief from tax in India to the non-resident.

Residence in India

An **individual** is considered to be a **resident** of India during any financial year if he or she is in India in that year for:

* A period or periods amounting to 182 days or more; or
* 60 days in that year or more and within the four preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
* 182 days or more, in the case of a citizen of India or a person of Indian origin living abroad who visits India; or

* 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

A **Hindu undivided Family (HUF), firm or other association of persons (AOP)** is resident in India except where the control and management of its affairs is situated wholly outside India.

A **company** is resident in India if it is an Indian company formed and registered under the Companies Act, 1956 or the control and management of its affairs is situated wholly in India.

A **Non-Resident** means a person who is not a resident in India.

A person is said to be **not ordinarily resident** in India in any previous year if such person is:

* a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, 729 days or less; or
* a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, 729 days or less.

I. BENEFITS AVAILABLE TO THE COMPANY UNDER THE IT ACT

1. ***Dividend income***

Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the IT Act.

Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the IT Act will also be exempt from tax under Section 10(35) of the IT Act.

Under section 115-O of the IT Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment year, any amount declared, distributed or paid by such company by way of dividends (whether interim or otherwise), whether out of current or accumulated profits, shall be charged to additional income-tax (hereinafter referred to as tax on distributed profits) at the rate of 15 percent plus applicable surcharge and educational cess, secondary education cess .

The dividend income shall be reduced by dividend, if any, received by any domestic company during the financial year, if:

* Such dividend is received from its subsidiary;
* The subsidiary has paid tax under this section on such dividend; and
* The domestic company is not a subsidiary of any other company.

Further, the same amount of dividend shall not be taken into account for reduction more than once.
A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company.

2. ***Capital Gains***

1. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units (specified assets) will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of specified assets, held for more than 12 months are considered as long term capital gains. Capital gains arising on sale of specified assets held for 12 months or less are considered as short term capital gains.

2. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred 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.

3. According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund is exempt from tax where the transaction of sale is chargeable to Securities Transaction Tax (STT) and thereby STT has been paid on the same.

4. As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and cess). However, where no securities transaction tax is paid on the sale of equity share or a unit of an equity oriented fund, short term capital gains will be subjected to tax at the normal tax rate applicable to Companies.

5. As per the provisions of Section 112 of the IT Act, long term gains that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10

percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and cess).

6. Under Section 54EC of the IT Act, capital gain arising from transfer of long term capital assets such as shares of a company (other than those exempt u/s 10(38) of the IT Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a "long term specified asset", specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs 50 Lacs.

A "long term specified asset" for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after the April 1, 2007 by:

(i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

3. ***Business Income:***

1. Under section 35 of the IT Act, the Company will be entitled to a deduction in respect of expenditure of a capital nature on scientific research related to business carried on by the assessee.

2. Under Section 35D of the IT Act, the Company will be entitled to a deduction equal to one fifth of the expenditure incurred of the nature specified in that section, including expenditure incurred on the present public issue of shares, such as underwriting commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, subject to the stipulated limits specified in section 35D(3) of the IT Act. Other business expenses specifically referred to in sections 29 to 37 of the Act incurred by the Company are eligible for deduction in computing the taxable profits and gains of the business of the Company subject to conditions, if any, specified in the respective provisions.

3. As per provisions of section 72 of the IT Act, the company is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of eight consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such subsequent assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off. However, under section 73 of the IT Act, where the company is deemed to be carrying on speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of four consecutive assessment years immediately succeeding the assessment year for which the losses was first computed. In this regard, a company would be deemed to be carrying an speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

4. Under Section 74 of the IT Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against

long-term capital gains only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

5. The Company is entitled to deduction under section 80G of the IT Act in respect of amounts contributed as donations to certain funds, charitable institutions etc. covered under that section, subject to fulfilment of conditions specified therein.

6. As per the Minimum Alternate Tax (MAT) provisions governed by Section 115JB of the IT Act, capital gains exempt under section 10(38) of the IT act also forms part of the book profit and the company will be required to pay Minimum Alternate Tax @ 18.5 percent (plus applicable surcharge and education cess) on such book profits if the same is higher than tax liability under normal provisions of the IT Act.

7. Credit for Minimum Alternate Taxes (MAT): Under section 115JAA(1A) of the IT Act tax credit shall be allowed in respect of MAT paid under section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

II. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. Under Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O of the IT Act (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies on which dividend distribution tax is payable by such companies) received on the shares of a domestic company is exempt from income-tax in the hands of the shareholders.

2. As per section 2(29A) read with section 2(42A) of the IT Act, shares held in a company are treated as long term capital asset if the same are held by the assessee for a period of more than twelve months immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.

3. Under Section 10(38) of the IT Act, long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company, where such transaction is chargeable to securities transaction tax, shall be exempt from tax. However, in case of a company, such long term capital gains shall be taken into account in computing tax payable under section 115JB of the IT Act.

4. Under section 36(1)(xv) of the IT Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". However, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Under section 48 of the IT Act, if the Company's shares are sold after being held for not less than twelvemonths, the gains (in case not covered under section 10(38) of the IT Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement means an amount which bears to the cost of acquisition/ improvement the same proportion as cost inflation index for the year in which the asset is transferred, bears to the cost inflation index for the first year in which the asset was held/ for the year in which the improvement to the asset took place.

6. Under section 49 of the IT Act, in cases where the shares in the Company becomes the property of a shareholder under a scheme of amalgamation, demerger, etc, the cost of acquisition of such shares in the hands of the shareholder would be deemed to be the cost at which the previous owner of the shares acquired it. Further, on transfer of such shares by the shareholder, the period of holding of the previous owner would be included in the period of holding of the shareholder in order to determine the nature of capital gain (ie whether short term or long term).

7. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

8. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

   However, if the total income as reduced by such short-term capital gains of an individual or a HUF, is below the maximum amount which is not chargeable to income-tax, then, such gains will be reduced by the amount by which the total income falls short of the maximum amount which is not chargeable to income-tax and the balance amount will be subject to tax at the rate of fifteen percent.

9. Under Section 54EC of the IT Act, capital gain arising from transfer of long term capital assets such as shares of the Company (other than those exempt u/s 10(38) of the IT Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a "long term specified asset", specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs 50 Lacs.

   A "long term specified asset" for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after the April 1, 2007 by:

   (i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
   (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

   However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

10. As per section 56(2)(vii) of the IT Act, any individual or Hindu Undivided Family receives in any year ended March 31, any specified assets from any person (s) other than his relative (as defined in explanation (e) to section 56(2)(vii) of the IT Act) or on the occurrence of certain events

    a. Without consideration, the aggregate Fair Market Value (FMV) of the shares exceeds Rs.50,000, then such aggregate FMV
    b. If for a consideration less than the FMV of the shares by an amount exceeding Rs.50,000, then the aggregate FMV of such property as exceeds such consideration
       Shall be treated as the income of the recipient and shall be taxed accordingly. Shares and securities are among the specified assets.

    As per section 56(2)(viia) of the IT Act, where a firm or a company not being a company in which the Public are substantially interested, receives in any previous year, from any person or persons on or after the 1st day of June 2010, any property, being shares of a company not being a company in which the public are substantially interested:

    a. Without consideration, the aggregate Fair Market Value (FMV) of the shares exceeds Rs.50,000, then such aggregate FMV
    b. If for a consideration less than the FMV of the shares by an amount exceeding Rs.50,000, then the aggregate FMV of such property as exceeds such consideration
       Shall be treated as the income of the recipient and shall be taxed accordingly. Shares and securities are among the specified assets.

    FMV means the value determined in accordance with rules 11U and 11UA of the Income Tax Rules, 1962.

11. As per provisions of section 72 of the IT Act, the shareholder is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of eight consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off. However, under section 73 of the IT Act, where the shareholder is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of four consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying an speculation business where any part of the business of the company (other

than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

12. Under Section 74 of the IT Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

III. Benefits available to Non-Resident Indians / Non-Resident Shareholders (Other than Foreign Institutional Investors) – Under the IT Act

1. Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

2. Computation of capital gains

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same.

3. Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains (not covered under Section 10(38) of the IT Act) arising on transfer of shares in a company, if such shares are held for a period exceeding 12 months, shall be taxed at a rate of 20 percent (plus surcharge, if applicable and educational cess). However, in case of listed securities or units, the amount of such tax could be limited to 10 percent (plus surcharge, if applicable and cess), before indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

5. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

6. Under Section 54EC of the IT Act, capital gain arising from transfer of long term capital assets such as shares of the Company (other than those exempt u/s 10(38) of the IT Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a "long term specified asset", specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs 50 Lacs.

A "long term specified asset" for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after the April 1, 2007 by:

(iii) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
(iv) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

7. As per section 56(2)(vii) of the IT Act, any individual or Hindu Undivided Family receives in any year ended March 31, any specified assets from any person (s) other than his relative (as defined in explanation (e) to section 56(2)(vii) of the IT Act) or on the occurrence of certain events

a. Without consideration, the aggregate Fair Market Value (FMV) of the shares exceeds Rs.50,000, then such aggregate FMV
b. If for a consideration less than the FMV of the shares by an amount exceeding Rs.50,000, then the aggregate FMV of such property as exceeds such consideration
Shall be treated as the income of the recipient and shall be taxed accordingly. Shares and securities are among the specified assets.

As per section 56(2)(viia) of the IT Act, where a firm or a company not being a company in which the Public are substantially interested , receives in any previous year , from any person or persons on or after the 1st day of June 2010, any property, being shares of a company not being a company in which the public are substantially interested:

a. Without consideration, the aggregate Fair Market Value (FMV) of the shares exceeds Rs.50,000, then such aggregate FMV
b. If for a consideration less than the FMV of the shares by an amount exceeding Rs.50,000, then the aggregate FMV of such property as exceeds such consideration
Shall be treated as the income of the recipient and shall be taxed accordingly. Shares and securities are among the specified assets.

FMV means the value determined in accordance with rules 11U and 11UA of the Income Tax Rules, 1962.

8. As per provisions of section 72 of the IT Act, the shareholder is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of eight consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off. However, under section 73 of the IT Act, where the shareholder is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of four consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying an speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

9. Under Section 74 of the IT Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

10. A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the IT Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".

. Under section 115E of the IT Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident Indian on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the IT Act) be concessionally taxed at a flat rate of 10 percent (plus applicable educational cess) without indexation benefit, but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the IT Act. However in case of any income from investment referred to in clause (a) of section 115E will be taxed at 20 percent.

. Under section 115F of the IT Act, long term capital gains (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 shall be exempt from income tax if the entire net consideration is reinvested in specified new assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the new assets are transferred or converted into money within three years from the date of their acquisition.

. Under section 115-G of the IT Act, non-resident Indians are not obliged to furnish a return of income if their only source of income is income from specified investments or long term capital gains or both arising out of specified investments acquired, purchased or subscribed in convertible foreign exchange, provided tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

. Under section 115-H of the IT Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from specified investments for that year and subsequent assessment years until such investments are transferred or converted into money.

. Under section 115-I of the IT Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the IT Act for any assessment year by furnishing his return of income under section 139 of the IT Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the IT Act.

11. As per Section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the Non-Resident/ Non- Resident Indian would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident Indian.

IV Benefits available to Foreign Institutional Investors (FIIs) – Under the IT Act

Tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer (section 115AD)

1. Where the total income of a FII includes

   a. Income, other than income by way of dividends referred to in section 115-O, received in respect of securities (other than unit referred to in section 115AB) then the income-tax shall be payable, at the rate of 20 per cent ; or
   b. income by way of short-term capital gains arising from transfer of securities, income-tax shall be payable at 30 per cent. (except in a case where the transfer of shares of a listed company attracts STT in terms of section 111A of the Act, the tax rate is 15 per cent.) or

c. income by way of long-term capital gains arising from transfer of securities, income-tax shall be payable at 10 per cent. The long term gains will be computed without taking cognizance of the first and second provisos to section 48 of the Act.

d. Further, income in 'b' or 'c' above of a foreign company shall be taken into account in computing the book profit and income tax payable under section 115JB of the IT Act.

For the purposes of section 115AD:

a. the term "FII" means such investor as the Central Government may, by notification in the Official Gazette, specify in this behalf; and
b. the term "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956)

2. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the IT Act.

Withholding tax on capital gains

Any tax on gain realised by a non-resident on the sale of shares is to be withheld at source by the buyer/company. However, as per the provisions of section 196D(2) of the Act, no tax is required to be deducted from any income by way of capital gains arising to 'FII' as defined in section 115AD of the Act on the transfer of 'securities' defined therein.

V. Benefits available to Mutual Funds – Under the IT Act

As per section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

VI Benefits to shareholders of the Company under the Wealth Tax Act, 1957 (WT Act)

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

This statement is intended only to provide general information to the investors. It is not intended to be exhaustive and is neither designed nor intended to be substituted for professional tax advice. 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 issue.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The "Industry Overview" section quotes and otherwise includes information extracted from CRISIL Research report, Power Generators dated October, 2010 prepared by CRISIL Limited that was commissioned by us for purposes of this Prospectus. We have not commissioned any other report for purposes of this Prospectus other than the CRISIL Research. Except for the CRISIL Research, market and industry related data used in this Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

INDIAN ECONOMY: AN OVERVIEW

India, the world's largest democracy with an estimated population of 1.17 billion, had an estimated GDP on a purchasing power parity basis of an estimated US$4.05 trillion in 2010, according to the United States Central Intelligence Agency (CIA) Factbook. This made the Indian economy the fourth largest in the world after the United States, China and Japan. (*Source: CIA World Factbook, https://www.cia.gov/library/publications/the-world-factbook/geos/in.html as on February 11, 2011*)

Growth in Real GDP of India

The Indian economy is one of the largest economies in the world with a GDP at current prices in Fiscal 2011 estimated at 73.07 trillion (***Source**: Ministry of Statistics and Programme Implementation*). It is one of the fastest growing economies in the world, with a real GDP growth rate of 10.4% for calendar year 2010 and a projected 8.2% growth rate for calendar year 2011 (***Source**: International Monetary Fund, World Economic Outlook, June 2011 Update).*

India has managed an average growth rate in excess of 7.00% per year since 1997. The Indian economy exhibited robust acceleration in the pace of recovery in the fourth quarter of Fiscal 2010 led by strong growth in industrial activities. At 8.60%, GDP growth in the fourth quarter of Fiscal 2010 showed a significant recovery in relation to the 5.80% growth recorded during the second half of Fiscal 2009 and approached the average 8.80% growth achieved during 2003-2008. The Professional Forecasters' Survey conducted by the Reserve Bank in June 2010 places overall (median) GDP growth rate for 2010-11 at 8.40%, higher than 8.20% reported in the previous round of the survey. The following table shows India's economic growth in comparison to other developing countries, as well as the International Monetary Fund's projections for economic growth through calendar year 2011:

Growth/Real GDP*	2009	2010	2011 (Projected)	2012 (Projected)
Advanced Economies	(3.4)	3.0	2.2	2.6
China	9.2	10.3	9.6	9.5
India	6.8	10.4	8.2	7.8
Russia	(7.8)	4.0	4.8	4.5
Mexico	(6.1)	5.5	4.7	4.0
Brazil	(0.6)	7.5	4.1	3.6

** Annual Percentage change in GDP at constant prices*
Source: International Monetary Fund, World Economic Outlook, June 2011 Update

The turnaround in the growth momentum was backed with Index of Industrial Production –"**IIP**" registering a growth rate of 10.90% during 2009-10, as against the growth rate of 7.70% during April-November, 2009. The sectors which showed growth rates of 5.00% or more are:

Sector	Growth Rate (%)
Mining and Quarrying	10.6
Manufacturing	10.8
Electricity, gas and water supply	6.5
Construction	6.5
Trade, hotels, transport and communication	9.3
Financing, insurance, real estate and business services	9.7
Community, social and personal services	5.6

(Source: CSO Press note May 31, 2010)

Domestic demand, driven by purchases of consumer durables and automobiles, has re-emerged as a key driver of growth. The Government's fiscal policies and the monetary policies of the Reserve Bank of India have also played an important role in the revival of economic growth. In particular, the Government as part of its fiscal stimulus package took the following initiatives to promote consumption in the economy:

- Increased Government expenditure especially on infrastructure
- Reduced taxes to spur consumption

(Source: RBI's Macroeconomic and Monetary Developments First Quarter Review 2010-11)

Power sector

Introduction

The Indian power sector has undergone a variety of reforms intended to encourage private sector participation since the early 1990s. While the reforms have enhanced the viability of state electricity boards by unbundling them into generation, transmission and distribution utilities, privatizing distribution and providing a choice to some categories of consumers these reforms however have not been very successful in attracting private sector investment, especially in the transmission and distribution segments.

The Government had launched an ambitious mission of "Power for all by 2012" in 2005. This necessitated significant capacity additions, especially towards expanding the regional transmission network and inter-regional capacity to transmit power. Therefore, the Government announced capacity additions of around 40,000MW and 66,000MW under the Tenth and Eleventh Plans, respectively. However, the Tenth Plan witnessed capacity additions of only 21,095MW. Accordingly, the revised estimate for the Eleventh Plan was adjusted to 78,700MW. But in view of the progress of the projects, this target has been revised downwards to about 62,000MW in the mid-term appraisal of Eleventh Plan.

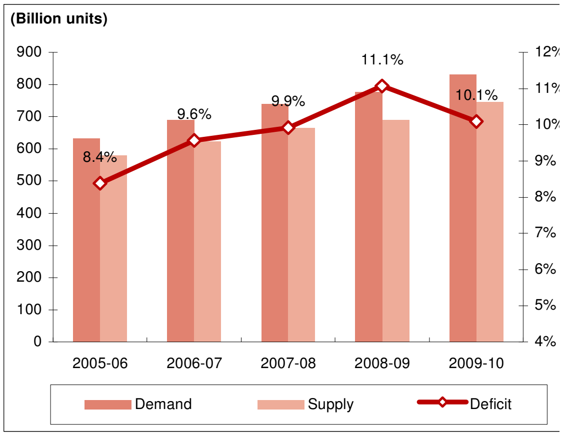
In the captive power segment, the Government expects about 12,000 MW capacity power plants to be added during the Eleventh Plan period. Besides meeting the demand of the industry, this would also help supply surplus power to the grid.

Demand-Supply scenario

India's GDP has grown significantly over the past few years, leading to notable growth in demand for power. The growth in the industrial and commercial sectors over the last five years has led to a 7 per cent CAGR in demand for power. However, the growth in capacities has been insufficient to meet the increase in demand; as a result, deficit levels widened to 11 per cent in 2008-09 from 7 per cent in 2003-04. During the year, the countrywide base load deficit narrowed to 10 per cent.

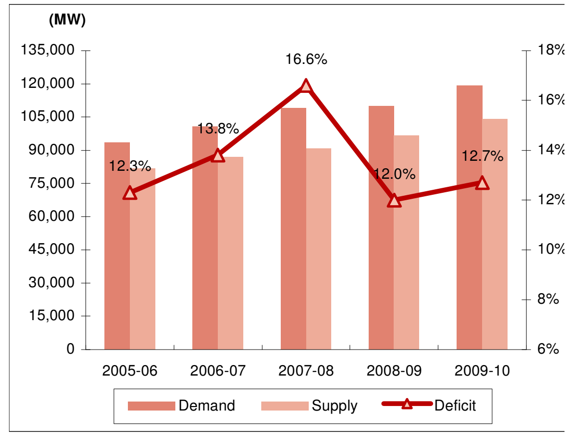
According to CRISIL Research, over the last five years, power demand has grown at a CAGR of 7.1 per cent while supply has grown by only 6.6 per cent resulting in the base load deficit widening from 8.4 per cent in 2005-06 to 10.1 per cent in 2009-10. During the same period, movement in peak load deficit has been very uneven, with the deficit rising from 12.3 per cent in 2005-06 to 16.6 per cent in 2007-08, before declining again to 12.7 per cent in 2009-10.

Base load deficit



Source: CEA, CRISIL Research, Power Generators, October 2010

Peak load deficit



Source: CEA, CRISIL Research, Power Generators, October 2010

Growth Drivers

Economic growth, capacity additions to fuel power demand

According to CRISIL Research, from 2004-05 and 2009-10, electricity demand in India rose at a CAGR of 7.0 per cent. However, as capacity additions were limited, load shedding had become a frequent occurrence throughout the country. CRISIL Research expects power demand to increase at 9.4 per cent CAGR between 2009-10 and 2014-15 due to the overall growth in India's GDP, and also because of the steady improvement in power generation in the country. We believe India's GDP will continue to grow by 8.0-9.0 per cent over the next five years. 82 GW of power capacities are likely to be added during this period as compared to only 33 GW over the previous five years.

Generation capacities of 82 GW (IPPs) to be added over next five years

Capacity additions are expected to fall short of the targets set by the Government. In the first three years of the Eleventh Plan (2007-08 to 2011-12), 22 GW of capacities have been added as against the target of 62 GW during the Plan period. After a detailed project-by-project status check, CRISIL Research expects total capacity additions of 48 GW to be commissioned during the Eleventh Plan.

Between 2010-11 and 2014-15 (which includes CRISIL Research's capacity estimates for the remaining two years of the Eleventh Plan), we expect capacity additions of 82 GW. Of this, about 90 per cent is likely to be thermal, while the balance would be hydro and nuclear-based. The capacities include the Mundra and Sasan UMPPs, which are scheduled to be commissioned by 2014-15. Apart from these, projects via the Case I and Case II bidding routes as well as memorandum of understanding (MoU)-based projects are expected to become commercially operational over the next five years.

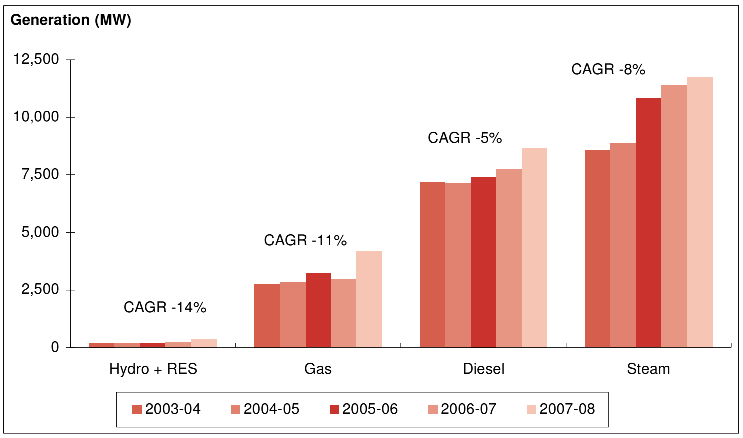
As per CRISIL Research, an average of 16 GW would be added annually over the next five years vis-à-vis 6-7 GW of capacities per year over the last five years due to:

- Announcements by private sector players to set up huge capacity additions.
- Of the 82 GW scheduled to be commissioned over the next five years, more than 90 per cent have received environmental and forest clearances, acquired land, achieved financial closures and placed equipment orders.
- Almost 80 per cent of the projects have signed power purchase agreements (PPAs) with various state utilities or will sell power on merchant basis. Others are expected to enter into PPAs as more utilities invite bids for procurement of power.

Captive power generation in India

The captive power generation capacity stood at about 27,000 MW (above 1 MW) in 2008-09, accounting for around 15 per cent of the total installed capacity within the country. The dependence on captive power has been increasing due to rising shortage of power and declining quality of supply owing to load shedding, power cuts etc. This has lead to high growth over the years in terms of increased captive capacities and generation.

Fuel-wise captive power capacity



Source: Central Electricity Authority and CRISIL Research, Power Generators, October 2010

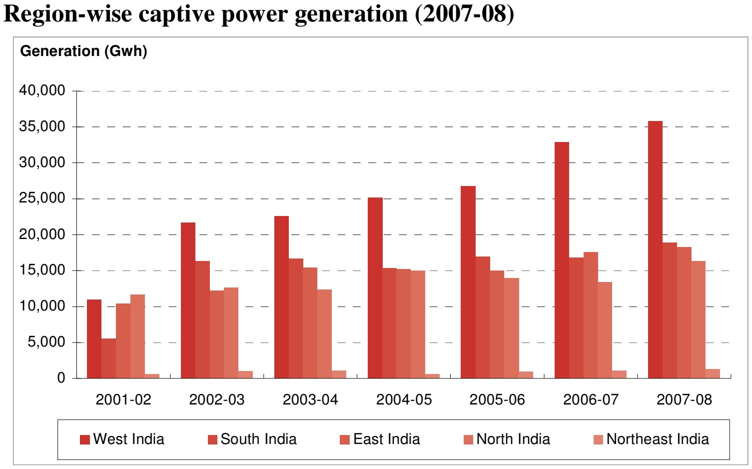
According to CRISIL Research, from 2003-04 to 2007-08, the captive power capacity increased at a CAGR of 7 per cent, with renewable energy sources (RES) growing the fastest at 19 per cent. Steam dominates the captive power capacity and has grown at 8 per cent CAGR.

The amendment to the Electricity Act, 2003 via the Electricity (Amendment) Act, 2007, which came into effect from June 2007, provided the required impetus to captive power generators by exempting them from license requirement. This led to a spurt in captive capacity additions by industrial units. Reliability of power supply and better economics are the other factors that have encouraged industries to opt for captive generation. As a result, captive power capacity increased by 12 per cent year on year in 2007-08.

Captive power: Generation and consumption patterns across regions

In India, power generation through the captive route varies across regions, depending on factors such as fuel availability, industry concentration and industrial power tariff. The following chart provides information on the region-wise captive power generation in 2007-08.

Region-wise captive power generation (2007-08)



Source: Central Electricity Authority and CRISIL Research, Power Generators, October 2010

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The southern, western and eastern regions together account for almost 80 per cent of the total power generated through the captive route. The western region alone accounts for 40 per cent of the captive power generated, due to the high concentration of petrochemical and chemical industries.

Renewable energy

Wind energy continues to lead installed renewable capacity

The installed capacity of renewable sources of energy rose by 16 per cent year on year in 2009-10 to 16.8 GW. However, according to CRISIL Research, renewable energy accounted for only 4 per cent of the total power generated in the country during the year, while its share in installed capacity stood at 11 per cent.

Among the various sources of renewable energy, wind continues to lead in total installed capacity, accounting for 70 per cent (11.8 GW) of the total renewable power capacity in India, followed by small hydro power at 16 per cent.

Installed capacity of renewable sources of energy

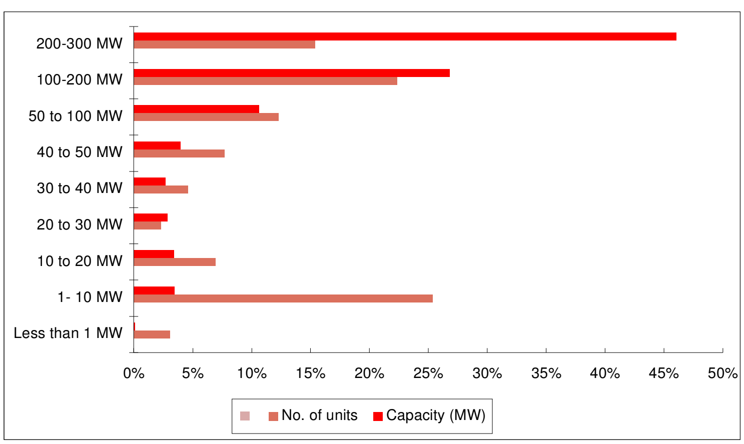
(MW)	As on March 31, 2010	% of total installed capacity
Wind power	11,807	70.2
Small hydro power	2,735	16.3
Cogeneration-bagasse	1,334	7.9
Biomass power	866	5.1
Waste to energy	65	0.4
Solar power	10	0.1
Total	**16,817**	**100**

Source: Ministry of New and Renewable Energy

Outlook on captive power capacities and IPPs below 300 MW

According to CRISIL Research, in the below-300-MW capacity segment, approximately 2,000 projects with an aggregate capacity of 111 GW have been planned as per projects announced. A majority of these projects are in the planning and announcement stage. Of these, 35 per cent belong to the 1-10 MW category in terms of number of projects. The 200-300 MW category has about 200 projects planned which is 10 per cent of the total number of projects but capacity wise it comprises about 47 per cent of the total capacity.

Size -wize planned power plant below 300 MW



Source: CRISIL Research, Power Generators, October 2010

Coal dominates the planned capacity additions, accounting for about 50 per cent of the total capacities and 23 per cent of the total number of projects planned. Of the projects planned, 50 per cent of the number of projects and 32 per cent of the capacity are hydel power projects.

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Capacity additions of 34 GW expected in below-300-MW category over next five years

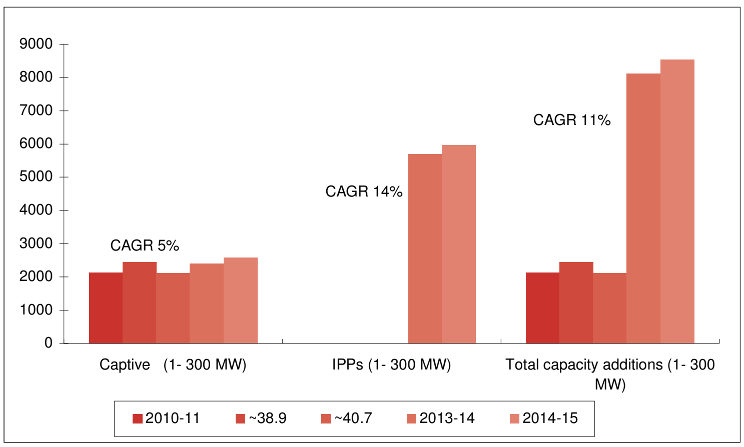
CRISIL Research has analysed the demand from the captive segment and estimated the capacities to be added over the next five years. In case of IPPs, planned projects up to 300 MW capacity have been considered.

According to CRISIL Research, the industry registered total capacity additions of 4.4 GW in the below-300-MW plants category in 2008-09 as compared to 8.4 GW in 2007-08. This decline was the result of the economic slowdown, which impacted investments by companies, thus causing delays in projects.

CRISIL Research expects the total demand-supply gap to gradually come down from 35 per cent in 2007-08 to 17.6 per cent by 2014-15. This indicates a steady shift by industrial players towards captive power to fulfill their requirements, and thereby reduce dependence on the state grid, wherein the chances of load shedding, load variation and power cuts are high. The gap will continue to be met through imports from the state grid as and when required.

From 2010-11 to 2014-15, CRISIL Research expects 34 GW of capacities to be added in the 1- 300 MW capacity category.

Capacity additions expected



Source: CRISIL Research, Power Generators, October 2010

The capacity additions in 1-300 MW category are expected to grow by CAGR of 11 per cent which is lower than the total power capacity addition growth at CAGR 15 per cent, as increasingly more capacities are being planned in the above-300-MW category. Captive capacity additions in 1-300 MW category are expected to be around 11.7 GW (from 2010-11 to 2014-15), led by players within the metals industry. Capacity additions by IPPs are expected to grow at CAGR 14 per cent. (*Source: CRISIL Research Report, Power Generators, October 2010)*

Overview of manufacturers of generators (upto 300 MW)

Power equipment scenario

According to CRISIL Research, power capacity addition in the country has been hindered by inadequate supply of power equipment. The government has envisaged sizeable capacity additions in the Eleventh Plan, thereby necessitating improvement in the generation, transmission and distribution segments of equipment supply. BHEL, the main equipment supplier in the generation side, has recently increased its capacity to 15 GW.

Generation

Generation equipments are split into two main components - boiler turbine generator ("**BTG**") and the balance of plant ("**BoP**"). The BTG component, as mentioned, constitutes the boiler as one unit and turbine generator as another unit, while the BOP component mainly comprises coal handling plant, ash handling plant, condenser, cooling tower and boiler feed pump.

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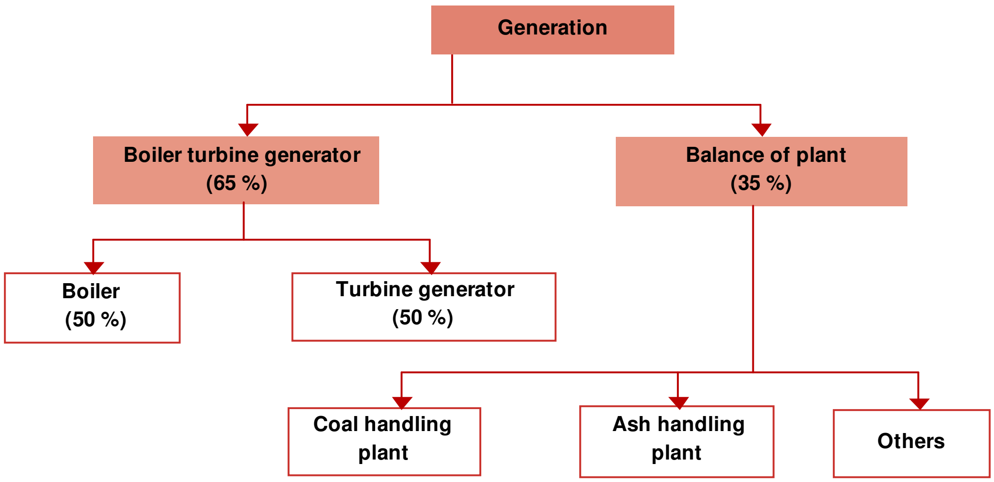


Note: Others includes condensers, cooling towers, boiler feed pumps, hot well, HP-LP heaters etc.
Source: CRISIL Research, Power Generators, October 2010

The BTG component forms 65 per cent of the total plant and machinery cost, and the BOP forms the remainder 35 per cent. Within BTG, the boiler constitutes 50 per cent of the cost, and turbine- generator accounts for the balance.

In the domestic equipment scenario, BHEL and Thermax (boilers), and BHEL and Siemens (turbine-generators) are the few key players in the BTG category. (*Source: Research report of CRISIL Limited, Power Generators dated October 2010*)

Going ahead, in the Eleventh Plan, the government has planned huge capacity additions (~78 GW). A large part of these capacities would be based on coal, as it is in abundant supply and is a cheaper fuel resource. The equipment supply capability in India is weak. BHEL is the only major player, with a market share of nearly 65-70 per cent. It has a total capacity of 15 GW (increased from 6 GW in December 2007), which would be insufficient to meet the huge capacity additions. Consequently, we expect the dependence on imports to increase. Among foreign players, China and South Korea have a pricing advantage over the rest. The table below explains the cost comparison between the domestic scenario and imports from China and South Korea. (*Source: Research report of CRISIL Limited, Power Generators dated October 2010*)

Project costs coal based (1MW)

Rs. million	**Domestic**	**Imported (China)**	**Imported (South Korea)**
Plant and machinery	40.0	34.8	36.5
-Boiler turbine generator (BTG)	**26.0**	**20.8**	**22.5**
-Balance of plant	14.0	14.0	14.0
Land and interest during construction	4.5	4.1	4.2
Total project cost	**~45.0**	**~38.9**	**~40.7**

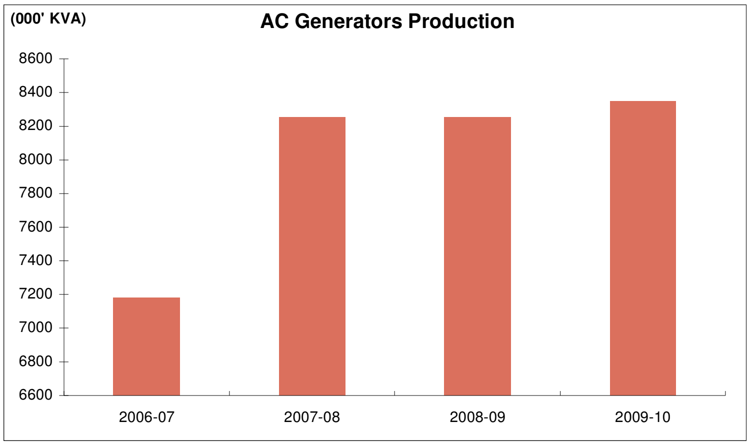
Source: CRISIL Research estimates

China and South Korea have achieved cost competitiveness through economies of scale, resulting from large-scale production, and steeper rupee appreciation vis-à-vis yuan and won (versus the dollar). This advantage is visible in the BTG component.

Generator industry

According to CRISIL Research, the generator industry in India caters to the power requirements of large and small units, commercial establishments and the domestic sector as a whole. Domestic manufacturers in India are capable of manufacturing AC generators right from 0.5 KVA to 1000 MW, with specified voltage ratings.

Production details of AC generators (organised sector)



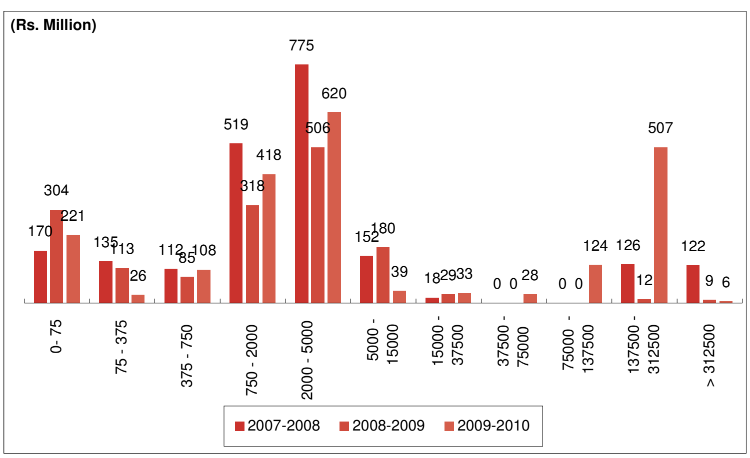
Source: Indian Electrical and Electronics Manufacturers Association

The production of AC generators grew at 15 per cent year on year in 2007-08, but was flat in 2008-09 due to the economic slowdown. In 2009-10, production grew at a meager rate of 1.2 per cent as a number of projects were delayed. With the expected revival and power plant capacity additions expected to grow at CAGR 15 per cent in the next few years, the industry is likely to return to its high growth phase.

Export import details

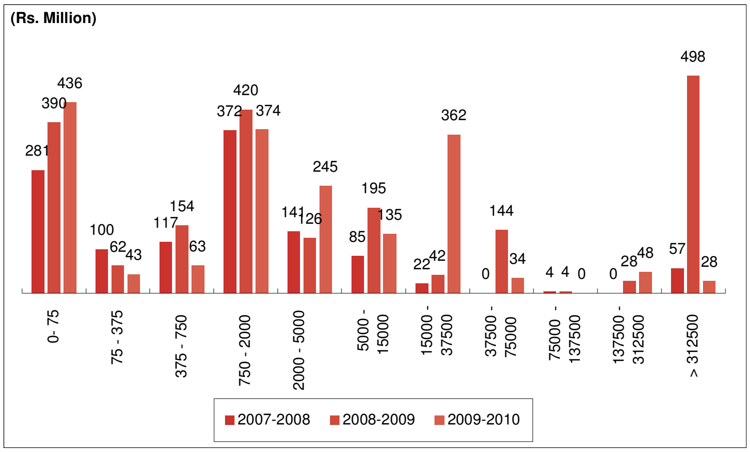
The imports and exports of AC generators during 2009-10 stood at Rs. 1,769.00 million and Rs. 2,129.00 million, respectively.

Imports of AC Generators as per size (KVA)



Source: Ministry of Commerce & Industry

Exports of AC Generators as per size (KVA)

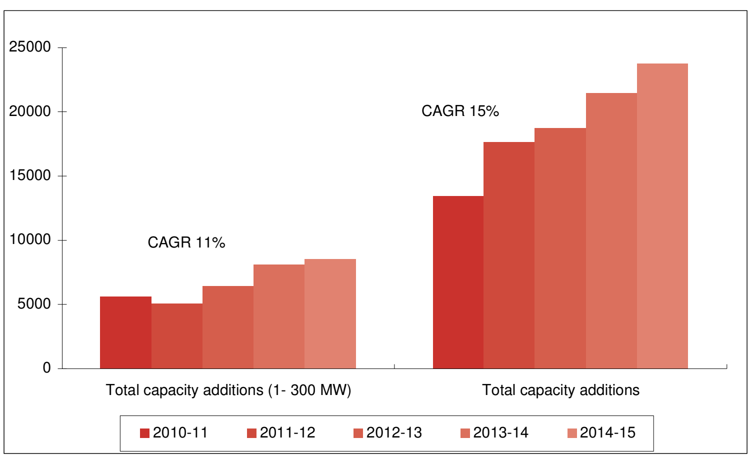


Source: Ministry of Commerce & Industry

According to CRISIL Research, a size-wise break-up indicates that imports as well as exports of 750-5000 KVA sized generators are high. Exports of small generators upto 75 KVA have also consistently remained high.

The generator industry is fragmented, with a large number of players operating in the lower range. Lower range generators, which are used in portable gensets for shops, restaurants, small offices and business establishments, are largely produced by the unorganised sector. The high range ones, which are used in power plants, are manufactured by the few organised players in the segment. Generators of capacity less than 125 kVA are used in large residential and commercial complexes, and generators of capacity more than 125 kVA are used in large core sector and process industries. (*Source: CRISIL Research Report, Power Generators, October 2010)*

Capacity additions expected



Source: CRISIL Research, Power Generators, October 2010

According to CRISIL Research, demand for generators is expected to grow with incremental power capacity in India growing at a CAGR of 15 per cent over the next five years (2009-10 to 2014-15). Demand for the 1-300 MW segment is expected to grow by 11 per cent.

Most power capacity additions and expansions by generator manufacturers are in the above 300 MW range. As a result, the competition in this category is low. However, as domestic production capacity is limited, imports from China pose a threat. Nonetheless, with the expected growth in demand, the potential for the existing players remains high. (*Source: CRISIL Research, Power Generators, October 2010)*

Disclaimer

CRISIL Limited has used due care and caution in preparing this Report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on this Report. CRISIL especially states that it has no financial liability, whatsoever, to subscribers/users of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

OUR BUSINESS

Overview

We are one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52 MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines. We focus on manufacturing custom-designed generators for our customers who are based across the world. We also manufacture motors. From the inception of our Company and as of June 30, 2011, we have manufactured a total of 1,538 generators with an aggregate output capacity of 12,657 MW, of which 233 generators have been supplied to customers across 34 countries. As of June 30, 2011, the total value of our order book for manufacturing generators was Rs. 3,795.57 million, however the value of our order book may not necessarily indicate what our actual sales will be.

In addition to manufacturing AC Generators our Company also executes Turbine Generator ("**TG**") island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with our generator. The scope of work of the TG island projects consists of design services, procurement and supply of equipment, assembly, installation & commissioning. From the inception of our Company and as of June 30, 2011 our Company has completed a total of 92 TG island projects with an aggregate output capacity of 1,799 MW which includes projects executed in Uganda, Kenya, Zambia and Philippines.

Our Subsidiary, DF Power Systems Private Limited, is in the business of Engineering, Procurement and Construction ("**EPC**"), executing Boiler-Turbine Generator ("**BTG**") island projects and the balance of plant ("**BOP**") portion for steam turbine power plants with output capacity from 52 MW up to 150 MW ("**EPC Business**"). The scope of work for the EPC Business comprises of design services, procurement and supply of equipments, assembly and installation & commissioning (excluding civil works). From the inception of our Subsidiary and as of June 30, 2011 our Subsidiary has completed a total of 2 BTG island projects with an aggregate output capacity of 111.50 MW.

Our TG island projects and EPC Business are collectively referred to as our "**Power Project Business**".

As of June 30, 2011, the total value of our Company's order book for the Projects Business (as defined below) was Rs. 1,831.40 million and for the EPC Business was Rs. 5,308.90 million and the cumulative value of our order book was Rs. 10,946.88 million, however the value of our order book may not necessarily indicate what our actual sales will be.

Our customer base primarily comprises companies operating in the industrial sector and includes cement, steel, paper, chemical, metals, sugar co-generation, bio-mass power plants, hydro-electric power plants and Independent Power Plants ("**IPPs**") companies. Some of our customers include Balrampur Chini Mills Limited, Nava Bharat Ventures Limited, Chettinad Cement Corporation Limited, Shree Cements Limited and Vasavadatta Cements.

We commenced business providing TG project solutions and subsequently, in August 2001, forayed into manufacturing of generators up to 30 MW under a license from Toyo Denki Seizo K.K. ("**Toyo Denki**"), a leading manufacturer of power and electric equipments located in Japan. Our Company currently owns the technology, which was originally licensed from Toyo Denki, and has further developed in-house capability to manufacture generators up to 40 MW.

Our Company has entered into a Product Development Cooperation and Manufacturing Agreement dated May 12, 2009 with Voith Hydro Holding GmbH & Co.KG ("**Voith Hydro**") for jointly developing electric generators. Under the agreement, the parties are to jointly develop and design electric generators our Company will manufacture such generators for Voith Hydro Group.

We have technology/license arrangements with the following companies:

Sl No	Year of tie-up	Name of the Licensor	Type of Prime Mover	Permitted Output Capacity
1	2007	Siemens AG	Steam/Gas turbine	20MW up to 52MW
2	2008	Sicme Motori SrL	Wind Turbine	1MW
3	2010	Toshiba Mitsubishi Electric Industrial Systems	High Voltage Motors	Up to 10MW

Our Company has granted a limited license to General Electric Company, USA to manufacture generators using our design for the Brazilian market, and if on a co-manufacturing basis, to other countries in Central and South America.

Our manufacturing facility consisting of two manufacturing units in Dabaspet, Industrial Area on the outskirts of Bangalore is spread over 219,290.72 sq. ft. These facilities house our marketing, design and development, procurement, manufacturing, quality management and administrative functions, consisting of 733 employees including 507 permanent employees, 195 contract employees and 31 trainees, as of June 30, 2011 who are well trained and experienced to cater to the needs of our customers. The manufacturing facilities are equipped with advanced machinery and equipment and are ISO 9001:2008 compliant.

We have one branch office in Japan. Our Company's branch office in Japan sources turbines for our TG island projects and sells generators we manufacture. Our Subsidiary's branch office in Hong Kong was recently established for sourcing power plant equipment for our EPC Business and for sourcing and selling power plant equipment to third parties.

Our Company is ISO 9001-2008 certified and ISO 14001/OHSAS 18001:2007 certified by TUV SUD Management Services GmBH, Munich.

Our restated consolidated total income has increased from Rs. 7,453.85 million in Fiscal 2010 to Rs. 8,746.43 million in Fiscal 2011, which is an increase of 17.34% and our restated consolidated profit after tax has increased from Rs. 435.11 million in Fiscal 2010 to Rs. 566.55 million in Fiscal 2011, which is an increase of 30.21%.

For the purposes of our financial statements, we evaluate and report our consolidated financial results in three business segments: Our "**manufacturing business**" comprises sale of AC Generators, spares, manufactured by us and scrap (and excludes sale of AC Generators, manufactured by us in India and sold to our branch office in Japan). Our "**Project Business**" comprises, supply of equipment (including BoP), installation and commissioning of TG island; sale of turbines; and sale of AC Generators and spares by our branch office. Our EPC Business comprises supply of boilers, turbines, generators and power plant equipments, installation and commissioning (excluding civil works).

The table below sets out our restated consolidated net sales for each of our business segments for the periods indicated:

(*Rs. in million*)

Sector	**Fiscal 2011**		**Fiscal 2010**		**Fiscal 2009**	
	Amount	**Percentage (%)**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
Manufacturing	3,235.33	37.46	2,553.04	34.58	2,154.10	43.43
Projects Business	1,643.47	19.03	1,782.85	24.15	2,534.07	51.08
EPC Business	3,758.46	43.51	3,046.32	41.27	272.57	5.49
Total	**8,637.26**	**100.00**	**7,382.21**	**100.00**	**4,960.74**	**100.00**

The table below sets out our restated consolidated net sales based on a geographic breakdown for the periods indicated:

(*Rs. in million*)

	Fiscal 2011		**Fiscal 2010**		**Fiscal 2009**	
	Amount	**Percentage (%)**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
India						
Manufacturing	3,235.33	37.46	2,553.04	34.58	2,154.10	43.43
Projects Business	441.62	5.11	308.08	4.17	1,103.74	22.25
EPC Business	3,758.46	43.51	3,046.32	41.27	272.57	5.49
Japan						
Projects Business (includes sale of AC Generators by branch office)	1,201.85	13.92	1,474.77	19.98	1,430.33	28.83
Total	**8,637.26**	**100.00**	**7,382.21**	**100.00**	**4,960.74**	**100.00**

ORDER BOOK

Order Book in terms of our manufacturing business means the value and quantity of generators to be executed based on customer orders and in relation to our Power Project Business means the value of the projects to be executed based on customer orders.

	As at June 30, 2011	
	Value (Rs. in million)**	Quantity
Manufacturing		
Domestic	2,351.73	223
Export*	1,443.84	69
Motors-Export	11.01	2
Projects Business		
Domestic	876.38	17
Export	955.02	
EPC Business		
India	5,308.90	8
Total	**10,946.88**	**319**

** includes orders for AC Generators placed through our branch office in Japan.*

*** the value of our order book may not necessarily indicate what our actual sales will be. For further details, please refer Risk Factor titled "Our order book may not necessarily indicate what our future sales will be and our actual sales may be significantly less than estimated sales, which could adversely affect our results of operations and cash flows" on page 12*

Strengths

Leading manufacturer of AC Generators with a diversified product portfolio

We have a diverse product range which includes, steam turbine generators, horizontal hydro generators, vertical hydro generators, diesel engine generators, wind turbine generators, gas engine generators, gas turbine generators, high voltage motors and generators for Geo Thermal and Solar thermal applications. We believe, we are among the very few Indian manufacturers with the capability to manufacture generators with output capacities ranging from 1MW - 52MW. From the inception of our Company and as of June 30, 2011, we have manufactured a total of 1,538 generators with an aggregate output capacity of 12,657 MW, of which 233 generators have been supplied to customers across 34 countries. We have recently commenced manufacturing motors and as of June 30, 2011, we have manufactured a total of 6 motors with an aggregate output capacity of 8.75 MW which have been exported.

Our diversified product offering has allowed us to develop a broad customer base across a range of industries and has reduced our dependence on any particular industry or market segment. Our wide portfolio of products gives us a competitive advantage, as we can cater to all the major verticals of the power generation industry. We cater to both conventional and renewable fuel based power plants. Conventional power plants consist of steam/gas turbine power plants and diesel/gas engine power plants and renewable fuel based power plants include wind, hydro, bio-mass, solar thermal and geo- thermal power plants. We believe that a majority of future power plants will be based on conventional fuels and our Company has the entire range of generators to cater to this sector. With our technological relationships with the leading power equipment manufacturers we also have the ability to design and manufacture a complete range of generators required to cater to the renewable fuel based segment of the power generation market.

Technology ownership, relationships and in-house design expertise

We have a well established track record of successfully absorbing new technologies for manufacturing generators. We have entered into arrangements with international power equipment manufacturers such as Siemens Aktiengesellschaft ("**Siemens AG**") and Sicme Motori SrL ("**Sicme Motori**") which gives us access to the latest know-how, design and technology to manufacture AC Generators. Our Company has an in-house product development team comprising 50 technical personnel as of June 30, 2011 all of whom are trained and competent engineers. Our product development team works in conjunction with our technical partners to focuses on new product development at lower costs, improving quality and design. We have developed in-house capability to manufacture generators up to 40 MW through the efforts of our product development team. In 2007, our Company granted a limited license to General Electric Company, USA to manufacture generators using our design for the Brazilian market, and if on a co-manufacturing basis, to other countries in Central and

South America. We believe our technological relationships and our in-house design expertise enable us to provide our customers innovative and customized solutions. We have special and highly customized designs for hydro, wind, gas engine generators. For instance, last year we successfully designed and sold our largest gas engine generator of 9.68 MW to a leading international engine company in Austria. We competed against a number of European companies to secure this order and we successfully delivered the proto-type generator.

Project Execution Capabilities for Power Project Business

From the inception of our Company and our Subsidiary until June 30, 2011, we have completed a total of 94 projects with an aggregate output capacity of 1910.50 MW which includes projects executed in India, Uganda, Kenya, Zambia and Philippines. We have gained significant experience and have an established track record and reputation for efficient project management, execution and timely completion of projects in the power generation sector. We believe that our expertise in successful and timely implementation of projects provides us with significant competitive advantages and our performance has enabled us to satisfy the pre-qualification criteria for bidding for similar and more complex projects. Our experience and capability in the execution of different types of projects has given us the ability to adapt to and operate in different work conditions on complex power plant projects.

We have experienced teams for our Power Project Business which consists of over 195 employees as of June 30, 2011, of which 162 are engineers having expertise in the fields of planning and procurement, design and development, and execution. Of these employees, 44 focus exclusively on project design and remaining focus on the procurement and project implementation activities.

Customer centric approach with the ability to customize

We believe our customer centric approach has enabled us to understand and respond to the requirements of our customers. Our ability to provide customized solutions enables us to expand and innovate our product and project portfolio in line with current and future requirements of our customers. We work closely with our customers from the pre-order phase through manufacturing, installation and commissioning up to monitoring the performance of the machines supplied to ensure customer satisfaction. We continue to lay strong emphasis on our post-delivery customer service to ensure it is quick and responsive. We provide after sales service that is centralized in Bangalore and through a dedicated customer support and a technically qualified team. Our branch office in Japan markets and sells our products and services to international customers in the Asia Pacific region.

Our satisfied customer base is a result of the high quality products that we manufacture. We have long-term relationships with many of our clients, including Balrampur Chini Mills Limited, Nava Bharat Ventures Limited, Chettinad Cement Corporation Limited, Shree Cements Limited and Vasavadatta Cements and have received repeat business from such clients.

State of the art manufacturing facilities and cost efficient production

Our two manufacturing units are spread over 931,305.60 sq. ft. of industrial land are equipped with advanced machines and tools and are ISO 9001:2008 compliant. We have invested in the latest technology to meet the quality expectations of our customers. For example we have a precision machine shop that can machine large components to very close tolerances, a sophisticated coil shop with automation and cutting edge quality control equipment to accurately measure process standards. In the past, our generators have been approved by leading engineering consultants. Further, our IT infrastructure assists in ensuring seamless interaction between various teams and processes within our Company.

We believe that we have been able to provide competitively priced products through cost efficient production and with the highest quality standards which enables us to receive new business from our existing or from new customers. We constantly work towards making our designs easier to manufacture - this improves reliability, quality and cost. We have several dedicated vendors with whom we have a long relationship and who have been trained to work at our expected levels of quality.

We have quality management procedures which focus on (i) improvement in customer satisfaction, (ii) supplier performance improvement, (iii) on-time delivery, and (iv) reduction of wastage. These procedures include specific processes implemented to ensure quality checks at every phase of the production process which enable us to ensure quality of our products that we delivered to our customers at competitive prices.

Skilled senior management and technical team

We believe that our qualified and experienced management and technical teams have contributed to growth of our operations and the development of in-house processes and competencies. Our Promoters, Nikhil Kumar and Hitoshi Matsuo have significant experience in the manufacturing and project businesses in the power sector in India and overseas. Nikhil Kumar has around 20 years of work experience and Hitoshi Matsuo has over 40 years of work experience. Our management team consists of technically qualified and highly experienced professionals who operate our business and work in an independent manner under the guidance of our senior management. We believe that the above management framework allows us to maintain the flexibility to address our markets and in each of the geographies where we sell our products.

We have a lean corporate structure for quick response and decision making which enables us to be responsive to both market and customer needs. Our technical teams bring with them extensive experience in marketing, engineering, procurement, manufacturing, quality assurance, finance, project execution and after sales services. Our senior management team that is in charge of operations has extensive experience in the industry, which enables them to guide our technical teams in our business operations. We believe the strength and quality of our management team and the nature of our organizational structure have been instrumental in implementing our business and growth strategies.

Strategy

Enhancing our product portfolio

We propose to continue to expand our product portfolio by upgrading and introducing new products under our business verticals. We are exploring opportunities to expand our manufacturing capabilities to produce generators up to 300MW.

We intend to continue the expansion of manufacturing capacities in order to, address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added products and services to our customers. We recognize that there is significant growth potential in manufacturing AC generators and we believe we are well positioned to capitalize on the opportunities presented by our markets. We will continue to use our design capabilities and manufacturing strength to develop innovative designs for our products which will help lower manufacturing costs and expand our customer base. We intend on exploring relationships with customers in both developed and developing markets, which we believe will provide increased export opportunities.

Strengthen our presence in developed and emerging markets and explore new geographies

We plan to further expand our geographical coverage by selling our products to global OEMs manufacturing prime movers who are located in developed countries such as Japan, Germany, Austria, Italy, etc.

In the past, we have focused on emerging markets such as Middle East, Africa and South East Asia, as a part of our strategy and intend to continue our focus on these markets in the future. We plan to leverage our market presence, our brand name and execution capabilities to attract new clients and obtain new projects in different geographies. We may enter into partnerships/ alliances with local partners to understand and penetrate newer markets.

Constant focus on technology, operational efficiency and cost competitiveness

We consider technological leadership to be a significant factor for success and therefore intend to continue to devote significant resources to upgrade our technological capabilities to provide value added engineering services. When we see strategic opportunities we will continue to establish technical tie-ups to further enhance our capabilities.

We constantly focus on reducing operational costs, wastes, by continuous improvement of our operations and processes through kaizen techniques, management information systems and quality control tools. We are also focused on improving efficiency relating to business aspects such as logistics, financial planning, product planning and raw material procurement.

Given the nature of our industry, cost competitiveness is a key component of success. We believe we have low production costs relative to most of our competitors, which is partly attributable to our integrated operations and investments in advanced technologies. Further our scale of operations provides us with a significant advantage in reducing costs and sustaining our cost advantage. We also undertake various internal and external benchmarking exercises that would enable us to improve the cost effectiveness of our components, systems and sub-systems. We shall continue to as we have done in the past, explore opportunities of working with companies having expertise in our area of operations including obtain license for their technologies and/or form joint ventures.

Expansion of Power Project Business

We will continue to grow our Power Project Business in India and in other emerging markets. Currently we have been bidding and executing projects up to 150 MW. In the future, we plan to bid for projects up to 300 MW. We are also examining the possibility of executing projects including civil works. We have a track record of utilising our management bandwidth, skills and internal systems to execute large and complex projects that take 15 to 24 months to complete. We will concentrate on executing projects that leverage our experience and expertise.

We believe that our expertise in project implementation provides us with a significant competitive advantage in an industry where substantial expansion is expected in the future.

Our Business

Our Business includes manufacturing of AC Generators and executing power plant projects.

Manufacturing generators- 1MW to 52 MW

In August 2001, we forayed into manufacturing of AC generators up to 30 MW under a license from Toyo Denki, a leading manufacturer of power and electric equipments located in Japan. Our Company currently owns the technology, which was licensed from Toyo Denki, and has further developed in-house capability to manufacture and supply generators up to 40 MW to cater to industry demands and has successfully manufactured and installed several generators in India and abroad. The generators are coupled with prime movers such as steam, hydro, gas and wind turbines and diesel and gas engines. Further, in 2007, our Company has entered into a license agreement with Siemens to manufacture steam generators from 20 MW to 52 MW, which covers a wider range of products with different rotor designs.

Our Company offers AC Generators for various applications which are specially designed and tailor-made to suit the needs of the customers based on their requirements and specifications. Provided below is a tabular representation of the broad categories of applications and lead time for manufacture of generators by our Company:

Sl. No.	Description of the generators for various application	Rating	Approximate time for completion of manufacturing
1.	Steam Turbine	Up to 40 MW	120-180 days
2.	Steam Turbine	41- 52 MW	180 – 240 days
3.	Horizontal Hydro	Up to 15 MW	150-210 days
4.	Vertical Hydro	Up to 25 MW	360-390 days
5.	Diesel Engine	Up to 15 MW	90 – 240 days
6.	Wind Turbine	1 MW	60 days
7.	Gas Engine	Up to 12 MW	120-210 days
8.	Gas Turbine	Depending on the requirements	120-180 days
9.	Special application (Motor testing / Transformer testing etc.,)	Depending on the requirements	Depending on the requirements
10.	High Tension Motors	Up to 10MW	120-180 days
11.	Other generators for Geo Thermal / Solar application	Depending on the requirements	120-180 days

Each of the above categories of products are specifically designed and customized for our customers. The level of customization and design required for each assignment vary on a case to case basis.

Our existing manufacturing capacity is 360 generators *(Source: Acknowledgement by the Secretariat for Industrial Assistance under the Ministry of Commerce and Industry dated July 15, 2008 to the Industrial Entrepreneurs Memorandum submitted by the Company).*

Our Company offers AC generators for the following prime movers:

Steam Turbines: Steam turbine driven generators are high speed machines with a running speed of 1500RPM or 1800 RPM. This application would require specialized rotor design to cater large stresses induced due to high centrifugal forces. The manufacturing process for steam turbine also requires precision components and assembly techniques. We manufacture generators up to 52 MW for steam and gas applications. Initially, our Company had a tie up with Toyo Denki to manufacture generators up to 30 MW through a technology transfer agreement which is owned by us currently. Subsequently, we enhanced our capacity to develop up to 40 MW through our research and development. Additionally, our Company has entered into a license agreement with Siemens AG to manufacture generators in the range of 20MW up to 52MW. Generally, steam turbine driven generators are used for base load application. In most power plants in India, these generators are connected to the grid where excess power beyond the requirement of base load is exported to the grid. In most cases, these generators cater to the entire power requirement of the customer's factory or manufacturing facility. Steam turbine generators are used extensively in cement, sugar, steel, paper, chemicals and other industries.

Gas Turbines: Gas turbine driven generators are also high speed special designs and are compact in size. They are high efficiency systems which find major application in oil and gas industries. Once gas availability improves in India, we expect the gas turbine generator business to expand rapidly. We manufacture generators up to 52MW for this application through our in-house capabilities.

Hydro Turbines: Hydro turbine driven generators are high speed machines with a running speed of 375 RPM to 1800 RPM. In the case of hydro turbine generators, the performance requirements will be unique to different projects depending on the grid conditions, water head availability and power house conditions. Generally, these machines are located in remote places where accessibility is very poor and due to such conditions, there is a requirement for highly reliable equipments. Further, where there are weak grid conditions, they would require generators to be specially designed for high inertia requirements to absorb frequent trippings and should further have a rugged design to transfer all the forces to foundation smoothly. The rotor assembly requires specialized design, assembly and balance to operate at high runaway speeds.

The generators are designed and manufactured for various types of hydro turbines, such as Kaplan turbines, Francis turbines and Pelton turbines. Each of these three turbines has different design requirements with respect to the generators. We supply generators for high axial thrust loads coming for Francis turbines with the turbine runner directly mounted on the generator, which is advantageous in terms of space and cost of the powerhouse. The Pelton wheel generators are subjected to high radial thrusts coming from water forces and results in special bearing designs. We supply generators to major customers in India like Andritz Hydro Private Limited, B Fouress Private Limited, Flovel Energy Private Limited, Boom Systems Private Limited, HPP Energy India Private Limited and VOITH Hydro Private Limited. Further, we have supplied hydro generators to many countries in the world like Vietnam, Turkey, South Africa and Canada.

Diesel Engine: Diesel engine driven generators are high speed machines with a running speed of 500 RPM to 1800 RPM. In the case of diesel engine generators, the reciprocating engine requires very high cyclic loads coming on the engine-generator set resulting in high vibrations. These vibrations are required to be effectively absorbed and transferred by the generator, which further requires special attention to the rotor dynamics and stator parts. We undertake special torsional studies to ensure that the generator operating frequency does not match with any other system frequency thereby avoiding high stresses to the machinery. Diesel engine generators are used for peak load demands and also find wide application in critical installations like emergency/back up power plants in hospitals, airports and manufacturing plants involving critical processes. Our generators have been procured by set builders for installation across various industries such as international airports and satellite research centres and high precision chemical industries. We manufacture generators with output capacity of up to 12.5 MW for use with diesel engines. Our generators are coupled with many multinational engine brands.

Gas Engine: Gas engine driven generators operate in similar manner to the diesel engine generators, except for the fuel used, which results in decreased emissions. The emphasis on green energy has driven us to develop generators up to 10MW for this application through our in-house technology. Gas engine generators also need stringent design requirements which provide for high vibrations arising from the reciprocating action mechanics involved. We have supplied generators to gas engine divisions in Japan and Austria.

Wind turbines: We have production technology agreement with Sicme Motori SrL for manufacturing generators for this application up to 1 MW. Wind turbine driven generators are mounted in the nacelle located at a height of 45 meters and above. This places specific requirements on the entire system in terms of weight, size, compactness and function. Our Company offers permanent magnet generators which provide performance parameters of low loss and low vibration features. The magnet assembly process is done in clean environment to avoid any dust and ferrous particles in the surrounding area. Further, these generators are slow speed machines with a running speed of up to 144 RPM which require single stage gearbox resulting in very high system efficiency and less wear and tear of the equipments as the number of mechanical components are drastically less. We manufacture and supply generators for wind turbines to customers such as Winwind Power Energy Private Limited, Chennai.

Special Applications: Certain applications like transformer testing and testing of induction motors require specialized generators of high frequency with variable voltage requirements. Our Company offers generators for such special applications at various frequency and voltage combinations.

Manufacture of Motors

The motors we manufacture are squirrel cage rotor type motors and are based on a highly competitive design meeting both indoor and outdoor applications. They are manufactured in the range of 800 kw to 10 MW and frame sizes of ranging from 400 to 900. They are specifically designed for variable speed drive catering to industries like cement, steel, paper and other process industry applications. The motors are designed to have very high efficiency and are compact with highly optimised weight to output ratio.

The Manufacturing Process:

The AC Generator consists of mechanical components, such as stator, rotor, winding, excitor, bearings and end shields assembled into an external shell. The AC Generator is manufactured in three major stages comprising of stator assembly, rotor assembly and final assembly. We typically take up to 180 days for manufacturing a generator for steam turbine application up to 40MW.

The stage wise activity for manufacturing an AC Generator is mentioned below:

Customer Design Review, Designing & Bill of Materials	→	Stator Assembly	→	Rotor Assembly	→	Final Assembly & Testing

STATOR ASSEMBLY

STAGE – I		STAGE – II	STAGE - III
Electrical steel	Copper	Insertion of Coil	Inserting Stator Core to main frame
↓	↓	↓	↓
Stamping	Coil Formation	Termination	Termination
↓	↓	↓	
Stacking	Insulation	Insulation	
↓	↓	↓	
Stator Core		Curing	
Next Stage II		Next Stage III	**Next Rotor Assembly**

The electrical steel sheet is converted to stamping and received at our plant. Stampings are stacked to form the stator core which is fastened into a cage. Simultaneously, copper of required sizes and grade is procured and stator coils are formed. The coils are insulated by insulation tapes and inserted into the stator core and this process is called winding. The coils of the wound stator are connected and insulated. The wound stator will be pre-heated for evaporation of moisture and impregnated in vaccum pressure impregnation plant. After curing, the stator is ready for final assembly.

ROTOR ASSEMBLY

STAGE – I			STAGE – II	STAGE – III
Electrical steel	Shaft Forging	Copper	Unwound Rotor assembled on Shaft	Wound Rotor
↓	↓	↓	↓	↓
Stamping	Machining	Coil Formation	Copper of Stage I will get insulated and added	Fixing of exciting Armature
↓	↓	↓	↓	↓
Stacking	Finished Shaft	Insulation	Wound Rotor	Balancing of Rotor
↓	↓	↓		
Rotor Core			Next Stage III	Ready for final assembly
Next Stage II				

The electrical steel is converted to stamping and received at our plant. Raw steel forging is procured and machined to the required dimensions and stampings are stacked to form the rotor core. Simultaneously, copper of required sizes and grade is procured and rotor coils are formed. The coils are inserted into the rotor core and this process is called winding. The coils of the wound rotor are connected and insulated. The wound rotor will be pre-heated for evaporation of moisture and impregnated. After curing, the rotor is fixed with exciter rotor and balanced at different speeds for correcting imbalances after which the rotor is ready for final assembly.

FINAL ASSEMBLY

Wound Stator & Wound Rotor	→	Assembly	→	Fixing of Bearing & Cooler	→	Testing	→	Packing	→	Final Dispatch

The wound stator and rotor received from the earlier processes are assembled in a stator frame. The end plates are fixed on both side of the frame along with bearing assembly and cooler. The machine is moved to a test bed and tested for mechanical and electrical design parameters by simulating site conditions. The tested and approved machines will be painted and packed before dispatch.

Power Project Business

We execute TG island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with our generator. The scope of work of the TG island projects consists of design services, procurement and supply of equipment, assembly, installation & commissioning. From the inception of our Company and as of June 30, 2011 our Company has completed a total of 92 TG island projects with an aggregate output capacity of 1,799 MW which includes projects executed in Uganda, Kenya, Zambia and Philippines.

Our Subsidiary, DF Power Systems Private Limited, is in the business of EPC, executing BTG island projects and the BOP portion for steam turbine power plants with output capacity from 52 MW up to 150 MW. The scope of work of our EPC Business comprises of design services, procurement and supply of equipments, assembly and installation & commissioning (excluding civil works). From the inception of our Subsidiary in 2007 and as of June 30, 2011 our Subsidiary has completed a total of 2 BTG island projects with an aggregate output capacity of 111.50 MW.

The projects up to 52MW require 14 to 16 months and projects up to 150 MW will be completed between 20 to 24 months.

Our customers include both captive power plants and independent power plants. Captive power plants are power plants usually operated by companies engaged in large power-dependent industries like steel, cement, metal etc. which require extensive power and where it would not be feasible for them to rely upon power from the grid because of cost and availability reasons. Therefore, such companies operate captive power plants for self consumption and any excess power generated is sold to third party purchases such as power exchanges, independent power plants or the government electricity board. Independent power plants, unlike captive power plants, do not generate power for self consumption and operate plants of varying capacities for the purpose of resale to other power consumers.

Typically, our Power Project Business includes the following:

- System engineering, which involves finalizing the layout, technical scheme and size of major pieces of equipment;
- Detailed engineering, which involves process calculations and sizing for every component of a project, and the preparation of detailed drawings;
- Material and system procurement, which involves evaluating offers from vendors, placing orders and carrying out quality checks;
- On-site fabrication, which involves manufacturing bulky items such as tanks and piping systems at the project site;
- Erection of equipment, which involves putting equipment and systems in place as per the project plan;
- Integration of systems, which involves for example integrating boilers, turbines and generators with the power plant;
- Testing of individual systems, which involves testing each system and piece of equipment after erection is complete;
- Cold commissioning, which involves testing the entire system on a no-load basis, without gas;
- Hot commissioning, which involves running the entire system at its rated capacity or load, with steam, as per the specifications of the contract;
- Performance guarantee tests, which involves testing each piece of equipment and each system; and
- Handing the project over to the client.

TG island contracts follow a similar progression to EPC contracts. TG island contracts require fewer resources such as engineering and procurement, and generally less construction than EPC contracts.

We have executed several TG island projects within India. Additionally, we have executed projects in Uganda, Kenya and Zambia for sugar industry, Philippines for paper industry and Yemen for cement industry.

Procurement of Raw Materials and Finished Components

We believe that suitable raw material procurement by obtaining material of an appropriate quality at competitive prices within the requisite time is critical to ensuring our continued profitability and success.

The materials that are required for the manufacture of our products as per the sales order or our monthly production program are intimated to the production planning department of our Company by the design department of our Company. This would include the details of the materials required and the quantities to be procured. Depending upon the lead time required for procuring raw materials, procurement department places the purchase orders to match the requirement based on the production schedule. The production planning department also provides the material requirement at each stage of the activity schedule and indicates whether any advance procurement is required for any specific material. The production planning department from time to time as indicated in the schedule raises purchase orders on approved suppliers for the procurement of materials. Those materials ready at the vendor’s place are inspected and approved by the quality control team before they are received at works. On receipt of material at our premises, we conduct quality checks to ensure that the material meets the requirements specified by us at the time of placing the order.

Our materials management department ensures that the raw material requirements for each order are fulfilled in a timely and cost effective manner. While we ordinarily conduct procurements on the basis of prevailing market prices, we have in certain cases bought materials in advance to minimize the impact of market fluctuations on the price as well as to take advantage of competitive prices prevailing in the market.

LAND, BUILDING AND MANUFACTURING FACILITY

Unit-I of our manufacturing facility is located at Plot No. 27, 28, 29 & 30 Part A(1), KIADB Industrial Area, Nelamangala Taluk, Dabaspet, Bangalore where our Company was allotted 4.5 acres of land from KIADB, Bangalore under Lease cum Sale basis after clearance from Karnataka Udyog Mitra (Single Window Clearance) in 2001. Subsequently, the lease was converted to sale agreement in March 2005. Further, our Company has purchased 1.75 acres under lease cum sale basis during February 2005, by which 6.25 acres is cumulatively used for Unit-I.

Our Company also owns additional industrial lands in the vicinity of Unit-I under Survey No. 55, 56, 57, 58 & 59/2 at Yedehalli Village, Nelamangala Taluk, Sompura Hobli, Dabaspet, Bangalore of approximately 15 acres, which is being used for Unit-II of our manufacturing facility. Further, on June 1, 2011, we have leased premises measuring 12,086 sq. metres adjacent to our manufacturing facility premises at Dabaspet along with building and equipment.

We have factory buildings of 157,623.66 sq ft, in Unit-I and 61,667.06 sq ft in Unit II, constructed with RCC and structural steel columns frame and coated sheet metal roof. The pathway for transportation is asphalted for durability. As a part of environmental management, our Company has implemented extensive rainwater harvesting facilities in Unit-I and Unit-II. Our Company has its own sewage and effluent treatment plant to collect, treat and re-use waste water.

We use the following machinery and equipment in our manufacturing facilities:

Unit I:

Sl. No.	Section	Machinery / equipment	Function
1.	Core building	Oven, press and welding equipment	To handle core building for both stators and rotors of upto 30 machines per month
2.	Coil making	Coil looping, pressing and consolidation, stretching and taping equipment	To manufacture coils for 30 machines per month
3.	Winding	Work stations and coil brazing equipment	Since the activity is done manually capacity has been built to meet production requirement
4.	Impregnation and curing	Vertical and horizontal vacuum pressure impregnation equipment and ovens	To handle products with output capacity of up to 52 MW for both stator and rotor.
5.	Balancing	Balancing machines, drives and safety enclosures	To handle production requirement up to 52 MW output capacity at various speeds up to 2250 RPM.
6.	Final assembly and testing	Assembly fixtures and equipments, test beds, drives, lube oil, cooling systems and automated computer aided testing equipment	Simulates site conditions for testing the product as per specification; designed to handle assembly of 30 machines with output capacities of up to 52 MW and 80-ton weight
7.	Material handling & general facilities	Cranes, forklift trucks, pallet trucks, inter bay trolleys, painting booth, etc.	To handle start to finish production process and shipping up to 30 machines p.m.
8.	Power	Diesel Generators (six)	4280 KVA Diesel Generator sets to provide un-interrupted clean power.
9.	Quality lab and instruments	MG sets, heavy voltage testers, surge testers, core loss tester, measuring instruments, material testing equipment, profile readers, temperature recorders, etc.	To carry out stage inspections of materials, process inspections as per quality standards upto 30 machines p.m.

Unit II:

Sl. No.	Section	Machinery / equipment	Function
1.	Core Building	Lamination, de-burring and coating line, oven, press and welding equipment	To handle de-burring and coating of stator stampings upto 30 machines p.m.
2.	Machining	Machine centers for both horizontal and verticles, turning centre, etc.	To machine components for high accuracy and precision through state of art CNC machineries
3.	Material Handling & General Facilities	Cranes, forklift trucks, pallet truck, inter-bay trolleys, painting booth, etc.	To handle production process upto 30 Machines p.m.
4.	Power	Diesel Generators (two)	1610 KVA Diesel Generator sets to provide un-interrupted clean power.

Our Subsidiary operates from leased office premises in India which is located in Vasantnagar, Bangalore and has entered into an arrangement for provision of branch office and address for correspondence purpose in Hong Kong. The branch office of our Company is located in Tokyo.

POWER AND WATER

Our Facilities have captive power generation from Diesel Generator Sets of upto 4280 kVA in Unit-I and upto 1510 kVA in Unit -II to meet power demand for production and other utilities. The power houses in both Unit I and Unit II are insulated for sound. This ensures un-interrupted clean power supply for the unit's manufacturing activities and also totally insulated against the prevailing problems of power cut and fluctuations of KPTCL.

Our facilities and activities are not water intensive and the required water is supplied by KIADB and bore wells existing in the factory premises. Our manufacturing facilities are categorized under the "Orange Code" by the Karnataka State Pollution Control Board and we have obtained necessary approvals for storage for fuel required for the Diesel Generator Sets and in relation to air, water and other pollution. Please see the section titled "Government Approvals" on page 237.

SALES AND MARKETING

Generators are sold through Original Equipment Manufacturers (OEMs) who are generally the manufacturers of prime movers like, steam, water, wind, gas and Hydro turbine and gas and diesel engine etc. As an approved vendor enrolled with various consultants we participate in tender processes. Our sales and marketing team approaches consultants to apprise them of our Company's capabilities and also invites teams from consultants to visit the plants, and in certain occasions, arrange for site visits at previously implemented projects. Our sales and marketing team also interacts directly with the OEMs once the tender process has begun. Our sales team is also engaged in identifying new markets and formulating suitable strategies to enter such markets. One of our recent entries is Austria where were we secured a contract from a multinational energy company for the procurement of gas engine generators. Our sales and marketing team also endeavors to get regular information about upcoming projects, identifying our competitors, customer bases and also getting associated with new OEMs at early stages of their business. Our Company participates in exhibitions, such as one of the world's largest electrical and electronics exhibition (ELECRAMA) organized by the Indian Electrical and Electronics Manufacturers Association (IEEMA), and other exhibitions such as the Power Gen International exhibition in Malaysia, 2008.

We conduct project business sales directly with our customers most of the time or through an EPC contractor. In case of direct sales to customer we receive tender documents through an engineering consultant and make a techno-commercial bid to the customer. Through a series of evaluations and negotiations with the customer we win orders. The same process is followed when we bid to the EPC contractor. The EPC contractor issues tender documents to us based on which we submit our techno-commercial offer. Customer decisions are made on the superiority of the technical performance of the equipment and on price. The lowest bidder does not win orders all the time.

Manufacturing Business

The following table sets forth the sectoral distribution of our sales track record for our AC Generators (which includes inter segment sales):

(*Rs. in million*)

Sector		Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008	
	Units	Amounts	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)
Cement	39	364.13	11.20	26	158.51	6.12	24	242.64	11.42	18	350.06	16.24
Chemical	13	79.47	2.44	13	94.96	3.67	11	101.36	4.77	11	141.17	6.55
Distillery	5	31.26	0.96	4	21.92	0.85	3	11.60	0.55	2	13.30	0.62
Fertilizer	1	8.05	0.25	2	7.90	0.31	1	4.65	0.22	0	0.00	0.00
Food	16	175.46	5.39	6	77.61	3.00	13	89.43	4.21	2	53.94	2.50
Hydro	24	262.61	8.07	53	510.13	19.70	47	423.76	19.94	27	231.20	10.73
Metal	36	630.65	19.39	39	500.25	19.32	44	425.59	20.02	22	283.71	13.16
Other	106	593.55	18.25	73	495.66	19.14	60	254.05	11.95	94	436.64	20.26
Paper	6	38.88	1.20	6	72.10	2.78	7	80.05	3.77	16	140.16	6.50
Process	2	24.32	0.75	8	77.65	3.00	4	51.75	2.43	0	0.00	0.00
Rubber/Tyre	54	869.77	26.74	0	0.00	0.00	2	9.50	0.45	2	13.50	0.63
Textile	4	51.90	1.60	0	0.00	0.00	4	33.21	1.56	8	96.22	4.46
Sugar	5	18.95	0.58	34	510.77	19.73	25	398.01	18.72	28	395.19	18.34
Wind	28	103.39	3.18	17	61.88	2.39	0	0.00	0.00	0	0.00	0.00
Total	**339**	**3,252.39***	**100.00**	**281**	**2,589.34***	**100.00**	**245**	**2,125.60***	**100.00**	**230**	**2,155.10***	**100.00**

** only reflects sale of AC Generators and excludes sale of spares and scrap and other service charges*

(*Rs. in million*)

Type	Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008		
	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)
Diesel	99	223.99	6.89	71	160.70	6.21	78	205.98	9.69	61	174.59	8.10
Gas	1	15.83	0.49	-	-	-	-	-	-	-	-	-
Hydro	24	262.61	8.07	53	510.10	19.70	47	423.75	19.94	26	208.90	9.69
Steam	186	2643.58	81.28	136	1793.09	69.25	120	1,495.87	70.37	140	1,746.86	81.06
Wind	28	103.39	3.18	17	62.00	2.39	0	0.00	0.00	0	0.00	0.00
Others*	1	2.99	0.09	4	63.45		-	-	-	3	24.75	1.15
Total	**339**	**3252.39****	**100.00**	**281**	**2,589.34****	**100.00**	**245**	**2,125.60****	**100.00**	**230**	**2,155.10****	**100.00**

**Generators for transformer motor testing applications*
***only reflects sale of AC Generators and excludes sale of spares and scrap and other service charges*

The following table sets forth the geographical distribution of our sales track record for our AC Generators (which includes inter segment sales):

(*Rs. in million*)

Geography	Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008		
	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)
India	289	2,643.98	81.29	223	1,983.44	76.60	185	1,628.63	76.62	209	2,011.20	93.32
Export	50	608.41	18.71	58	605.90	23.40	60	496.97	23.38	21	143.90	6.68
Total	**339**	**3252.39***	**100.00**	**281**	**2,589.34***	**100.00**	**245**	**2,215.60***	**100.00**	**230**	**2,155.10 ***	**100.00**

** only reflects sale of AC Generators and excludes sale of spares and scrap and other service charges*

Repeat orders represent the order inflow from customers for whom we have executed orders in the past. The table below sets forth the order inflow from customers for whom we have executed orders in our manufacturing business for the periods indicated:

(*Rs. in million*)

Business category	Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008		
	Number of Orders	Order inflow (Rs. million)	Percentage (%)	Number of Orders	Order inflow (Rs. million)	Percentage (%)	Number of Orders	Order inflow (Rs. million)	Percentage (%)	Number of Orders	Order inflow (Rs. million)	Percentage (%)
New customers	11	62.05	1.91	22	98.72	3.81	26	146.00	6.87	21	188.70	8.76
Repeat customers	328	3,190.34	98.09	259	2,490.62	96.19	219	1979.60	93.13	209	1,966.40	91.24
Total	**339**	**3252.39***	**100.00**	**281**	**2,589.34***	**100.00**	**245**	**2,125.60***	**100.00**	**230**	**2,155.10***	**100.00**

** only reflects sale of AC Generators and excludes sale of spares and scrap and other service charges*

Power Project Business

The following table sets forth the sectoral distribution of our sales track record for our Power Project Business:

(*Rs. in million*)

Sector	Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008		
	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)	Units	Amount	Percentage (%)
Boiler	-	-	-	2	5.94	0.18	2	93.31	6.85	2	54.19	3.74
Carbon	-	-	-			0.00			0.00	1	5.41	0.37
Cement	5	1,495.33	35.67	5	47.66	1.43	8	134.48	9.88	14	473.49	32.66
Chemical	1	0.02	0.00	3	2.73	0.08	2	2.11	0.15	2	182.65	12.60
Distillery	-	-	-	-	-	-	-	-	-	-	-	-
Fertilizer	-	-	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	1	1.80	0.12
Hydro	-	-	-	-	-	-	-	-	-	-	-	-
Metal	-	-	-	1	491.47	14.72	6	326.96	24.01	3	38.40	2.65
Paper	2	84.28	2.01	3	24.06	0.72	6	124.48	9.14	3	156.58	10.80
Power	4	2378.13	56.73	1	2554.85	76.53	1	0.02	0.00	2	0.66	0.05
Process	-	-	-	-	-	-	-	-	-	-	-	-
Rubber/Tyre	2	18.69	0.45	1	4.68	0.14	2	45.35	3.33	2	31.93	2.20
Textile	-	-	-	2	5.75	0.17	3	176.61	12.97	3	179.26	12.37
Steel	1	56.05	1.34	1	38.75	1.16	1	0.06	0.00			
Sugar	5	159.86	3.81	10	155.37	4.65	15	448.74	32.95	10	314.02	21.66
Wind	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	3	6.91	0.21	5	9.75	0.72	4	11.27	0.78
Total	**20**	**4,192.36***	**100.00**	**32**	**3,338.17***	**100.00**	**51**	**1,361.86***	**100.00**	**47**	**1,449.65***	**100.00**

** this excludes sales made by our Japan branch office, freight collected and warranty sales*

(*Rs. in million*)

Type	Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008		
	Units	**Amount**	**Percentage (%)**	**Units**	**Amount**	**Percentage (%)**	**Unit**	**Amount**	**Percentage (%)**	**Units**	**Amount**	**Percentage (%)**
Diesel	-	-	-	-	-	-	-	-	-	-	-	-
Hydro	-	-	-	-	-	-	-	-	-	-	-	-
Steam	20	4,192.36	100	32	3,338.17	100.00	51	1,361.86	100.00	47	1,449.65	100.00
Wind	-	-	-	-	-	-	-	-	-	-	-	-
Total	**20**	**4192.36***	**100**	**32**	**3,338.17***	**100.00**	**51**	**1,361.86***	**100.00**	**47**	**1,449.65***	**100.00**

** this excludes sales made by our Japan branch office, freight collected and warranty sales*

The following table sets forth the geographical distribution of our sales track record for our Power Project Business:

(*Rs. in million*)

Geography	Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008		
				Units	**Amount**	**Percentage (%)**	**Units**	**Amount**	**Percentage (%)**	**Units**	**Amount**	**Percentage (%)**
India	16	4,059.65	97.00	28	3,320.74	99.48	46	1,032.14	75.79	46	1,428.83	98.56
Export	4	132.7	3.00.00	4	17.43	0.52	5	329.72	24.21	1	20.83	1.44
Total	**20**	**4192.35***	**100**	**32**	**3,338.17***	**100**	**51**	**1,361.86***	**100**	**47**	**1,449.65***	**100**

** this excludes sales made by our Japan branch office, freight collected and warranty sales*

Repeat orders represent the order inflow from customers for whom we have executed orders in the past. The table below sets forth the order inflow from customers for whom we have executed projects for the periods indicated:

(*Rs. in million*)

Business category	Fiscal 2011			Fiscal 2010			Fiscal 2009			Fiscal 2008		
	Number of Orders	**Order inflow (Rs. million)**	**Percentage**	**Number of Orders**	**Order inflow (Rs. million)**	**Percentage**	**Number of Orders**	**Order inflow (Rs. million)**	**Percentage**	**Number of Orders**	**Order inflow (Rs. million)**	**Percentage**
New	16	4,098.69	98.00	19	3232.96	96.85	27	998.54	73.32	24	575.74	65.88
Repeat	4	93.66	2.00	13	105.21	3.15	24	363.32	26.68	23	873.91	34.12
Total	**20**	**4,192.35***	**100**	**32**	**3,338.17***	**100**	**51**	**1,361.86***	**100**	**47**	**1,449.65***	**100**

** this excludes sales made by our Japan branch office, freight collected and warranty sales*

PROCESS REVIEW AND MANAGEMENT

The management of our Company review and manage the various business processes periodically in the following manner.

1. *Performance*: The monthly performance is reviewed by the Board of Directors consisting of Monthly Profit & Loss Account and legal compliance of the month.

2. *Manufacturing*: The manufacturing activity is monitored through Executive Review and Quality Review Meeting on a monthly basis. The group deliberates on various manufacturing issues and quality issues and corrective actions are taken.

3. *Design Review Meeting*: The design group with cross-functional participation of marketing, manufacturing and procurement groups discusses on optimization of design parameters and customer requirements.

4. *Planning*: The planning, procurement and manufacturing groups discuss on daily basis the progress of production and scheduling of manufacturing activities.

5. *Quality*: Quality standards are maintained by certification audits of ISO, Environment, and periodical review of quality circles. The progress is presented by the quality circle team which is reviewed by cross-functional team and the necessary support is provided through participation of employees at all levels (workmen, engineers, and managerial staff) to achieve the goals.

6. *Performance Appraisal*: The performance of the employees is annually reviewed through a Performance Management System. The key result areas are set for all groups and reviewed through performance appraisal.

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QUALITY CONTROL AND CERTIFICATIONS

Our Company has in place several quality control processes and procedures and has adopted a quality assurance policy aimed at the following objectives: (i) improvement in customer satisfaction; (ii) supplier performance improvement; (iii) on-time delivery; and (iv) reduction of wastage. Our Company has laid down procedures for ensuring quality management processes at various stages of our business operations. Further, the quality policy of our Company provides for quality management system documentation, which records the compliance processes and further provides for management review and responsibilities.

Provided below is the quality certification audit schedule for our Company:

Sl. No.	Description	Certificate standard	Certificate validity	External audits conducted by TUV	Internal Audits
1	Quality Management System	ISO 9001 : 2008	February 14, 2013	Repeat audit completed on February 2010 First surveillance audit December 2010 Second surveillance audit scheduled for February 2012	Our Company conducts internal audits three times a year in April, August and December
2	Environmental Management System	ISO 14001 : 2004	June 21, 2013	First certification audit Completed in March 2010 First surveillance audit scheduled for March 2011 Second surveillance audit scheduled for February 2012	Our Company conducts internal audits three times a year in April, August and December
3	OHSAS Management System	BS OHSAS 18001: 2007	June 21, 2013	First certification audit Completed in March 2010 First surveillance audit scheduled for March 2011 Second surveillance audit scheduled for February 2012	Our Company conducts internal audits three times a year in April, August and December

INFORMATION TECHNOLOGY

We believe that our Company has implemented the necessary information technology infrastructure for efficient management and monitoring of the various manufacturing and managerial processes involved in our Company's business. The information technology infrastructure includes a customized enterprise resource management solution which was implemented in 2006 and incorporates modules for sales and marketing, manufacturing, purchase, warehouse, financial management and administration. The enterprise resource management solution seeks to integrate our human resources, processes and business systems to effectively manage the entire operations of our Company including the procurement of orders, design and manufacturing processes, client requests and other administrative functions. Additionally in 2010, we have also implemented a product lifecycle management solution for design functions related to the manufacturing process for integrating all development knowledge/documents/data generated during the manufacturing process, testing and customer interaction, enabling consolidation of all product information in one centralized location. Our Company has also implemented certain security and disaster recovery measures.

OUR EMPLOYEES

We believe that we have a qualified and experienced employee base, managed by middle and senior management personnel.

As of June 30, 2011, we had 946 employees in our Company and Subsidiary. Of these, we have 507 permanent employees on the rolls of our Company, 195 contract employees and 31 trainees. Our Subsidiary has 188 permanent employees, 18 contract employees and 7 trainees. Employees that are confirmed by us are our permanent employees which include personnel engaged in our management, administration, marketing, finance, sales and legal functions at our offices. The permanent employees at our plants include personnel engaged in manufacturing activities such as machine operations, assembling and testing of products, quality assurance, and receipt and dispatch of materials. The following is our employee strength of our Company and our Subsidiary as on June 30, 2011:

Sl . No.	Category	Qualification	Sourcing Process	Strength
1.	Learners	Training from Industrial Training Institute	Employment Exchange & Campus Selection	58
2.	Workmen	Training from Industrial Training Institute	Learners are absorbed as Workmen after 18 months of in-house training	248
3.	Trainees	Engineering or Commercial Diploma	Employment Exchange & Campus Selection	38
4.	Supervisors	Diploma/Graduates/ Engineers	Direct Recruitment	145
5.	Engineers & Senior Engineer	Engineering in Electrical, Electronics Mechanical,	Trainees are absorbed as engineers & trained after 12 months of in-house training, Direct Recruitment, Employee Referral	164
6.	Middle Management	Engineers / Masters / Professionally Qualified	Elevated due to experience, Direct Recruitment, Employee Referral	59
7.	Senior Management	Engineers / Masters / Professionally Qualified	Elevated due to experience, Direct Recruitment, Employee Referral	21

In addition we have 213 employees on contract basis at our plants and offices of our Company and our Subsidiary in India as of June 30, 2011. The contract employees include personnel engaged in providing security services, catering services, and material services, forwarding and material movement. We have entered into contracts with independent contractors for transport services and professional consultancy services providing assistance in the facilities of computer software/hardware and maintaining standard operating systems of maintenance of accounts and inventories.

We provide retirement benefits to our employees by way of provident fund, gratuity and superannuation in conformity with statutory requirements. Our employees are covered under various insurance schemes such as group personal accident insurance and employee state insurance schemes. We believe that we have stable and harmonious relations with our employees.

As a welfare measure, our Company provides transport to all the employees from their common pickup points to the factory at Dabaspet Industrial area and return. Also provide hygiene food & beverages at subsidized rates to all the employees. For workmen not covered under ESI, company contributes for a mediclaim policy for self and dependent family member to over cost of medical expenses. Company also provides uniforms, safety shoes and other safety gadget to all the learners, workmen and supervisors on the shop floor. An Occupational Health Centre is maintained within the factory premises with qualified doctors and dedicated ambulance services.

We encourage our employees to pursue further studies or attend trainings since we believe this would enable them to sharpen their skills and motivate them to be competitive and it contributes to their overall employee satisfaction.

We are in compliance with the applicable provisions of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules and regulations thereunder.

Our workmen are represented by trade union and have collective bargaining agreements. We have entered into a memorandum of settlement on August 25, 2008 in relation to their demands pertaining to basic wage, dearness allowance, variable dearness allowance, multi-purpose allowance, shift allowance etc for workmen at our plants located at Bangalore. This settlement came into effect on April 1, 2008, and shall be applicable to all permanent employees whose names appear on the muster roll of our Company on April 1, 2008 and employees getting confirmation of service up to June 30, 2010. The memorandum was in force and operational up to March 31, 2011 and we are currently in the process of negotiating the revised memorandum of settlement.

INTELLECTUAL PROPERTY

We seek to protect our intellectual property rights to the fullest extent practicable. We believe that we are not dependent on any of our intellectual property rights individually, although collectively, they are of material significance to our business. We do not own TD Power Systems Private Limited name or trademark.

We have made applications before the Registrar of Trademarks, Chennai for registration of the TDPS and DFPS name and logo under various classes in combination. Further, we have also made applications to Registrar of

Trademarks, Chennai for registrations of the word marks for the words “TD Power Systems” and “DF Power Systems”.

Our Company has entered into an agreement dated September 13, 2005 with Toyo Denki, whereby our Company was permitted to use the trademarks “Toyo Denki”, “License from Toyo Denki” and “TD Power Systems / Toyo Denki”.

INSURANCE

Our operations are subject to hazards inherent in the manufacturing business, such as risk of fire, earthquake, flood and other force majeure events, terrorist and hostile acts, including hazards that may cause injury and loss of life to our employees and consumers, severe damage to and the destruction of property, equipment and environmental damage. We may consequently be subject to claims resulting from the above losses and additionally may become liable to our customers.

We have obtained a standard fire and special perils policy for Units I and II of our manufacturing facility. Additionally, we have obtained insurance against break down of certain of our machinery and equipment in Unit I and Unit II. We also maintain a group personal accident policy for all of our employees, including Promoters and Directors and insurance policies for our Company vehicles. Insurance policies to cover loss of cash in transit and losses to raw materials, spares, accessories and finished goods while in transit are also maintained by our Company. Our Company has also obtained insurance coverage for stocks in progress and other stock held in trust by our Company.

COMPETITION

We operate in a competitive environment. The Indian power market is the one of the largest and most open markets in the world and sees a variety of competitors ranging from small niche players with specific experience to large, well established entities. Our competitors in the generator business including those from outside India tend to be large multinational companies, while our Indian competitors are large public sector companies or Indian operations of multinational companies. Competition in the sizes of generators that our Company currently manufactures is not fragmented but is concentrated with few players with large resources. Our competitors from outside India are Seimens AG, ABB Group, Jeumont-Schneider, Andritz AG. Competitors from India are Bharath Heavy Electricals Limited and Andritz Hydro Private Limited.

All our competitors in the EPC business, both from India and abroad are large companies with significant financial resources. These include companies such as Thermax Limited, Cethar Vessels Limited, ThyssenKrupp AG, Bharath Heavy Electricals Limited and Chinese EPC companies such as the China National Automotive Industry International Corporation (CNAICO), SEPCO Electric Power Construction Corporation and Harbin Power Equipment Company Limited.

HEALTH, SAFETY AND ENVIRONMENT

Our Company has in place, a Safety, Health and Environment Policy, which provides for procedures to be followed by our Company, its employees, its sub-contractors and other third party agencies operating with our Company to ensure that the operations of our Company is protective of the environment and the safety of our Company’s employees. The Safety, Health and Environment Policy includes various Do’s and Don’t’s for personnel engaged in various industrial activities, basic guidelines for the administration of first aid and information regarding the statutory obligations of workers under the Factories Act, 1948.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The information detailed in this chapter has been obtained from the various legislations that are available in the public domain.

In India, the following Central legislations govern our Company:

Labour Legislations

The Contract Labour (Regulation and Abolition) Act, 1970

In the event that any aspect of the activities of our Company is outsourced and carried on by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") becomes necessary. The CLRA regulates the employment of contract labour in establishments in which twenty or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. It governs their conditions and terms of service and provides for abolition of contract labour in certain circumstances.

The CLRA requires the principal employer of the concerned establishment to make an application to the registered officer for registration of the establishment, failing which, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour, except under and in accordance with such license. Further, the CLRA ensures the health and welfare of the contract labourers, by imposing certain obligations on the contractor in relation to establishment of canteens, restrooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPFA**") aims to institute provident funds and pension funds for the benefit of employees in establishments which employ more than twenty persons and factories specified in Schedule I of the EPFA. Our Company has a provident fund for all our permanent employees.

The Employees' State Insurance Act, 1948

The Employees' State Insurance Act, 1948 ("**ESI Act**") applies to all factories unless seasonal in nature which employ 10 or more employees and carry on a manufacturing process with the aid of power (20 employees where manufacturing process is carried out without the aid of power). The ESI Act puts the onus of registering the factory with the employer. All employees including casual, temporary or contract employees drawing wages less than Rs. 6,500 per month are covered under the provisions of the ESI Act. The workers covered under the scheme have to pay a monthly contribution. The ESI Act provides for the provision of benefits to employees in case of sickness, maternity and employment injury. Under the ESI Act, employees receive medical relief, cash benefits, maternity benefits, pension to dependents of deceased workers and compensation for fatal or other injuries and diseases. Where a workman is covered under the ESI scheme, (a) compensation under the Workmen's Compensation Act cannot be claimed in respect of employment injury and (b) benefits under the Maternity Benefits Act cannot be claimed.

The Factories Act,1948

The Factories Act, 1948 is applicable to all 'factories' employing more than 10 people and working with the aid of power or employing 20 people and working without the aid of power. It covers workers employed in the factory premises or precincts directly or through an agency including a contractor, involved in any manufacture. The respective State Governments frame rules for its enforcement in order to ensure that local conditions are reflected. It provides for the health, safety, welfare, service conditions and other aspects of workers in factories.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 applies to every industrial establishment where 100 or more workmen are/were employed on any day of the preceding 12 months. It applies to every worker employed in an industrial establishment but excludes workers employed in a managerial or administrative capacity and workers employed in a supervisory capacity and drawing wages more than Rs. 1,600 per month.

Under the Industrial Employment (Standing Orders) Act, 1946, standing orders are to be framed in order to standardize the service conditions of the workmen in industrial establishments. The standing orders are to be displayed prominently in the establishment in English and the language understood by the workmen near the entrance of the establishment and all departments.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 ("**PBA**") provides for payment of bonus on the basis of profit or productivity to people employed in factories and establishments employing twenty or more persons on any day during an accounting year. The PBA 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. Under the PBA every employer is bound to pay to every employee, 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.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 ("**PGA**") provides for payment of gratuity, to an employee, 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 5 years: (a) on his/her superannuation; (b) on his/her retirement or resignation; (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 PGA establishes a scheme for the payment of gratuity to employees engaged in establishments in which 10 or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which 10 or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may, by notification, specify. Our Company provides for payment of gratuity and superannuation to all our permanent employees.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936, aims at ensuring payment of wages in a particular form at regular intervals without unauthorized deductions. It regulates the payment of wages to certain classes of employed persons and provides for the imposition of fines and deductions and lays down wage periods and time and mode of payment of wages. Persons whose wages are Rs. 6,500 or more per month are outside the ambit of the Act.

The Trade Union Act, 1926

The Trade Union Act, 1926 provides for registration of trade unions (including association of employers) with a view to render lawful organization of labour to enable collective bargaining. The Trade Union Act, 1926 also confers certain protection and privileges on a registered trade union. It applies to all kinds of unions of workers and associations of employers which aim at regularizing labour-management relations.

Pursuant to the Trade Unions (Amendment) Act, 2001 no trade union shall be registered unless 10% or 100, whichever is less and subject to a minimum of seven workmen engaged or employed in the establishment or industry with which it is connected are the members of such trade union on the date of making of application for registration. The trade union so formed has the right to act for the individual and/or for collective benefit of workers at different levels.

The Employees Compensation Act, 1923

The Employees Compensation Act, 1923, aims to provide employees and their dependents, compensatory payment, in case of accidents arising out of and in course of employment and causing either death or disablement of employees. It applies to factories, mines, docks, construction establishments, plantations, oilfields and other establishments listed in Schedule II and III of the Act but excludes establishments covered by the Employees' State Insurance Act. Every employee including those employed through a contractor except casual employees, who is engaged for the purposes of employer's business and who suffers an injury in any accident arising out of and in the course of his employment is entitled to compensation under the Employees Compensation Act, 1923.

*The Industrial Disputes Act, 1947, as amended ("**ID Act**")-*

ID Act provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen. The Industrial Disputes (Amendment) Act, 2010 which became effective on September 15, 2010 provides for among other things, direct access for the workmen to labour courts or tribunals in case of individual disputes, expanded the scope of qualifications of presiding officers of labour courts or tribunals and also provided for the constitution of grievance settlement machineries in any establishment having 20 or more workmen.

Environmental Legislations

Our plants require approvals under the following environmental legislations. This is because the operation/construction of some of our plants might have an impact on the environment where they are situated in.

Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**") mandates that no person can, without the previous consent of the State Pollution Control Board, establish or operate any industrial plant in an air pollution control area. The Central and State Pollution Control Boards constituted under the Water Pollution Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution.

Water (Prevention and Control of Pollution) Act 1974

The Water (Prevention and Control of Pollution) Act 1974 (""**Water Act**"") provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The Water Act debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State and Central Pollution Control Boards.

Environment Protection Act, 1986

The Environment Protection Act, 1986 ("**EPA**") has been enacted for the protection and improvement of the environment. The EPA empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment ("**EIA**"). The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects. The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the Pollution Control Boards are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

The Central Excise Act, 1944

The Central Excise Act, 1944 provides that a person who is engaged in production or any process of production of any specified goods shall get himself registered with the proper officer as per the procedure/documentation laid down.

Foreign Investment Regime

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999, ("**FEMA**"), and the rules, regulations and notifications thereunder, as issued by the Reserve Bank of India from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the Foreign Investment Promotion Board ("**FIPB**") is required for activities to be carried out by foreigners in India.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

HISTORY AND CORPORATE STRUCTURE

Our History

Our Company was originally incorporated as TD Power Systems Private Limited on April 16, 1999 as a private limited company under the Companies Act, in Bangalore, Karnataka, India. The name of our Company was subsequently changed to TD Power Systems Limited by a special resolution of the members passed at an EGM of our Company on January 17, 2011. The fresh certificate of incorporation consequent upon change of name was granted to our Company on February 4, 2011 by the Registrar of Companies, Karnataka.

Changes in the Registered Office

The registered office of our Company was originally located at 121, Margosa road, Malleswaram, Bangalore 560 003, Karnataka, India. Pursuant to an EGM dated November 8, 2001, the registered office of our Company was changed to #27, 28, 29 KIADB Industrial Area Dabaspet, Nelamangala Taluk, Bangalore 562 111, Karnataka, India with effect from November 8, 2001.

Awards and Accreditations

Month/Year	Award/Accreditation
March 12, 2010	Certificate of ISO 9001-2008 issued by TUV SUD Management Services GmbH that our Company has established and applies a quality management system for design development, manufacturing, testing, supply and servicing of A.C. Generators
March 12, 2010	Certificate of ISO 9001-2008 issued by TUV SUD Management Services GmbH that our Company has established and applies a quality management system for machining of AC Generator parts, lamination coating (varnishing) sub-assemblies and assembly of AC Generators
March 12, 2010	Certificate of ISO 9001-2008 issued by TUV SUD Management Services GmbH that our Company has established and applies a quality management system for design, supply, erection and commissioning of Thermal Power Plants
March 13, 2010	Audit Report ISO 14001/OHSAS 18001:2007 issued by TUV SUD Management Services to our Company in relation to the design, manufacture and supply of AC Generators
March 17, 2010	Certificate of Compliance issued by CSA International to our Company in relation to component open type synchronous generators being eligible to bear the CSA mark with indicator
June 23, 2010	Certificate of BS OHSAS 18001: 2007 issued by TUV SUD Management Services GmbH that our Company has established and applies a safety management system for design, manufacture and supply of AC Generators
June 23, 2010	Certificate of ISO 14001: 2004 issued by TUV SUD Management Services GmbH that our Company has established and applies an environmental management system for design, manufacture and supply of AC Generators

Key Events and Milestones

Month/Year	Key Events, Milestones and Achievements
February 6, 2001	Technical Assistance, License and Transfer Agreement with Toyo Denki
July 26, 2002	Dispatched the first 34MW AC Generator to Thailand
August 27, 2002	Supplied the first 8MW AC Generator to Siemens Limited, Baroda
April 6, 2007	As part of the Projects Business, successfully commissioned our biggest project for 32MW
July 11, 2007	License of technology to General Electric Company under a Technology License and Technical Assistance Agreement
July 23, 2007	Production Technology Transfer Agreement with Sicme Motori SrL
November 25, 2007	Executed the first overseas project in Uganda by commissioning a 16.5 MW steam turbine plant
September 24, 2008	Our Subsidiary received multiple orders under our BTG Business for USD 100.00 million
September 4, 2008	Purchase Framework Agreement and License Agreement with Siemens AG
May 12, 2009	Product Development Cooperation and Manufacturing Agreement with Voith Hydro Holding GmbH & Co.KG
March 31, 2010	Manufacturing Agreement with Toshiba Mitsubishi-Electrical Industrial Systems Corporation

Main Objects

Our main objects enable us to carry on our current business and are as follows:

(i) *To undertake and carry on the business of importers, traders, dealers, exporters, buyers, sellers, stockists, suppliers, wholesalers, retailers, warehouses of all types and ranges of AC Generators, Generator controls and systems, Engines, electric motors, rotating machines, control panels, transformers, switchgears, generating sets inverters, rectifiers and all kinds of electric and electronic components including their parts and components, connected with the generation, transmission and distribution of power.*

(ii) *To carry on business of generation, accumulation, distribution and supply of electricity and deal in all equipments, apparatuses and things required for or capable of being used in connection therewith and employment of electricity.*

(iii) *To carry on the business of electric engineers, electricians, contractors, manufacturers, suppliers and dealers in electrical appliances, dry cells, batteries of all types, accumulators, fluorescent tubes, lamps and works.*

(iv) *To carry on the business, profession, vocation of industrial engineering, consultants, advisors, to investigate into the prospects of development, maintenance, renovation, replacement or renewal of any industrial, mechanical, electrical or engineering works or factory or organisation and to investigate into and report and advise on and assist in the preparation of any industrial or engineering products, to undertake collection and preparation of the relevant statistics, information and data to acquire, collect, formulate and prepare the technical details, specifications, drawings, plans, blue prints for fabrication or manufacture of any machinery, machine parts, plant, components or accessories of any particular design, shape or material and to act as industrial consultants, engineering consultants, business consultants and to carry on business of providing all types of consultancy business connected with the industry and trade.*

(v) *To manufacture and otherwise carry on the business of developing, designing all types of and ranges of Generators, Generator Controls and systems, engines, electric motors, rotating machines, control panels, transformers, switch gears, generating sets, inverters, rectifiers and all kinds of electrical and electronic equipments including their parts and components, connected with the generation, transmission and distribution of power.*

Amendments to our Memorandum of Association

Date of Shareholders Approval	Nature of Amendment
March 26, 2001	Addition as Clause (v) in the main objects of our Company which is as follows: *"To manufacture and otherwise carry on the business of developing, designing all types of and ranges of Generators, Generator Controls and systems, engines, electric motors, rotating machines, control panels, transformers, switch gears, generating sets, inverters, rectifiers and all kinds of electrical and electronic equipments including their parts and components, connected with the generation, transmission and distribution of power".*
March 26, 2001	The authorized capital of Rs. 5.00 million consisting of 0.50 million Equity Shares of Rs. 10 each was increased to Rs. 25.00 million consisting of 2.00 million Equity Shares of Rs. 10 each and 0.50 million cumulative convertible preference shares of Rs. 10 each
March 8, 2002	The authorised share capital of Rs. 25.00 million consisting of 2.00 million Equity Shares of Rs. 10 each and 0.50 million cumulative convertible preference shares of Rs. 10 each was increased to Rs. 30 million consisting of 2.00 million Equity Shares of Rs. 10 each and 1 million cumulative convertible preference shares of Rs. 10 each
July 31, 2003	The authorised share capital of Rs. 30.00 million consisting of 2.00 million Equity Shares of Rs. 10 each and 1.00 million cumulative convertible preference shares of Rs. 10 each was increased to Rs. 50.00 million consisting of 3.00 million Equity Shares of Rs. 10 each and 2.00 million cumulative convertible preference shares of Rs. 10 each
August 10, 2004	The authorised share capital of Rs. 50.00 million consisting of 3.00 million Equity Shares of Rs. 10 each and 2.00 million cumulative convertible preference shares of Rs. 10 each has been reclassified as Rs. 50.00 million consisting of 4.00 million Equity Shares of Rs. 10 each and 1.00 million cumulative convertible preference shares of Rs. 10 each
August 16, 2005	The authorised share capital consisting of 1.00 million cumulative convertible preference shares of Rs. 10 each stands cancelled. Further, the authorised share capital of Rs. 40.00 million was increased to 50.00 million consisting of 5.00 million Equity Shares of Rs. 10 each
January 31, 2007	The authorised share capital of Rs. 50.00 million consisting of 5.00 million Equity Shares of Rs. 10 each was increased to Rs. 100.00 million consisting of 10.00 million Equity Shares of Rs. 10 each
July 19, 2010	The authorised share capital of Rs. 100.00 million consisting of 10.00 million Equity Shares of Rs. 10 each was increased to Rs. 350.00 million consisting of 35.00 million Equity Shares of Rs. 10 each
February 16, 2011	Incidental objects have been amended

Shareholders Agreement

Our Company has not entered into any shareholders agreement.

Strategic and Financial Partners

Our Company does not have any strategic or financial partners.

Collaborators

The information in relation to Toyo Denki and Siemens AG (as obtained from public sources), with whom we have contractual arrangements are provided below:

Toyo Denki

Place of registration and year of incorporation :	Japan, 1918
Paid up share capital :	JPY 4,998 million (comprises of common stock)#
Turnover of the last financial year of operation :	JPY 37,893 million * #
General information regarding such persons relevant to the issuer :	Toyo Denki Seizo K.K. (Toyo Electric Mfg. Co., Ltd.) engages in three main areas of business-transportation systems, industrial systems and information systems. In the field of transportation systems, Toyo Denki is a leading manufacturer of electrical equipment for rail vehicles. In the industrial sector, Toyo Denki mainly supplies motors, inverters and other electrical equipment used in industrial machinery. In the field of information systems, the company develops and manufactures station operating equipment and remote monitoring systems. Toyo Denki is strongly committed to addressing global warming and promoting recycling by developing and manufacturing energy-efficient products.

**Net Sales figures*
#from Consolidated Results for Fiscal 2010 (June 1, 2010 – May 31, 2011)

Siemens AG

Place of registration and year of incorporation :	Germany, 1897
Paid up share capital :	€ 8,729 million (comprises of common stock and additional paid in capital)#
Turnover of the last financial year of operation :	€ 75,978 million #
General information regarding such persons relevant to the issuer :	Siemens traces its origins to 1847. Beginning with advances in telegraph technology, the Company expanded its product line and geographic scope and was already a multi-national business by the end of the 19th century. During Fiscal 2010, Siemens employed an average of 402,700 people and operated in approximately 190 countries worldwide. Siemens' operations are focused on three sectors- industry, energy and healthcare.

Source: Form 20F as filed with the Securities and Exchange Commission on December 2, 1010
#from Consolidated Results for Fiscal Year ended September 30, 2010

Material Agreements

The salient terms of the material agreements entered into by our Company are as follows:

Memorandum for use of Trademark with Toyo Denki dated September 13, 2005

The key terms of the agreement are as follows:

(i) **Scope of Agreement and obligations of parties**: Our Company has entered into an agreement with Toyo Denki, whereby our Company was permitted to use the trademarks "Toyo Denki", "License from Toyo Denki" and "TD Power Systems / Toyo Denki". Under the terms of the agreement, where our Company uses the trademark "Toyo Denki" for the purpose of selling and distributing our products to any person other than Toyo Denki, our Company would be required to obtain the prior written consent of Toyo Denki .

(ii) **Consideration**: Where our Company uses the trademarks "License from Toyo Denki" and "TD Power Systems / Toyo Denki", it is required to pay a royalty of 1,000,000 Japanese Yen per year. Where our Company uses the trademark "Toyo Denki" for the purpose of selling and distributing our products to any person other than Toyo Denki, our Company would be required to pay a royalty of three per cent to Toyo Denki.

(iii) **Term and termination**: The trademark agreement provides that our Company may use the trademark until the agreement is terminated by Toyo Denki Seizo K.K. in the event our Company violates any law or regulation.

Product Development Cooperation and Manufacturing Agreement with VOITH Hydro dated May 12, 2009, as amended by the amendment dated May 7, 2010 ("Product Development Agreement")

The key terms of the agreement are as follows:

(i) **Scope of Agreement and obligations of parties**: Our Company has entered into a Product Development Cooperation and Manufacturing Agreement dated May 12, 2009 with Voith Hydro for jointly developing electric generators. Under the agreement, the parties are to jointly develop and design electric generators. Our Company will manufacture such generators for Voith Hydro Group.

(ii) **Consideration**: In consideration for our Company manufacturing the generators, VOITH Hydro shall pay our Company in accordance with the mutually agreed prices.

(iii) **Term and termination**: The agreement is for a term of 15 years. The parties may terminate the agreement for convenience after eight years of the term by providing a notice of at least two years.

Manufacturing Agreement with Toshiba Mitsubishi-Electrical Industrial Systems Corporation ("Toshiba Mitsubishi") dated March 31, 2010 ("Manufacturing Agreement")

The key terms of the agreement are:

(i) **Scope of Agreement and obligations of parties**: Our Company had entered into the Manufacturing Agreement with Toshiba Mitsubishi-Electrical Industrial Systems Corporation for manufacture of high voltage and medium and large capacity induction motors whereby our Company would manufacture and sell the motors to Toshiba Mitsubishi or its designated parties at mutually agreed prices. Toshiba Mitsubishi shall provide our Company with consulting services for the design, manufacture and testing of products, training and technical services.

(ii) **Consideration**: The parties have mutually agreed the rates at which the generators would be purchased by Toshiba Mitsubishi or its designated parties. The parties have also agreed on the time and material rates payable by our Company for various consulting and technical services that would be provided by Toshiba Mitsubishi.

(iii) **Term and termination**: The agreement is valid for a term of three years from the date of the agreement. The parties may terminate the agreement through mutual consent recorded in writing or in the event of default by the other party.

Production Technology Transfer Agreement with Sicme Motori SrL dated July 23, 2007

The key terms of the agreement are:

(i) **Scope of Agreement and obligations of parties**: Our Company had entered into the Production Technology Transfer Agreement whereby Sicme Motori has licensed certain technologies and know-how to our Company for the manufacture of electric wind generators for sale within India and for use by end customers in India. The parties have also agreed to jointly promote renewable energy generators in Japan.

(ii) **Consideration**: For each product sold using Sicme Motori technology, our Company is required to pay a certain royalty payment to Sicme Motori.

(iii) **<u>Term and termination:</u>** The term of the agreement is for a period of five years and in the event the volume of production of wind generators by our Company reaches a level where it is feasible to make an investment in a new factory, both parties may discuss the potential of forming a joint venture company. In the event the joint venture company is not formed, then the term will be extended for a period of ten years.

Technology License and Technical Assistance Agreement with General Electric Company dated July 11, 2007 ("Technology License and Technical Assistance Agreement")

The key terms of the agreement are:

(i) **<u>Scope of Agreement and obligations of parties</u>**: Our Company had entered into the Technology License and Technical Assistance Agreement with General Electric Company whereby our Company has granted to the General Electric Company, a non-exclusive, non-transferrable right and license to certain technical information and intellectual property with the right to manufacture and sell electric generators containing such intellectual property in certain identified territories. Our Company has undertaken to provide training to relevant employees of General Electric Company at our Company facilities to use the technical information and the licensed technologies. In the event requested by General Electric Company, our Company will send its personnel to General Electric Company facilities at additional costs to be paid by the General Electric Company.

(ii) **<u>Consideration</u>**: In consideration of the license, the General Electric Company is required to pay our Company certain royalty payments at mutually agreed rates.

(iii) **<u>Term and termination</u>**: The term of the agreement is for a period of ten years. Our Company has the right to terminate the agreement for any breach of the conditions of use, unauthorised disclosure or failure to perform obligations by General Electric Company.

Purchase Framework Agreement with Siemens AG dated September 4, 2008 ("Purchase Framework Agreement")

The key terms of the agreement are:

(i) **<u>Scope of Agreement and obligations of parties:</u>** Our Company has entered into the Purchase Framework Agreement with Siemens whereby our Company was appointed as a contract manufacturer for Siemens for the manufacture of four-pole generators in accordance with periodic purchase orders made by Siemens. For each product, Siemens will place a purchase order containing the details and specifications.

(ii) **<u>Consideration</u>**: The parties have mutually agreed at a price list according to which Siemens shall pay our Company for manufacturing the generators.

(iii) **<u>Term and termination</u>**: The agreement is for a term of five years from the date of the agreement and is automatically extended by consecutive 12 month periods unless terminated by either party through a prior notice of six months. The agreement may be terminated by either party in the event of a material breach by the other party if such breach is not rectified within 30 days of notice from the non-breaching party. Upon termination, our Company will no longer be entitled to manufacture the specified products. Both parties have mutual confidentiality obligations that survive for a period of ten years after the termination of the agreement.

License Agreement with Siemens AG dated September 4, 2008, as amended by the amendment agreement dated September 4, 2008 ("License Agreement")

The key terms of the agreement are:

(i) **<u>Scope of Agreement and obligations of parties:</u>** Under the terms of the license agreement, our Company has been granted a non-exclusive license for manufacturing and selling four pole generators of certain prescribed specifications to Indian customers for end use in India. Under the terms of the agreement, Siemens is required to provide various services including necessary training to our

Company personnel and provide certain specified documentation and components required for the manufacture of the products. Our Company is not permitted to enter into any agreement with other firms for the manufacture of the four pole generators of the prescribed specifications.

(ii) **Consideration**: Our Company is required to pay certain royalty payments to Siemens for the each of the products. The parties have also agreed on the rates under which Siemens shall provide training and technical services

(iii) **Term, termination and survival of provisions**: The agreement is for a term of fifteen years from the date of the agreement and may be terminated by either party in the event of a wilful or substantial breach by the other party, insolvency of the other party. Siemens may terminate the agreement if the direct or indirect control of our Company to a competitor of Siemens. Upon expiry of the full term, our Company may continue to manufacture the products and components without further payments.

The above agreements have been made available as material documents available for inspection pursuant to specific observations received from SEBI.

Details of Subsidiary

DF Power Systems Private Limited ("DF Power")

Corporate Information

DF Power, a company duly incorporated under the Act on February 7, 2007 as a private limited company and its shares were held by Nikhil Kumar and Mohib Khericha in their individual capacities. It is engaged in the business of executing power plants from 40 MW to 150 MW capacity and providing engineering, procurement and construction services. It has its registered office at Plot Nos.27, 28 & 29, KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore, 562 111, Karnataka, India. DF Power Systems Private Limited commenced business on February 28, 2008 when it received its first purchase order for supplying a boiler, turbine, generator (BTG) package.

Our Company had subscribed to 350,000 Equity Shares of Rs. 10 each on September 22, 2008, pursuant to which DF Power became our Subsidiary. Further, on October 1, 2010, except for one Equity Share each held by Nikhil Kumar and Mohib N. Khericha all of the Equity Shares held by the other shareholders of DF Power were acquired by our Company. Pursuant to the acquisition, the shareholders of DF Power Systems Private Limited were allotted shares in our Company in accordance with the valuation reports dated September 3, 2010 provided by the statutory auditors, B.K. Ramadhyani & Co.

Capital Structure

The authorised share capital of DF Power is Rs. 75.00 million divided into 7.5 million equity shares of Rs. 10 each and the paid-up capital of DF Power is Rs. 60.00 million divided into 6.00 million equity shares of Rs. 10 each.

Shareholding

Our Company holds 5,999,998 equity shares of Rs. 10 each in DF Power, that is 99.99% of the issued and paid-up capital of DF Power, while the remaining two shares are held by our individual promoters, Nikhil Kumar and Mohib N. Khericha (as nominees of the Company).

The shareholding as on September 21, 2008 (i.e. before September 22, 2008) is as follows:

Name of Allottee	**No. of Shares**	**% of Holding**
Nikhil Kumar	5,000	50.00
Mohib Khericha	5,000	50.00
Total	**10,000**	**100.00**

The shareholding as on September 22, 2008 is as follows:

Name of Allottee	No. of Shares	% of Holding
Mr. Nikhil Kumar	50,000	11.11
Mr. Mohib N. Khericha	50,000	11.11
TD Power Systems Private Limited	350,000	77.77
Total	**450,000**	**100.00**

The shareholding as on October 1, 2010 is as follows:

Name of Allottee	No. of Shares	% of Holding
Nikhil Kumar**	1	0.00*
Mohib Khericha	1	0.00*
TD Power Systems Private Limited	5,999,998	99.99
Total	**6,000,000**	**100.00**

**less than 0.01*
*** Beneficial interest held by TD Power Systems Limited*

Summary Audited Financial Information

The audited financial information for DF Power Systems Private Limited is as follows:

(Rs. in million, except per share data)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital*	60.00	45.50	5.00	0.10
Reserves (excluding revaluation reserves) and surplus	241.99	105.13	1.42	-
Income (including other income)	3,834.77	3,069.23	307.82	0.11
Profit After Tax	150.85	104.88	1.55	(0.13)
Earning Per Share (face value 10 each)	28.19	209.75	6.00	-
Net asset value per share	50.33	301.26	12.85	-
Diluted EPS	28.19	191.58	6.00	-

Source: derived from the audited financials
**Includes share application money of Rs. 40.50 million for Fiscal 2010*

There are no amounts of accumulated profits or losses not accounted for by our Company.

OUR MANAGEMENT

Board of Directors

Under Articles of Association, our Company is required to have not less than three directors and their number should not exceed twelve including all kinds of directors. Our Company currently has eight Directors on its Board.

The details regarding Board of Directors as on the date of this Prospectus are as follows:

Name, Designation, Father's Name, Address, DIN, Occupation and Term	Nationality	Age (years)	Other Directorships/Interests
Mohib N. Khericha **Non Executive Chairman** S/o *Noman Khericha* #4, Saritakunj Society, Opp. NID Hostel, PT College Road, Paldi, Ahmedabad, Gujarat 380 007 *DIN*: 00010365 *Occupation*: Business *Term:* Liable to retire by rotation	Indian	59	**Indian Companies** **Private Limited Companies** a) DF Power Systems Private Limited b) Saphire Finman Services Private Limited c) Ravindu Motors Private Limited d) Vijay Farms Private Limited e) Vijayjyothi Investments and Agencies Private Limited f) Sri Vijaydurga Investments and Agencies Private Limited g) Abhiman Trading Company Private Limited h) Vijaykirthi Investments and Agencies Private Limited i) Vimraj Investments Private Limited **Public Limited Companies** a) Chartered Capital and Investment Limited b) Photoquip India Limited c) Mazada Limited d) Chartered Logistics Limited e) Kirloskar Power Build Gears Limited **Partnerships** a) Shabina Enterprise **Foreign Companies** *Nil*
Hitoshi Matsuo **Managing Director** *S/o. (Late) Matsuo Mangiro* Minamidai, Sagamihara City Kanagawa-Ken, Japan *India address:* Flat no. B 203, Esteem Retreat, No. 6 (Vijaya Farm) Behind CPRI Nagar, Aramane Nagar Bangalore 560 094 Karnataka, India *DIN*: 00062562 *Occupation*: Business	Japanese	67	**Indian Companies** **Private Limited Companies** a) DF Power Systems Private Limited **Foreign Companies** *Nil*

Name, Designation, Father's Name, Address, DIN, Occupation and Term	Nationality	Age (years)	Other Directorships/Interests
Term: 4 years with effect from April 1, 2008*			
Nikhil Kumar **Joint Managing Director** *S/o Wg. Cdr. Dinesh Kumar* #21, 17th Cross, Malleswaram West, Bangalore 560 055 Karnataka, India *DIN*: 00062243 *Occupation*: Business *Term:* 5 years with effect from January 17, 2011	Indian	43	**Indian Companies** **Private Limited Companies** a) DF Power Systems Private Limited b) Nilarya Trading and Developers Private Limited **Proprietorships** a) Bangalore Beers and Wines **Foreign Companies** *Nil*
Tadao Kuwashima **Director** *S/o Yoneji Miyanishi* 8/13/2, Sugita Isogoka Yokohamachi-SHE, Kanagamaken, Japan *DIN*: 00361284 *Occupation*: Business *Term:* 3 years with effect from September 1, 2009	Japanese	64	**Indian Companies** *Nil* **Foreign Companies** *Nil*
Salil Baldev Taneja **Independent Director** *S/o. Baldev Raj Taneja* 3, Kasturba Samadhi Road, near Aga Khan Palace, off Nagar Road, Yerwada, Pune 411 014, Maharashtra, India *DIN*: 00328668 *Occupation*: Industrialist *Term:* Liable to retire by rotation	Indian	44	**Indian Companies** **Private Limited Companies** a) Fair Millennium Trading and Investment Company Private Limited **Public Limited Companies** a) ISMT Limited b) Taneja Aerospace and Aviation Limited c) Structo Hydraulics India Limited **Foreign Companies** a) Indian Seamless Inc. b) Structo Hydraulics AB, Sweden
Nandita Lakshmanan **Independent Director** *D/o. I. Gopalakrishnan*	Indian	41	**Indian Companies** **Private Limited Companies** a) PRactice Strategic Communications India Private Limited

Name, Designation, Father's Name, Address, DIN, Occupation and Term	Nationality	Age (years)	Other Directorships/Interests
1/C, Sharanam, Cunningham Road, Bangalore 560 052 Karnataka, India *DIN*: 00213783 *Occupation*: Public Relations Consultant *Term:* Liable to retire by rotation.			**Foreign Companies** *Nil*
Dr. Arjun Kalyanpur **Independent Director** *S/o. Bhaskar Ramkrishna Kalyanpurkar* Villa #19, Regent Place, Whitefield Main Road, Tubrahalli, Bangalore 560 066, Karnataka, India *DIN*: 01605169 *Occupation*: Doctor *Term:* Liable to retire by rotation.	Indian	46	**Indian Companies** **Private Limited Companies** a) Teleradiology Solutions Private Limited b) Telerad Tech Private Limited c) Telerad RXDX Healthcare Private Limited d) DF Power Systems Private Limited **Foreign Companies** *Nil*
Nithin Bagamane **Independent Director** *S/o. (Late)* Bhoje Gowda No. 69, Lavelle Road, 2nd Cross, Bangalore 560 001 Karnataka, India *DIN*: 00136704 *Occupation*: Business *Term:* Liable to retire by rotation.	Indian	47	**Indian Companies** **Private Limited Companies** a) Alps Granites Private Limited b) Alps Stone Private Limited c) Rajagiri and Sankhan Estates Private Limited d) Elephanta Business Consultancy Services Private Limited e) Kurkenmutty Estates Private Limited f) Fountain Real Estates & Developers Private Limited g) Tanglin Retail Reality Developments Private Limited **Public Limited Companies** a) Tanglin Developments Limited b) Ganga Coffee Curing Works Limited c) Giri Vidyuth (India) Limited d) Kesar Marble and Granite Limited **Foreign Companies** *Nil* **Proprietorships** a) Bagamane Enterprises b) Workwell Services

** Re-appointed on June 25, 2011 at our Annual General Meeting, for a further period of six months from the date of expiry of his term (April 1, 2012), at the same terms of remuneration (the terms of remuneration being subject to Central Government approval whenever applicable)*

All the Directors of our Company, except for Hitoshi Matsuo and Tadao Kuwashima, are Indian nationals. Further, none of our Directors are related to each other.

Brief Biographies of our Directors

Mohib N. Khericha, Non Executive Chairman of our Company since July 5, 2001. He has completed his Bachelor of Commerce degree from Gujarat University. He is also a fellow member of the Institute of Chartered Accountants of India. He has over 40 years of work experience in capital structuring, restructuring, financial management and loan syndication before venturing into merchant banking in the year 1994. He is on board of various public limited and private limited companies as an Independent Director. Currently, he is the Managing Director of Chartered Capital And Investment Limited, a listed company which is into Investment Banking Services.

Hitoshi Matsuo, Managing Director of our Company since February 16, 2001. He has completed his Master of Engineering (Electrical Engineering) from Kanazawa University. He has over 44 years of work experience in high voltage vacuum contactor design, power plant engineering and power plant sales. Prior to joining our Company he was working with Toyo Denki as General Manager. He is responsible for managing the Japan business operations of our Company.

Nikhil Kumar, Joint Managing Director of our Company since October 1, 2001. He has completed his Bachelor of Engineering from Karnataka Regional Engineering College, Suratkal. He has also studied General Management in Harvard Business School in 1997. He has over 20 years of work experience in the manufacturing business of electrical rotating machines. He has worked in Kirloskar Electric Company from 1990 to 2000 as a General Manager in charge of their Bangalore factory. He is responsible for overall management of our Company's operations, strategic planning, technology alliances and sales and marketing.

Tadao Kuwashima, Director of our Company since August 28, 2006. He has completed his engineering from Tokyo University. He has over 45 years of work experience in power equipment, manufacturing and quality industry. He has been working with Toyo Denki, Japan for over 35 years until January 2002 and joined our company in February 2002. He is responsible for product design and quality functions in our Company.

Salil Baldev Taneja, Independent Director of our Company since January 13, 2011. He has completed his Bachelor of Science in Mechanical Engineering from Case Western Reserve University, Cleveland, Ohio and Masters in Public and Private Management from Yale University, New Haven, Connecticut. He has over 18 years of work experience in business, industry and corporate management. Currently, he is the Chairman of Taneja Aerospace and Aviation Limited and Chief Executive Officer of ISMT Limited.

Nandita Lakshmanan, Independent Director of our Company since January 13, 2011. She has completed her Master of Arts in English Literature from Delhi University. She has over 10 years of work experience in public relations consultancy. She was the founder and Chief Executive Office of The Practice, a public relations firm specialising in technology, healthcare, education and consumer domains. She has also served the Public Relations Consultants Association of India (PRCAI) as President from 2006 to 2008. Currently she heads the knowledge forum at PRCAI and is also on the board of Dream a Dream, a non government organisation focused on impartial life skills to children.

Dr. Arjun Kalyanpur, Independent Director of our Company since January 13, 2011. He has completed his Bachelor of Medicine, Bachelor of Surgery (MBBS) from All India Institute of Medical Sciences, Delhi. He has completed fellowships in Diagnostic Radiology, Section of Ultrasound, CT and MRI (body) from The New York Hospital-Cornell Medical Centre in 1994 and fellowships in Diagnostic Radiology, Section of Neuroradiology from Yale University School of Medicine in 1995. He has received a certification from the American Board of Radiology in 1998. He is also an assistant clinical professor at Department of Diagnostic Radiology at Yale University School of Medicine. He received the Modern Medicare Excellence Award for the Entrepreneur of the Year award in 2007. He has over 10 years of work experience in diagnostic radiology and internal medicine.

Nithin Bagamane, Independent Director of our Company since January 13, 2011. He has completed his Bachelor of Arts from St. Joseph College of Arts and Science, Bangalore. He has over 20 years of work experience in business and industry. He is associated with manufacture and export of granite products as well as real estate and construction activities for the past twenty years. Currently, he manages a Special Economic Zone for IT activity consisting of 125 Acres in Bangalore.

Remuneration of our Executive Directors

The details of the remuneration paid to our Executive Directors during the last Fiscal are as follows:

Hitoshi Matsuo

Hitoshi Matsuo was re-appointed as managing director from April 1, 2008 for a term of four years pursuant to a letter dated March 25, 2008 in continuation of an earlier agreement dated April 1, 2002. As per the above agreements, the monthly salary is subject to an increase of 10% every year until March 31, 2012. Pursuant to the Board resolution dated May 30, 2011, the basic salary paid to Hitoshi Matsuo was increased to Rs. 1.00 million per month with effect from April 1, 2011 with an annual increase of 10.00% every year. The other terms of his remuneration and employment include the following:

Particulars	Remuneration
Commission	At 3.00% of the profits of our Company (profit before tax)
Provident Fund	Company's contribution shall not exceed 12.00% of Hitoshi Matsuo's salary
Gratuity	Half months salary for each completed year of service
Other Benefits	• Reimbursement of telephone expenses and running expenses of the car used for official purposes • Privilege leave at the rate of one month for every completed year of service as per the rules of our Company • Casual and sick leave as per the rules of our Company • In the event of termination by the Company before the contract period, a compensation for the unexpired of the contract shall be paid at the same terms had the contract been continued

Further, he has been re-appointed as Managing Director pursuant to a resolution of the shareholders passed on June 25, 2011 for a further period of six months commencing from April 1, 2012 at the same terms of remuneration (the terms of remuneration being subject to Central Government approval whenever applicable). Additionally, an agreement dated June 25, 2011 was executed with the Company extending his term for a period of six months from April 1, 2012

The remuneration (including salary, commission and allowances) paid to Hitoshi Matsuo for the financial year 2011 was Rs. 35.65 million. See section titled "Financial Information" on page 162.

Nikhil Kumar

Nikhil Kumar was re-appointed as Joint Managing Director from the date of conversion of our Company to a public limited company (i.e. January 17, 2011) for a period of five years pursuant to a Board resolution dated May 30, 2011 and resolution passed by the shareholders at the annual general meeting dated June 25, 2011. The terms of his remuneration and employment as per agreement dated May 30, 2011 (subject to the central government approval whenever applicable) shall include the following:

Particulars	Remuneration
Basic Salary	Rs. 1.00 million per month from January 17, 2011 with an annual increase of 10.00% from October 1 every year
Commission	At 7.00% of the profits of our Company (profit before tax) with effect from January 17, 2011
Provident Fund	Company's contribution shall not exceed 12. 00% of Nikhil Kumar's salary
Gratuity	Half months salary for each completed year of service
Other Benefits	• Company to provide residential accommodation • Reimbursement of actual expenses incurred on travel and stay outside Bangalore on Company's work • Reimbursement of medical expenses of a sum not exceeding one month's salary in each year • Reimbursement of telephone expenses and running expenses of the car used for official purposes • Privilege leave at the rate of one month for every completed year of service as per the rules of our Company • Casual and sick leave as per the rules of our Company • Leave travel assistance not exceeding one month's salary in each year • In the event of termination by the Company before the contract period, a compensation for the unexpired period of the contract shall be paid at the same

Particulars	Remuneration
	terms had the contract been continued

The remuneration (including salary, commission and allowances) paid to Nikhil Kumar by our Company for the financial year 2011 was Rs. 37.74 million. See section titled "Financial Information" on page 162.

Additionally, the terms of his remuneration and employment as per agreement dated September 1, 2009 with our Subsidiary, DF Power Systems Private Limited include the following:

Particulars	Remuneration
Basic Salary	Rs. 0.25 million per month with an annual increase of 15.00% from April 1, every year
Commission	At 7.50% of the profits of our Subsidiary (profit before tax)
Provident Fund	Subsidiary's contribution shall not exceed 12. 00% of Nikhil Kumar's salary
Gratuity	Half months salary for each completed year of service
Other Benefits	• Reimbursement of actual expenses incurred on travel and stay outside Bangalore on Subsidiary's work • Reimbursement of medical expenses of a sum not exceeding one month's salary in each year • Reimbursement of telephone expenses and running expenses of the car used for official purposes • Privilege leave at the rate of one month for every completed year of service as per the rules of our Subsidiary • Casual and sick leave as per the rules of our Subsidiary • Leave travel assistance not exceeding one month's salary in each year • In the event of termination by the Subsidiary before the contract period, a compensation for the unexpired period of the contract shall be paid at the same terms had the contract been continued

However, he shall have the liberty to draw the remuneration either wholly from the Company, and our Subsidiary or partly from both, subject to the condition that he shall draw the highest of the remuneration approved by the Company or the Subsidiary.

Tadao Kuwashima

Tadao Kuwashima was re-appointed as Director from September 1, 2009 for a term of three years pursuant to a board resolution July 1, 2009 and a letter dated July 2, 2009. Further, pursuant to a board resolution dated July 19, 2010 and a letter dated August 2, 2010, the terms of his remuneration were revised to include the following:

Particulars	Remuneration*
Basic Salary	Rs. 0.70 million per month with an annual increment of 10.00% per annum effective August 1 of every year
Provident Fund	Company's contribution shall not exceed 12.00 % of Tadao Kuwashima's salary
Other Benefits	• Ex-Gratia not exceeding two months' salary on cost to company as may be decided by the Board annually • Gratuity at half months salary for every completed year of service • Reimbursement of telephone expenses and running expenses of the car used for official purposes • Privilege leave at the rate of one month for every completed year of service as per the rules of our Company • Casual and sick leave as per the rules of our Company

**The terms of remuneration being subject to Central Government approval whenever applicable*

The remuneration (including salary, ex-gratia and allowances) paid to Tadao Kuwashima for the financial year 2011 was Rs. 10.03 million. See section titled "Financial Information" on page 162.

Please see Risk Factor titled "*Upon the listing of the equity shares of our Company we would be required to obtain the approval from the Central Government for the remuneration payable to our whole time directors*" on page 23.

Remuneration of our Non-Executive Directors

The Non-Executive Directors of our Company are paid sitting fees of Rs. 20,000 per meeting of the Board or any other Committee of the Board as of January 13, 2011.

Details of Borrowing Powers of Our Directors

Our Company's Articles of Association, subject to the provisions of Section 293(1) (d) of the Companies Act authorize our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our Company, through a resolution passed at the EGM held on February 16, 2011, authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid-up capital of our Company and its free reserves, not exceeding Rs. 3,000.00 million at any time.

Payment or Benefit to Officers of Our Company

Except as stated in this Prospectus, no amount or benefit has been paid within the two preceding years or is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors. None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. The Directors have no interest in any property acquired by the Company within two years of the date of this Prospectus.

One of our Directors, Mohib N. Khericha, has received Rs. 2.40 million from our Company as rent for leasing out his premises at Mumbai for the period ended March 31, 2011.

Except as stated in the sections titled "Our Promoter - Common Pursuits and Interests of Promoters" on page 154 and details on related party transactions on pages 176 and 196, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares with the Stock Exchanges. We believe we have complied with the requirements of corporate governance contained in the Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as an Audit Committee, Shareholder Grievance Committee and Remuneration Committee.

We have a Board constituted in compliance with the Companies Act and the Listing Agreement with the Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Currently our Board has eight Directors consisting of our Non Executive Chairman, who is one of our individual Promoters, Managing Director and Joint Managing Director, both of them being our individual promoters, one executive Director and four independent Directors and are in compliance with the requirements of Clause 49 of the Listing Agreement.

Audit Committee

The Audit Committee was constituted by our Directors at the meeting of the Board held on February 10, 2011 to ensure the objectivity, credibility and correctness of our Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The Audit Committee consists of Nithin Bagamane as Chairman, Dr. Arjun Kalyanpur, Salil Baldev Taneja and Mohib N. Khericha as members of the committee. One Audit Committee meeting was held during the preceding financial year.

The terms of reference of the Audit Committee include:

1. Overseeing the Company's financial reporting process and disclosure of its financial information;

2. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee;

3. Approval of payments to the statutory auditors for any other services rendered by them;

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

    i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act;

    ii. Changes, if any, in accounting policies and practices and reasons for the same;

    iii. Major accounting entries involving estimates based on the exercise of judgment by management;

    iv. Significant adjustments made in the financial statements arising out of audit findings;

    v. Compliance with listing and other legal requirements relating to financial statements;

    vi. Disclosure of any related party transactions; and

    vii. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

7. 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;

8. Discussion with internal auditors any significant findings and follow up thereon;

9. 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;

10. 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;

11. 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;

12. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

13. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/ letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and

14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The powers of the Audit Committee shall include the power:

1. to investigate activity within its terms of reference;

2. to seek information from any employees;

3. to obtain outside legal or other professional advice; and

4. to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;

2. statement of significant related party transactions;

3. internal audit reports relating to internal control weaknesses;

4. the appointment, removal and terms of remuneration of the Chief Internal Auditor; and

5. review of the financial statements of the unlisted subsidiary Company(ies), in particular, the investments made by them, if any.

The Audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement.

Share Allotment, Transfers and Investor Grievance committee

The Share Allotment, Transfers and Investor Grievance committee was constituted by our Directors at the meeting of the Board held on February 10, 2011. The Share Allotment, Transfers and Investor Grievance committee is responsible for the redressal of shareholder grievances. The Share Allotment, Transfers and Investor Grievance committee consists of Salil Baldev Taneja as the Chairman, Dr. Arjun Kalyanpur, Nandita Lakshmanan and Mohib N. Khericha as the member of the committee.

The terms of reference of the Share Allotment, Transfers and Investor Grievance committee include:

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc;

2. Allotment and listing of shares;

3. Reference to statutory and regulatory authorities for investors grievances; and

4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Remuneration Committee

The Remuneration Committee was constituted by our Directors at the meeting of the Board held on February 10, 2011. The Remuneration Committee consists of Dr. Arjun Kalyanpur as the Chairman, Salil Baldev Taneja, Nandita Lakshmanan and Mohib N. Khericha as members of the committee.

The terms of reference of the Remuneration Committee include:

1. Framing suitable policies and systems to ensure that there is no violation, by an Employee or the Company of any applicable laws in India or overseas, including:

    i. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or

    ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995;

2. Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments;

3. Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("**ESOP Guidelines**"), in particular, those stated in Clause 5 of the ESOP Guidelines; and

4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

IPO Committee

The IPO Committee was constituted by our Directors at the meeting of the Board held on February 18, 2011. The IPO Committee is responsible for undertaking and monitoring all activities in relation to the Issue. The IPO Committee consists of Mohib N. Khericha, Nikhil Kumar and Nandita Lakshmanan.

Shareholding of Our Directors in our Company

Except as provided hereunder, no other Directors hold any shares in the share capital of our Company.

Sl. No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Nikhil Kumar	5,138,664	21.08	15.46
2.	Hiotoshi Matsuo	4,235,244	17.38	12.74
3.	Mohib N. Khericha	1,846,860	7.58	5.56
4.	Tadao Kuwashima	231,507	0.95	0.70

Changes in Our Board During the Last Three Years

Sl. No	Name	Date of Change	Reason
1.	Salil Baldev Taneja	January13, 2011	Appointment
2.	Nandita Lakshmanan	January 13, 2011	Appointment
3.	Dr. Arjun Kalyanpur	January 13, 2011	Appointment
4.	Nithin Bagamane	January 13, 2011	Appointment

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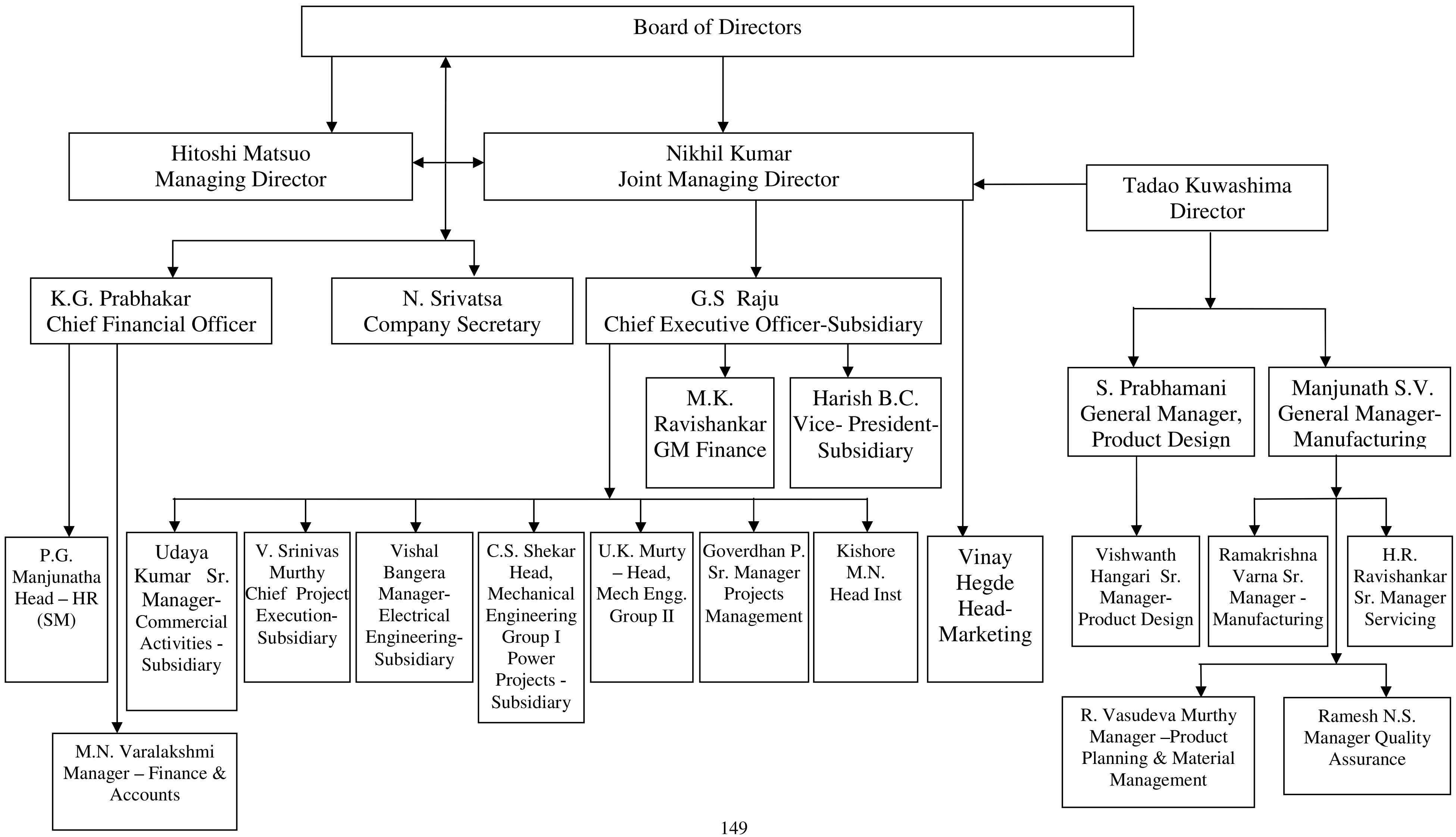
Managerial Organisation Structure



Key Management Personnel

For a brief biography of Mohib N. Khericha, Chairman, Hitoshi Matsuo, Managing Director and Nikhil Kumar, Joint Managing Director see the section titled "Our Management - Brief Biographies of our Directors" on page 141. The biographies of our other Key Management Personnel are as follows:

Our Company

K.G. Prabhakar, 55 years, Chief Financial Officer. He has completed his Bachelor of Commerce from Mysore University and is a Chartered Accountant from The Institute of Chartered Accountants of India. He has over 28 years of work experience in accounting, corporate finance, and tax management. Prior to joining our Company he was working with Kirloskar Electrical Company Limited. He joined our Company on October 19, 2001. He is currently responsible for accounting, corporate finance and tax management in our Company. The remuneration paid to him in Fiscal 2011 is Rs. 4.39 million.

Manjunath S.V., 54 years, General Manager, specific business unit, manufacturing head of our Company. He has completed his Bachelor of Engineering from Bangalore University and his Master of Business Administration from Central College, Bangalore. He has over 28 years of work experience in manufacturing of power equipment. Prior to joining our Company he was working with Kirloskar Electrical Company Limited for 18 years. He joined our Company on June 1, 2001. He is currently responsible for manufacturing operations in our Company. The remuneration paid to him in Fiscal 2011 is Rs. 3.74 million.

N. Srivatsa, 52 years, Company Secretary, heading legal, secretarial and compliance functions of our Company. He has completed his Bachelor of Commerce from the Bangalore University and is a Company secretary from the Institute of Company Secretaries of India. He has over 20 years of work experience in corporate legal, banking, secretarial and practice areas. He joined our Company on July 8, 2010. Prior to joining our Company he was working with Kingfisher Airlines Limited as associate vice president and company secretary. He is currently responsible for legal, secretarial and compliance functions in our Company. The remuneration paid to him in Fiscal 2011 is Rs. 2.14 million.

S. Prabhamani, 51 years, General Manager, product design of our Company. She has completed Master of Technology from Indian Institute of Technology, Delhi. She has over 27 years of work experience in product design. Prior to joining our Company she was working with Kirloskar Electrical Company Limited. She joined our Company on June 1, 2001. She is currently responsible for product design and engineering in our Company. The remuneration paid to her in Fiscal 2011 is Rs. 2.78 million.

M.N. Varalakshmi, 42 years, Manager, heading financial accounting of our Company. She has completed her Bachelor of Commerce from Pune University and a cost accountant from the Institute of Cost and Works Accountants of India. She has over 17 years of work experience in cost and financial accounting. Prior to joining our Company she was working with Kirloskar Electrical Company Limited. She joined our Company on November 7, 2001. She is currently responsible for financial accounting and taxation in our Company. The remuneration paid to her in Fiscal 2011 is Rs. 1.75 million.

Vishwanath Hangari, 46 years, Senior Manager, product design of our Company. He has completed his Master of Technology from Indian Institute of Technology, Chennai. He has over 23 years of work experience in rotating machines (AC motors and generators) design, simulation and analysis, development and testing. He has worked with Kirloskar Electrical Company Limited for twelve years, GE Global Technology Centre, Hyderabad for 5 years and Cummins Generator Technologies, Pune for 3 years. Prior to joining our Company he was working with Cummins Generator Technologies Limited, Pune. He joined our Company on March 19, 2008. He is currently responsible for engineering AC Generators in our Company. The remuneration paid to him in Fiscal 2011 is Rs. 2.67 million.

Ramakrishna Varna, 41 years, Senior Manager, manufacturing head of our Company. He has completed his Bachelor of Engineering from Bangalore University and his Master of Business Administration from Central College, Bangalore. He has over 17 years of work experience in the manufacturing industry. Prior to joining our Company he was working with Kirloskar Electrical Company Limited. He joined our Company on June 1, 2001. He is currently responsible for production of AC Generators in our Company. The remuneration paid to him in Fiscal 2011 is Rs. 2.30 million.

R. Vasudeva Murty, 52 years, Manager, heading product planning and materials management of our Company. He has completed his Master of Commerce from Central College, Bangalore. He has over 29 years of work experience in production planning and material management. Prior to joining our Company he was working with Kirloskar Electrical Company Limited for about 20 years. He joined our Company on June 1, 2001. He is currently responsible for product planning and procurement functions in our Company. The remuneration paid to him in Fiscal 2011 is Rs. 1.71 million.

Vinay Hegde, 40 years, Marketing Head of our Company. He has completed his Bachelor of Engineering from Nitte Mahalinga Adyantaya Institute of Technology, Mangalore. He has over 17 years of work experience in marketing of generators and power plants. He has worked with CG Newage (a joint venture of Crompton Greaves and Newage international UK). Prior to joining our Company he was working with CG Newage Electrical (India) Limited (presently called as Cummins Generator Technologies Limited). He joined our Company on October 22, 2001. He is currently responsible for business development and sale of generators and power plants in our Company. The remuneration paid to him in Fiscal 2011 is Rs. 2.15 million.

Our Subsidiary

G.S. Raju, 43 years, Chief Executive Officer of our Subsidiary. He has completed his Bachelor of Engineering from Andhra University and has also completed executive general management programme from Indian Institute of Management, Bangalore. He has over 20 years of work experience in various corporate including EID Parry India Limited. Prior to joining our Subsidiary, he was working with GMR Industries Limited. He joined our Company on October 18, 2001 and was appointed as a Chief Executive Officer of our Subsidiary as of October 1, 2008. He is currently responsible for running the business of our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 5.96 million. He is also entitled to an annual cash bonus of one percent of profit before tax of our Subsidiary, subject to deduction of income tax. Upon termination of his employment with our Subsidiary, he is entitled to such benefits as may be determined by the board of directors of our Subsidiary.

V. Srinivas Murthy, 39 years, Chief Project Execution, heading execution activities under the EPC Business of our Subsidiary. He has completed his Bachelor of Engineering from Gulbarga University. He has over 16 years of work experience in turbo generator erection, commissioning, overhauling, trouble shooting of turbines and operation and maintenance (O&M) of power plants. He has worked with Turbo Machinery Services Private Limited, Lanco Infratech Limited, Sangam India Limited, Nizam Deccan Sugars Limited. Prior to joining our Subsidiary he was working with Nizam Deccan Sugars Limited. He joined our Subsidiary on April 1, 2011. He is currently responsible for erection, commissioning, overhauling and trouble shooting of turbo generators in our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 2.15 million.

Udaya Kumar, 46 years, Senior Manager, heading commercial activities of our Subsidiary. He has completed his Bachelor of Engineering from B.M.S. College of Engineering, Bangalore and Master in Business Administration from Bangalore University. He has over 20 years of work experience in purchase and commercial activities. He has in the past worked with Bharat Earth Movers Limited and Ashok Leyland Limited. He joined our Company on February 9, 2002. He was transferred to our Subsidiary on April 1, 2011. He is currently responsible for purchase, contract execution and commercial activity in our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 2.28 million.

Harish B.C., 43years, Vice-President of our Subsidiary. He has completed his Mechanical engineering from Walchand College of Engineering from Shivaji University. He has over 20 years of work experience in spectrum of energy sector including diesel, gas and coal power generation. Prior to joining our Subsidiary, he has worked with PT Kaltimex Energi, Jakarta, Thermax Limited, Indonesia and Thermax Limited, India. He joined our Company in April 2007 and was later appointed as vice-president of our Subsidiary as on December 1, 2008. He is currently responsible for marketing in our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 2.95 million.

M.K. Ravishankar, 55 years, General Manager-Finance of our Subsidiary. He has completed his Masters in Commerce from Mysore University. He has over 29 years of work experience in finance and accounts. He has worked with Mahindra and Mahindra Limited, Kirloskar Electric Company Limited and Trident Powercraft Private Limited, a unit of Leroy Somer. Prior to joining our Subsidiary he was working with Trident Powercraft Private Limited. He joined our Subsidiary on May 10, 2010. He is currently responsible for finance and administration of our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 2.03 million.

C.S. Shekar, 41 years, Head – Mechanical Engineering Group I Power Projects, of our Subsidiary. He has completed his Bachelor of Engineering from Gulbarga University. He has over 16 years of work experience in system and mechanical engineering. Prior to joining our Company he was working with ENCONS Services Limited, Chennai. He joined our Company on March 20, 2006. He transferred to our Subsidiary DF Power Systems on April 1, 2011. He is currently responsible for the functioning of the mechanical engineering Group I for the Power Projects Business related to STG and BTG scope of activities of a capacity from 20 MW to 150 MW. The remuneration paid to him in Fiscal 2011 is Rs. 2.19 million.

U.K. Murthy, 40 years, Head, Mechanical Engineering Group-II of our Subsidiary. He has completed his Bachelor of Engineering (Mechanical Engineering) from Andhra University, Master of Engineering (Mar and Mechanical Handling) from Andhra University and Post Graduate Diploma in thermal Power Plant from National Power Training Institute, Neyveli. He is also a certified Boiler Operation Engineer (BOE) and Energy Auditor from Bureau of Energy Efficiency (Central Government Body). He has over 13 years of work experience in thermal power plants. He has worked with Bihar State Electricity Board, 880 MW Patratu thermal power station (presently in Jharkhand state) and GMR Industries and Technologies Limited, in GMR Group of Industries. Prior to joining our Company he was working with NRI Power Projects Private Limited. He joined our Company on September 3, 2007 and with effect from December 1, 2008, he has been part of the Head-Mechanical Group of our Subsidiary. He is currently responsible for the Mechanical Engineering Group -II in our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 1.94 million.

Goverdhan P., 37 years, Head, Project Management of our Subsidiary. He has completed his Bachelor of Technology from NBKR Institute of Science and Technology, Sri Venkateswara University, Post Graduate Diploma in Finance Management from K.J. Somaiyya Institute of Management Studies and Research, Mumbai, Post Graduate Diploma in International Trade, Narsee Monjee Institute of Management Studies, Mumbai and is a Qualified Project Management Professional (QPMP) from Project Management Associate, (Level-D certification of IPMA-Switzerland). He has over 16 years of work experience in project management. He has worked with Gujarat Ambuja Cements Limited, Mumbai (Currently known as Holcim India Limited), Thermax Limited, Pune, BGR Energy Systems Limited, Chennai and Larsen and Toubro Limited, Vadodara. Prior to joining our Subsidiary he was working with Moser Bear Power Projects Private Limited, Delhi. He joined our Subsidiary on June 16, 2010. He is currently responsible for project management in our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 1.19 million.

Kishore M.N., 59 years, Head, Instrumentation and Control Engineering of our Subsidiary. He has completed his Bachelor of Engineering (Electrical and Electronics Engineering) from University of Madras. He has over 33 years of work experience in instrumentation and control engineering. He has worked with Bharath Heavy Electricals Limited, IDEA Consultants and Shriram EPC Limited. Prior to joining our Subsidiary he was working with Shriram EPC Limited. He joined our Subsidiary on September 4, 2009. He is currently responsible for BTG projects, instrumentation and control engineering in our Subsidiary. The remuneration paid to him in Fiscal 2011 is Rs. 1.05 million.

Vishal Bangera, 39 years, Manager, heading electrical engineering activities for boiler steam turbines projects of our Subsidiary. He has completed his Bachelor of Engineering from NMAMIT, Bangalore. He has over 15 years of work experience in power generation field. He has in the past worked with Trieni Engineering and Industires Limited and Canara Steels Private Limited. Prior to joining our Company he was working with Triveni Engineering and Industries Limited, Bangalore. He joined our Company on January 2, 2002. He was transferred to our Subsidiary DF Power Systems on April 1, 2011. He is currently responsible for the functioning of the electrical engineering (projects) department in our Subsidiary Company. The remuneration paid to him in Fiscal 2011 is Rs. 2.12 million.

All the Key Management Personnel are permanent employees of our Company or our Subsidiary. None of the Key Management Personnel are related to each other.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the Directors or Key Management Personnel were selected as a Director or Key Management Personnel of the Company or otherwise for services rendered by any of the Directors or Key Management Personnel or by any firm or company in which the Director or Key Management Personnel is interested.

Shareholding of the Key Management Personnel

Sl. No.	Name	Number of Equity Shares
1.	G.S. Raju	145,500
2.	K.G. Prabhakar	103,500
3.	Manjunath S.V.	57,750
4.	S. Prabhamani	57,750
5.	Vinay Hegde	57,750
6.	M.N. Varalakshmi	41,250
7.	Ramakrishna Varna	41,250
8.	R. Vasudeva Murthy	41,250
9.	Udaya Kumar	41,250
10.	Vishal Bangera	41,250
11.	C.S. Shekar	41,250
12.	V. Srinivas Murthy	33,000
13.	Harish B.C.	33,000
14.	Vishwanath Hangari	12,000
	Total	**747,750**

Bonus or Profit Sharing Plan of the Key Management Personnel

Our Company does not have any performance linked bonus or profit sharing plan for our Key Management Personnel other than the terms and conditions stated in the employment agreements.

Benefits payable upon termination

Save as otherwise disclosed in this section titled "Our Management" in pages 142 and 143, none of the Directors and Key Management Personnel has entered into service contracts with our Company providing for benefits upon termination of employment.

Changes in the Key Management Personnel

Except as disclosed below, there have been no changes in the Key Management Personnel in the last three years prior to the date of filing this Prospectus.

Name of the Key Managerial Person	Date of joining	Date of leaving	Reason for change
K.G. Prabhakar	-	-	Change in designation
N. Srivatsa	July 8, 2010	-	Appointment
G.S. Raju	-	-	Change in designation
Harish B.C	-	-	Change in designation
M.K. Ravishankar	May 10, 2010	-	Appointment
U.K. Murthy	-	-	Change in designation
Goverdhan P.	June 16, 2010	-	Appointment
Kishore M.N.	September 4, 2009	-	Appointment
Udaya Kumar	-	April 1, 2011	Transfer to Subsidiary
C. S. Shekar	-	April 1, 2011	Transfer to Subsidiary
Vishal Bangera	-	April 1, 2011	Transfer to Subsidiary
V. Srinivas Murthy	-	April 1, 2011	Transfer to Subsidiary

The transfer of Key Management Personnel from our Company to our Subsidiary with effect from April 1, 2011 was to strengthen the execution capabilities of our Subsidiary and help grow its business thereby also facilitating the growth of our Company. The transfer was also done to build and maintain a synergy between the operations of our Company and our Subsidiary and to effectively execute projects.

OUR PROMOTERS

The individual promoters of our Company are:

1. Mohib N. Khericha
2. Hitoshi Matsuo; and
3. Nikhil Kumar.

The corporate promoter of our Company is Saphire Finman Services Private Limited.

The details of our Promoters are as follows:

Mohib N. Khericha

Driving license No.: GJ01-084344-03

Passport No.: Z1025672

PAN: AGMPK8152H

Voter's Identity: HE1329564

Personal Address: #4, Saritakunj Society, Opp. NID Hostel, PT College Road, Paldi, Ahmedabad, Gujarat 380 007

Hitoshi Matsuo

Driving license No.: He does not have a driving license

Passport No.: P-JPN-TH3393371

PAN: AHSPM4165B

Voter's Identity: He does not have a Voter's Identity Card

Personal Address: Minamidai, Sagamihara City Kanagawa-Ken, Japan

Nikhil Kumar

Driving license No.: KA04/1074/85

Passport No.: Z1911498

PAN: ACIPK5127G

Voter's Identity: He does not have a Voter's Identity Card

Personal Address: #21, 17th cross, Malleswaram West, Bangalore 560 055

Mohib N. Khericha, 59 years, is one of our Promoters. For details, see the section titled "Our Management" on page 138.

Hitoshi Matsuo, 67 years, is one of our Promoters. For details, see the section titled "Our Management" on page 138.

Nikhil Kumar, 43 years, is one of our Promoters. For details, see the section titled "Our Management" on page 138.

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our individual Promoters have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

Our Corporate Promoter

Saphire Finman Services Private Limited ("Saphire Finman")

Saphire Finman, a company duly incorporated under the Companies Act on June 26, 2009 as a private limited company. It is engaged in the business of consultancy, portfolio management and advisory services. Its registered office is situated at 711, Mahakant Building, Opp. V.S.Hospital, Ellisbridge, Ahmedabad 380 005, Gujarat, India. The directors of Saphire Finman are Mohib N. Khericha and Sofia Khericha

It is promoted by Mohib N. Khericha and its shares are not listed on any stock exchange. It has also not been declared as a wilfull defaulter.

Saphire Finman has not made a public or a rights issue in the preceding three years. Also it has not become a sick company under SICA and is not under winding up.

Shareholding

S.No	Shareholder	Number of shares	Percentage (%)
1.	Mohib N. Khericha	150,000	33.33
2.	Sofia Khericha	50,000	11.11
3.	Foziya Akil Contractor	50,000	11.11
4.	Akhil A. Contractor	50,000	11.11
5.	Shabnam M. Khericha	50,000	11.11
6.	Motiben N. Khericha	50,000	11.11
7.	Mobina M. Khericha	50,000	11.11
	TOTAL	**450,000**	**100.00**

Summary Audited Financial Performance

(Rs. in million except per share data)

	For the year ended March 31, 2010
Sales and other income	5.33
Profit/Loss after tax	5.29
Reserves and Surplus	5.29
Equity capital (par value Rs. 10)	4.50
Earnings per share (in Rs.)	15.64
Book Value per share (in Rs.)	21.75

Source: derived from the audited financials

We confirm that the Permanent Account Numbers, Bank Account Numbers, Company Registration Numbers and addresses of the Registrar of Companies where our Corporate Promoter is registered, has been submitted to the BSE and NSE at the time of filing the Red Herring Prospectus.

Common Pursuits and Interest of Promoters

None of our Promoters are involved in the business of manufacturing generators or implementing power plant projects.

Our Promoters are interested in us to the extent that they have promoted our Company and their shareholding in us. Further, our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them.

One of our individual Promoters, Mohib N. Khericha, received Rs. 2.40 million from our Company as rent for leasing out his premises at Mumbai for the period ended March 31, 2011.

Further, our individual Promoters are also directors on the boards of or members of certain Promoter Group/Group Entities and they may be deemed to be interested to the extent of the payments made by us, if any, to these Promoter Group/Group Entities. For further interest, of our Directors, see the section titled "Our Management - Interests of Directors" on page 144.

Except as stated in related party transactions on pages 176 and 196, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the

Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by us other than in the normal course of business.

Confirmations

Further, our Promoters have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of our Promoters have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

Further, none of the Promoters was or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

Payment or Benefit to Promoters

Except as stated in related party transactions" on page 176 and 196, no amount or benefit has been paid or given to any Promoter within the two years preceding the date of filing of this Prospectus and no such amount or benefit is intended to be paid.

Disassociation by the Promoters in the last three years

Nil

GROUP ENTITIES

Companies forming part of our Group Companies

The following are the list of entities forming part of the Group Companies:

1. Nilarya Trading and Developers Private Limited
2. Chartered Capital and Investment Limited
3. Bangalore Beers and Wines

Details of our Group Companies are provided below:

1. Nilarya Trading and Developers Private Limited

Corporate Information

Nilarya Trading and Developers Private Limited, a company incorporated on April 26, 2007 originally as Nilarya Trading Private Limited, under the laws of India, is engaged in the business as dealers, suppliers, importers, exporters, wholesalers, retailers, distributors, agents and sub-agents, stockists, bottler, packers and processing of malt, malt extract, beer, Indian made liquors, gin, country and foreign wines, rum, spirit, country, liquour, brewery, etc. Pursuant to a change of name to Nilarya Trading and Developers Private Limited, a fresh certificate of incorporation was issued by the RoC on April 20, 2010. Pursuant to the extraordinary general meeting held on December 16, 2009, the objects of Nilarya Trading and Developers Private Limited was amended to include the dealing and development of land, buildings and real estates of all kinds.

The authorised share capital of Nilarya Trading and Developers Private Limited is Rs. 10,000,000 divided into 1,000,000 equity shares of Rs. 10 each and the issued, subscribed and paid-up capital of Nilarya Trading and Developers Private Limited is Rs. 5,200,000 divided into 520,000 equity shares of Rs. 10 each. Our Promoter, Nikhil Kumar holds 30.77% of the issued and paid-up capital of Nilarya Trading and Developers Private Limited. The remaining equity shares of Nilarya Trading and Developers Private Limited are held by Lavanya Sankaran. The equity shares of Nilarya Trading and Developers Private Limited are not listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

Summary Audited Financial Information

(Rs. in million, except per share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital	5.20	4.20	0.10
Reserves (excluding revaluation reserves) and surplus	132.49	83.43	0.14
Income (including other income)	7.04	7.33	6.81
Profit After Tax	0.05	(0.00)*	0.14
Earning Per Share (face value 10 each)	0.13	(0.20)	18.31
Net asset value per share	264.79	208.65	24.36
Diluted EPS	0.13	(0.20)	18.31

**Less than Rs. 0.01 million*
Source: derived from the audited financials

2. Chartered Capital and Investment Limited

Corporate Information

Chartered Capital and Investment Limited, a company incorporated on March 21, 1986, under the laws of India, is engaged in the business of advising and/or consulting in matters relating to investment, finance, administration, management, manufacturing and production. It was converted to a public company on November 16, 1994. Chartered Capital and Investment Limited is registered with SEBI as a Category I Merchant Banker with the registration number INM000004018.

The authorised share capital of Chartered Capital and Investment Limited is Rs. 70,000,000 divided into 7,000,000 equity shares of Rs. 10 each and the issued, subscribed and paid-up capital of Chartered Capital and Investment Limited is Rs. 30,116,000 divided into 3,011,600 equity shares of Rs. 10 each.

Further, there have been no enquiries or investigations conducted by SEBI at any time against Chartered Capital and Investment Limited. No penalties (including any deficiency/warning letters, adjudication proceedings, suspension/cancellation/prohibitory orders) have been imposed by SEBI against Chartered Capital and Investment Limited. There are no outstanding fees payable to SEBI by Chartered Capital and Investment Limited.

For details in relation to litigation of Chartered Capital and Investment Limited, refer section titled "Outstanding Litigation and Material Developments" on page 232.

The shareholding of Chartered Capital and Investment Limited as of June 30, 2011 is as follows:

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		*Shares Pledged or otherwise encumbered*	
					As a percentage (%)of (A+B) (VI)	As a percentage (%)of (A+B+C) (VII)	*Number of shares (VIII)*	*As a percentage (%) (IX)= (VIII)/(IV) *100*
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	7	1,559,000	1,554,000	51.77	51.77	-	-
(b)	Central Government/ State Government(s)							
(c)	Bodies Corporate							
(d)	Financial Institutions/ Banks							
(e)	Any Other (Trust)							
	Sub-Total (A)(1)	**7**	**1,559,000**	**1,554,000**	**51.77**	**51.77**	**-**	**-**
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)							
(b)	Bodies Corporate							
(c)	Institutions							
(d)	Any Other (specify)							
	Sub-Total (A)(2)	**-**	**-**		**-**	**-**	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**7**	**1,559,000**	**1,554,000**	**51.77**	**51.77**	**-**	**-**
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI							
(b)	Financial Institutions/ Banks							
(c)	Central Government/ State Government(s)							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors							

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		*Shares Pledged or otherwise encumbered*	
					As a percentage (%)of (A+B) (VI)	As a percentage (%)of (A+B+C) (VII)	*Number of shares (VIII)*	*As a percentage (%) (IX)= (VIII)/(IV) *100*
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
	Sub-Total (B)(1)		**Nil**		**Nil**	**Nil**		
(2)	Non-institutions							
(a)	Bodies Corporate	33	289,638	289,638	9.62	9.62		
(b)	Individuals - Individual shareholders holding nominal share capital up to Rs. 1 lakh.	748	408,870	297,840	13.58	13.58		
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	17	601,006	601,006	19.95	19.95		
	Any Others (Specify)	**13**	**153,086**	**153,086**	**5.08**	**5.08**		
	Clearing members	5	12,761	12,761	0.42	0.42		
	Non resident Indians	2	325	325	0.01	0.01		
	Trusts	6	140,000	140,000	4.65	4.65		
	Sub-Total (B)(2)	**811**	**1,452,600**	**1,341,270**	**48.23**	**48.23**		
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**811**	**1,452,600**	**1,341,270**	**48.23**	**48.23**		
	TOTAL (A)+(B)	**818**	**3,011,600**	**2,895,270**	**100.00**	**100.00**		
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
	GRAND TOTAL (A)+(B)+(C)	**818**	**3,011,600**	**2,895,270**	**100.00**	**100.00**		

Summary Audited Financial Information

(Rs. in million, except per share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital	30.12	30.12	30.12
Reserves (excluding revaluation reserves) and surplus	117.46	92.20	82.95
Income (including other income)	56.18	38.27	86.55
Profit After Tax	25.25	9.25	39.86
Earning Per Share (face value Rs. 10 each)	8.39	3.07	13.24
Net asset value per share	49.00	40.62	37.55
Diluted EPS	8.39	3.07	13.24

Source: derived from the audited financials

Share Price Information

The equity shares of Chartered Capital and Investment Limited are listed on The Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

The monthly high and low of the market price of the equity shares of Chartered Capital and Investment Limited having a face value of Rs. 10 each on The Bombay Stock Exchange Limited for the last six months is as follows:

Month	High (Rs.)	Low (Rs.)
July 2011	47.65	40.05
June 2011	46.00	40.00
May 2011	50.40	40.15
April 2011	48.60	37.80
March 2011	62.50	41.70
February 2011	57.50	42.40

Source: Bombay Stock Exchange Limited

The equity shares of Chartered Capital and Investment Limited though listed on the Ahmedabad Stock Exchange Limited have not been traded in the said exchange during the last six months.

3. Bangalore Beers and Wines

Corporate Information

Bangalore Beers and Wines, a sole proprietorship business owned by Nikhil Kumar, is engaged in the business of retailing alcoholic beverages in Bangalore under a license from the Government of Karnataka, currently valid up to June 30, 2012. Bangalore Beers and Wines commenced its business in January 2008.

Summary Audited Financial Information

(Rs. in million, except per share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Capital	1.75	1.63	1.04
Income (including other income)	18.44	9.26	0.64
Profit after taxation	0.11	0.08	(0.06)
Reserves (excluding revaluation reserves) and surplus	NA	NA	NA
Earning Per Share (face value Rs. 10 each)	NA	NA	NA
Net asset value per share	NA	NA	NA
Diluted EPS	NA	NA	NA

Source: derived from the audited financials

Group Companies with negative net worth

None of our Group Companies have negative net worth.

Other Confirmations

Further, Group Companies have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of the Group Companies have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

None of our Group Companies have made any public or rights issues during the last three years.

Litigation

For details relating to the legal proceeding involving the Promoters and Group Companies, see the section titled “Outstanding Litigation and Material Developments” on page 232.

Common Pursuits

None of our Group Companies are involved in the business of manufacturing generators or implementing power plant projects.

Sick Company

None of the Group Companies have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of the Group Companies, to the Registrar of Companies for striking off their names. Additionally, none of our Group Companies have become defunct in the five years preceding the filing of this Prospectus.

Sales or purchase between Group Companies/Subsidiary

Please see the section titled "Financial Information" on page 162 for details.

Business Interest of Group Companies in the Company

None of the Group Companies and Subsidiary has any business interest in the Company, except as disclosed in related party transactions on pages 176 and 196.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of our Company. The following is a restated consolidated statement of the dividend paid by our Company in Fiscals 2011, 2010, 2009, 2008 and 2007.

(Rs. in million)

Financial Year Ended March 31, 2010	**Face value (Rs.)**	**March 31, 2011***	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Class of Shares						
Equity Share Capital	10	243.70	63.44	63.44	63.44	43.43
dividend on Equity Shares						
- Rate		20.00%	50.00%	50.00%	25.00%	15.00%
- Amount		56.84	37.11	37.11	14.88	7.62
dividend on Cumulative Redeemable Preference Shares						
- Rate		Nil	Nil	Nil	Nil	Nil
- Amount		Nil	Nil	Nil	Nil	Nil
Corporate Dividend Tax		16.61	5.39	5.39	2.16	1.10

** Dividend for the year ended March 31, 2011 was paid at the rate 20% on the closing outstanding number of shares unlike earlier years where it was paid on weighted average number of shares.*

The amounts paid as dividends in the past are not in any manner indicative of our dividend policy or dividends, if any, that may be declared or paid in the future.

SECTION V – FINANCIAL INFORMATION

Auditors' Report on Restated Standalone Financial Information

Auditors' Report

(As required by Part II of Schedule II of the Companies Act, 1956)

To
The Board of Directors
TD Power Systems Limited
Plot No.27, 28 & 29
KIADB Industrial Area,
Dobuspet, Nelamangala Taluk,
Bangalore- 562 111
India

Dear Sirs,

1 We have examined the attached Restated Standalone financial information of TD Power Systems Limited (formerly TD Power Systems Private Limited) ("the Company"), as attached to this report, stamped and initialled by us for identification and as approved by the Board of Directors, which has been prepared in accordance with Paragraph B, Part-II of Schedule II of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations") as amended, issued by the Securities and Exchange Board of India (SEBI).

2 The preparation and presentation of this financial information is the responsibility of Company's management. Our work has been carried out in accordance with the auditing standards generally accepted in India and in accordance with the Guidance Note on Reports in Company Prospectuses (Revised), issued by the Institute of Chartered Accountants of India ('ICAI'). Our examination was conducted in accordance with the terms of our letter of engagement with the Company, requesting us to carry out work in relation to the Offer Document being issued by the Company in connection with its proposed Initial Public Offer.

3 We have examined the attached Restated Standalone Summary Statement of Assets and Liabilities of the Company as at March 31, 2011, 2010, 2009, 2008 and 2007 the attached Restated Standalone Summary Statement of Profits and Losses and the attached Restated Standalone Summary Statement of Cash Flows for each of the years ended on those dates (Annexure A, B and C) as prepared by the management and approved by the Board of Directors (collectively the "Restated Standalone Summary Statements"). Such Restated Standalone Summary Statements has been arrived at after making such adjustments and regroupings, as in our opinion, are appropriate and more fully described in the Standalone Statement of Significant Accounting Policies and Notes to the Restated Statements appearing in Annexure D4 to this report. The standalone summary statements have been prepared from the audited financial statements of the Company for the years ended March 31, 2011, 2010, 2009, 2008, and 2007 and adopted by the members of the Company in their respective Shareholders' Meetings.

4 Peer Review of our firm has been carried out for the period 01.04.2005 to 31.03.2006, 01.04.2006 to 31.03.2007 and 01.04.2007 to 31.03.2008 and we hold a valid Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India on June 9, 2009 pursuant to the Statement on Peer Review.

5 Based on our examination of the above, we further report that the Standalone Restated Summary Statement of Assets and Liabilities, the related Standalone Restated Summary Statement of Profits and Losses, the related Standalone Restated Summary Statement of Cash Flows and the notes thereon of the Company has been made after incorporating:

(i) adjustments for the material amounts in the respective financial years to which they relate (Note 3 & 4 of Annexure D4); and

Standalone Restated Summary Statement of Assets and Liabilities, the related Standalone Restated Summary Statement of Profits and Losses, the related Standalone Restated Summary Statement of Cash Flows and the notes thereon do not require any restatement, other than mentioned in Annexure D4, since:

i. There are no changes in accounting policies, the impact of which needs adjustment retrospectively in the respective financial years;

ii. There are no extra-ordinary items that need to be disclosed separately in the financial information.

iii. There are no qualifications in the Auditors' Reports that require adjustments.

Based on the above we are of the opinion that the Restated Standalone financial statements have been made in accordance with the SEBI Regulations, after incorporating all the adjustments suggested in the said regulations.

6 Other Financial Information

We have also examined the following standalone financial information of the Company as at and years ended March 31, 2011, 2010, 2009, 2008, and 2007, which are proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors and annexed to this report:

a. Restated Standalone Statement of Dividend paid – Annexure D1
b. Restated Standalone Statement of Restated Secured Loan – Annexure D2
c. Restated Standalone Statement of Restated Sundry Debtors – Annexure D3
d. Restated Standalone Statement of Significant Accounting Policies & Notes on Restated Profit and Loss Account and Restated Assets and Liabilities – Annexure D4
e. Restated Standalone Statement of Other Income – Annexure D5
f. Restated Standalone Statement of aggregate related party transaction – Annexure D6
g. Restated Standalone Statement of Accounting Ratios – Annexure D7
h. Restated Standalone Statement of Capitalisation – Annexure D8
i. Restated Standalone Statement of Restated Unsecured Loan – Annexure D9
j. Restated Standalone Statement of Tax Shelter – Annexure D10
k. Restated Standalone Statement of Restated Segmental Information – Annexure D11
l. Restated Standalone Statement of Restated Loans and Advances – Annexure D12
m. Restated Standalone Statement of Restated Investments – Annexure D13
n. Restated Standalone Statement of Contingent Liabilities – Annexure D14
o. Restated Standalone Statement of Fixed Assets – Annexure D15
p. Restated Standalone Statement of Reserves and Surplus – Annexure D16

7 This report should not be in any way construed as a reissuance or a re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

8 We have no responsibility to update our report for events and circumstances occurring after the date of the report.

9 Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed initial public offering of equity shares of the Company. Our report and the enclosed Annexures should not be used, distributed, referred to, published or relied upon by any person for any other purpose, except with our prior written consent.

For **B K Ramadhyani & Co.,**
Chartered Accountants
Firm Registration No. 002878S

R Satyanarayana Murthi
Partner
Membership No. 024248

Place: Bangalore
Date: July 29, 2011

Annexure A - Restated Standalone Statement of Assets and Liabilities

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
FIXED ASSETS					
Gross Block	1353.25	1,252.57	620.10	460.28	267.11
Less : Depreciation	233.50	155.53	101.44	69.22	49.49
Net Block	1,119.75	1,097.04	518.66	391.06	217.62
Less: Revaluation reserve	-	-	-	-	-
Net Block after adjustment for revaluation reserve	1,119.75	1,097.04	518.66	391.06	217.62
Capital Work in progress (At cost)	20.43	-	8.58	37.35	28.38
Total (A)	**1140.18**	**1,097.04**	**527.24**	**428.41**	**246.00**
INVESTMENT (B)	**204.13**	**33.05**	**3.55**	**0.05**	**0.05**
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	777.17	373.31	325.38	150.28	153.77
Sundry Debtors	1,194.72	1,131.87	894.65	1,304.86	915.52
Cash & Bank Balances	909.51	677.64	678.19	455.85	254.42
Loans & Advances	376.22	369.08	380.31	216.32	163.59
Total (C)	**3,257.62**	**2,551.90**	**2,278.53**	**2,127.31**	**1,487.30**
Less :LIABILITIES & PROVISIONS					
Current Liabilities	1788.50	1,615.46	1,463.04	1,627.78	1,254.62
Provisions	109.72	73.19	72.61	61.08	76.39
Secured Loans	605.66	682.20	287.15	222.40	126.18
Unsecured Loans	250.00	-	-	6.96	8.42
Deferred Tax Liability (Net)	72.91	70.19	38.70	21.34	12.26
Total (D)	**2826.79**	**2,441.04**	**1861.50**	**1,939.56**	**1,477.87**
NET WORTH (A) + (B) + (C) - (D)	**1775.14**	**1,240.95**	**947.82**	**616.21**	**255.48**
Networth Represented by:					
SHAREHOLDERS' FUNDS					
Capital	243.70	63.44	63.44	63.44	43.44
Reserves & Surplus	1,531.44	1,177.51	884.38	552.77	212.04
Less: Revaluation reserve	-	-	-	-	-
Reserves & Surplus (Net of revaluation reserve)	1,531.44	1,177.51	884.38	552.77	212.04
NET WORTH	**1,775.14**	**1,240.95**	**947.82**	**616.21**	**255.48**

The above statement should be read with the Notes on Restated Consolidated Summary of assets and liabilities, Profits and Losses and Cash flow and Significant Accounting Policies for restated financial statements as appearing in Annexure D4, to this report.

The reason for increase in fixed assets between the period ended March 31, 2009 and the period ended March 31, 2010 was due to the modernization and process improvement, for which the Company has invested Rs. 122.15 million in land, building and Rs. 481.57 million for lamination coating and machining facilities and other facilities like office equipment, computers, furniture and fixtures and vehicles amounting to Rs. 28.75 million at the Company's manufacturing facility.

"The reason for increase in fixed assets between the period ended March 31, 2010 and the period ended March 31, 2011 was due to the modernization and process improvement, for which the Company has invested Rs. 39.52 million in land & building, Rs. 48.34 million towards plant & machinery, and other facilities like office equipment, computers, furniture and fixtures and vehicles amounting to Rs. 16.67 million at the Company's manufacturing facility."

Annexure B - Restated Standalone Statement of Profit and Loss

Particulars (Years ended Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
INCOME					
Gross Sales	5,158.88	4,520.00	4,900.07	5,620.83	4,494.47
Less : Excise Duty Paid	280.08	184.11	211.90	330.47	241.94
Net Sales	4,878.80	4,335.89	4,688.17	5,290.36	4,252.53
Other Income	69.43	52.11	71.40	43.04	22.27
Total Income	**4,948.23**	**4,388.00**	**4,759.57**	**5,333.40**	**4,274.80**
EXPENDITURE					
Consumption of Raw Materials,					
Stores, Spares parts & Components	2,273.90	1,812.88	1,602.04	1,610.60	1,227.65
Purchases for Projects Business	1,146.91	1,377.60	2,010.50	2,690.64	2,398.77
Operating and Other Expenses	754.51	577.37	537.49	451.54	329.64
Interest and Finance Charges					
On Fixed Loans	26.30	14.93	18.03	9.34	6.28
On Other Accounts	40.57	27.32	8.02	5.50	3.22
	66.87	42.25	26.05	14.84	9.50
Loss on Sale of Fixed Asset	0.36	0.27	-	5.44	0.29
Depreciation	78.91	55.81	32.67	25.17	15.73
Amortisation of Technical Knowhow	-	-	-	-	-
Total Expenditure	**4,321.46**	**3,866.18**	**4,208.75**	**4,798.23**	**3,981.58**
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	**626.77**	**521.82**	**550.83**	**535.17**	**293.22**
Less : Provision for Taxation (net)	207.50	160.00	164.06	167.01	125.00
Less: Provision for wealth tax	0.15	0.09	0.07	0.10	-
Less : Deferred Tax (net)	2.72	31.49	17.37	9.05	4.62
Less : Fringe Benefit Tax	-	-	3.40	3.40	2.45
PROFIT BEFORE EXTRA ORDINARY ITEMS	**416.40**	**330.24**	**365.93**	**355.61**	**161.15**
Add/(Less) Extra ordinary items					
Add : Provision no longer required	-	-	3.90	-	-
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	-	-	1.11	-	-
RESTATED PROFIT AFTER TAX AND EXTRA ORDINARY ITEMS	**416.40**	**330.24**	**368.72**	**355.62**	**161.15**
Balance of Profit brought forward from previous year	1,042.97	786.01	492.66	188.74	47.83
Appropriations:					
Less : Capitalisation of Profit	162.47	-	-	-	-
Less : Provision for Dividend on Cumulative Convertible Preference Share including Tax on Dividend			-	-	-
Less : Provision for Dividend on Equity Shares including Tax on Dividend	56.84	37.11	37.11	14.88	7.62
Less : Transfer to General Reserve	31.43	36.17	38.26	36.81	12.62
Balance of Profit Carried to Balance Sheet	**1,208.64**	**1,042.97**	**786.01**	**492.66**	**188.74**

Annexure C - Restated Standalone Statement of Restated Cash Flow - (Rs. In millions)

		31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
A						
	Net Profit before tax and extraordinary items	626.77	521.82	550.83	535.18	293.22
	Adjustments for	-	-	-	-	-
	Depreciation	78.91	55.81	32.67	25.17	15.73
	Amortisation	-	-	-	-	-
	(Profit) / Loss on sale of Fixed Asset	0.36	0.10	(0.02)	5.44	0.29
	Dividend Income	(0.71)	(0.01)	(0.01)	(0.01)	(0.01)
	Interest Income	(27.14)	(27.17)	(42.62)	(23.96)	(10.07)
	Interest Payments	66.87	42.25	26.05	14.84	9.50
	Provision for Warranty Claims	2.46	(1.36)	(2.79)	4.79	12.51
	Exchange Fluctuation Deficit	-	-	-	4.16	12.04
	Provision for Gratuity & Leave Encashment	22.51	4.07	6.86	6.87	1.84
	Operating profit before Working Capital Changes	**770.04**	**595.52**	**570.96**	**572.49**	**335.06**
	Adjustments for					
	Trade Receivables	(62.86)	(237.21)	409.09	(389.33)	(441.75)
	Other Receivables	7.87	(23.08)	(126.94)	(41.60)	(45.95)
	Inventories	(403.85)	(47.94)	(175.11)	3.51	(23.85)
	Trade Payables	173.03	152.43	(164.74)	373.15	482.43
	Cash generated from Operations	**484.23**	**439.72**	**513.25**	**518.22**	**305.92**
	Payment of Fringe Benefit Tax	-	0.51	6.04	3.55	2.29
	Payment of Gratuity	7.54	2.21	2.72	2.24	2.05
	Direct Taxes Paid	217.81	169.67	173.98	196.41	91.56
	Net Cash Flow from Operating Activities	**258.88**	**267.32**	**330.51**	**316.02**	**210.02**
B	**Cash flow from Investing Activities**					
	Purchase of Fixed Assets	(124.96)	(626.67)	(131.50)	(215.00)	(110.50)
	Purchase of Investments	(171.08)	(29.50)	(3.50)	-	-
	Sale of Fixed Asset / Purchase of Investments	3.83	2.78	0.46	1.89	0.68
	Dividend Received	0.71	0.01	0.01	0.01	0.01
	Interest Received	27.14	49.01	5.82	6.04	7.80
	Net Cash used in investing activities	**(264.36)**	**(604.37)**	**(128.73)**	**(207.07)**	**(102.01)**
C	**Cash flow from financing activities**					
	Proceeds from issuance of Share Capital	13.55	-	-	20.00	-
	Share Application Money	-	-	-	-	-
	Share Premium	156.83	-	-	-	-
	Refund on Income Tax	-	3.89	4.69	5.69	-
	Long term borrowings	(75.85)	241.58	7.50	68.08	31.07
	Temporary Borrowing		(18.64)	1.00	(1.49)	1.64
	Unsecured Loans & Deposits	249.60	7.24	(8.57)	(3.80)	0.76
	Working Capital borrowings	(0.26)	164.86	57.86	31.96	1.80
	Interest Paid	(69.40)	(43.08)	(27.05)	(16.19)	(9.19)
	Dividend and Tax on Dividend paid	(37.11)	(37.11)	(14.88)	(7.62)	(4.36)
	Net Cash flow from financing activities	**237.35**	**318.72**	**20.56**	**96.63**	**21.72**
	Net increase/decrease in cash and cash equivalents	**231.88**	**(18.32)**	**222.34**	**205.59**	**129.73**
	Cash and cash equivalents at the beginning	**677.63**	**678.19**	**455.85**	**254.42**	**136.73**
	Cash and cash equivalents at close	**909.51**	**659.87**	**678.19**	**460.01**	**266.46**
	Actual Closing Cash Balance	909.51	677.63	678.19	455.85	254.42
	Add : Non-Cash Equivalents	-	(17.76)	-	4.16	12.04
	Cash and cash equivalents at Close	**909.51**	**659.87**	**678.19**	**460.01**	**266.46**

NOTES : Cashflows are reported using the indirect method. Cash and cash equivalents is after adjusting translation gain/loss.

Annexure D1 - Restated Standalone Statement of Rate of Dividend

Class of Shares (Years ended Rs. In millions)	Face Value	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Weighted average number of shares considered for declaration of dividend	10	11.09	6.34	6.34	5.09	4.34
Share Capital based on weighted average number of shares	10	110.90	63.44	63.44	50.86	43.44
Closing outstanding number of shares	10	24.37	6.34	6.34	6.34	4.34
Share Capital based on closing outstanding number of shares	10	243.70	63.44	63.44	63.44	43.44
Dividend Paid including DDT	10	56.84	37.11	37.11	14.88	7.62
Dividend Tax	10	8.10	5.39	5.39	2.16	1.11
Dividend excluding DDT	10	48.74	31.72	31.72	12.72	6.52
Rate of Dividend	10	20%	50%	50%	25%	15%

* Dividend for the year ended March 31, 2011 was paid 20% on the closing outstanding number of shares unlike earlier years where it was paid on wieghted avergae number of shares

Annexure D2 - Restated Standalone Statement of Secured Loan

	Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
a)	Loans and Advances from Banks					
	1. Term Loan from Bank of Baroda	314.25	390.11	148.54	141.03	72.95
	2. Working Capital	283.78	284.05	119.18	61.32	29.35
	3. Loan from Bank of Tokyo Mitsubishi UFJ Limited, Japan	-	-	18.64	17.64	19.13
b)	Other Loans					
	For Assets purchased under Hire Purchase	7.63	8.04	0.80	2.41	4.75
		605.67	**682.20**	**287.16**	**222.40**	**126.18**

(Amount in Millions)

Name of the lender	Nature of Loan	Purpose of loan	Outstanding as on 31st March 2011	Repayment Schedule	Rate of Interest	Penalty/Default	Security	Loan Sanctioned	Loan Availed	Whether Recallable at any time?
Bank of Baroda, CFS Branch, Bangalore	Term Loan - TL III	Loan for project expansion	20.81	12 instalments of Rs.7.50 lakhs, Rs.9 lakhs, Rs.11 Lakhs, Rs.12.5 Lakhs each, 22 insatlments of Rs.13.5 Lakhs, last instalment of Rs.9.50 Lakhs	1.25% below BPLR	NA	First charge on all fixed assets i.e., land, building, plant and machinery personal guarantee of Mr. Nikhil Kumar and Mr. Hitoshi Matsuo	80.00	76.91	No
Bank of Baroda, CFS Branch, Bangalore	Term Loan - TL IV	Loan for project expansion	59.07	77 instalments of Rs.15.58 Lakhs each	0.5% below BPLR	NA	First charge on all fixed assets i.e., land, building, plant and machinery personal guarantee of Mr. Nikhil Kumar and Mr. Hitoshi Matsuo	120.00	113.60	No
Bank of Baroda, CFS Branch, Bangalore	Term Loan - TL V	Loan for project expansion	234.37	75 instalments of Rs.40 Lakhs each	0.5% below BPLR	NA	First charge on all fixed assets i.e., land, building, plant and machinery personal guarantee of Mr. Nikhil Kumar and Mr. Hitoshi Matsuo	300.00	274. 37	No
Bank of Baroda, CFS Branch, Bangalore	Working Capital		283.78	NA	2% below BPLR	NA	Demand Promissory Note duly executed by the Company Hypothecation of all the stock in trade such as electrical steel, copper, insulation, bearing etc., cooler, frabication, forgings etc., both domestic and imported and other raw material, stock in progress and finished goods nad book debts/extention of charge on fixed asset	300.00	NA	Yes - Demand loans renewed every year
Bank of Tokyo Mitsubishi	Working Capital		0.00	NA		NA	Secured by goods pending shipment			
ICICI Bank Ltd	Hire Purchase	Purchase of Vehicle - Honda City	4.04	NA	7%	NA	Vehicle	6.40	6.40	No
		Purchase of Vehicle - Toyota Corolla	0.76	NA	7.75%	NA	Vehicle	1.15	1.15	No
		Purchase of Vehicle - Mahindra Xylo	0.47	NA	7.75%	NA	Vehicle	0.72	0.72	No
		Purchase of Vehicle - Honda City	2.36	NA	7.75%	NA	Vehicle	3.20	3.20	No

Note:
1. Refer note on 'Financial Indebtedness' for further updates on the terms of secured loans.

Annexure D3 - Restated Standalone Statement of Sundry Debtors

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Debts outstanding for a period exceeding six months	211.82	163.23	198.36	214.13	47.16
Other Debts	982.90	968.64	696.29	1,091.43	869.06
	1,194.72	1,131.87	894.65	1,305.56	916.22
Less : Provision for bad and doubtful debts	-	-	-	0.70	0.70
Total	**1,194.72**	**1,131.87**	**894.65**	**1,304.86**	**915.52**

Note:
1. There are no sundry debtors outstanding who are related to the directors or promoters of the Company in any way

Annexure D4

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED STANDALONE SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP

1. Background:

TD Power Systems Limited (“TDPS” or “Company”) was originally incorporated as T D Power Systems Private Limited on April 16, 1999 as a private limited company under the Companies Act, in Bangalore, Karnataka, India. The Company commenced business providing TG project solutions and subsequently, in August 2001, forayed into manufacturing of generators up to 30 MW under a license from Toyo Denki, a leading manufacturer of power and electric equipments located in Japan. The Company also established a manufacturing facility in the year 2001 at Dabaspet, Bangalore Rural.

Consequent to a Special Resolution of the Members, passed at the Company’s Extra Ordinary General Meeting held on 17th January 2011, the Company is converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act 1956, and a fresh Certificate of Incorporation dated 04th February 2011 is issued by the Registrar of Companies, Karnataka.

The restated standalone summary statement of assets and liabilities of the Company as at March 31, 2011, 2010, 2009, 2008, and 2007 and the related restated standalone summary statement of profits and losses and cash flows for the year ended March 31, 2011, 2010, 2009, 2008, and 2007 (hereinafter collectively referred to as “Restated Standalone Summary Statements”) relate to TD Power Systems Limited (“the Company”) and have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India (“SEBI”) in connection with its proposed Initial Public Offering.

2. Significant Accounting Policies.

2.1 Basis of Preparation
The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

2.2 Accrual System of Accounting (AS - 1):
Company follows accrual system of accounting for all items of expenditure and income. Provision for warranties are made on an estimated basis.

2.3 Fixed Assets (AS – 10):
Fixed assets are stated at cost of acquisition excluding duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on specific borrowings utilized for acquisition of Fixed Assets less Depreciation.

2.4 Inventories (AS – 2):
Inventories are valued at cost or net realizable value for item specific, which ever is lower. Raw materials is valued under FIFO method as per Accounting Standard – 2 (Inventories) and raw material cost includes Material Cost, Carriage Inward, Insurance and Purchase related expenses.

2.5 Depreciation (AS – 6):
Depreciation is charged on Straight Line method as stipulated in Section 205 (2) (b) of the Companies Act, 1956, at the rates specified in Schedule XIV, prorata for the quarter of additions / deletions.

2.6 Revenue Recognition (AS – 9):
Sale of goods is recognized on shipment to customers, and exclusive of Excise duty and Sales tax.

2.7 Foreign currency translation on overseas branch (AS – 11):
The financial statement of foreign branch etc is translated in accordance with Accounting Standard 11 prescribed by the Institute of Chartered Accountants of India.

2.8 Amortisation of Technical Know-how Fees (AS - 26):
Technical Know-how Fees has been amortised over a period of 60 months.

2.9 Taxes on income (AS – 22):

Provision for tax is made in terms of AS 22 for both current and deferred tax. Provision for current income tax if arises is made at the current tax rates based on assessable income. Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

2.10 Borrowing Cost (AS – 16):

Interest and other borrowing cost on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use. Other interest and borrowing cost are charged to Profit & Loss Account.

2.11 Contingent Liabilities (AS – 29):

Financial effects of contingent liabilities are disclosed based on information available up to the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

2.12 Employees Benefits (AS – 15):

i. Short Term Employee Benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognized in the period in which an employee renders the related service.

ii. Long Term Employee Benefits**:**

a. Defined Contribution Plans:

The Company has contributed to provident funds, which is defined contribution plan. The contribution paid/ payable under the scheme is recognised during the year in which an employee renders the related service.

b. Defined Benefit Plans:

Employees gratuity and leave encashment are defined benefit plans. The present value of the obligations under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised immediately in the statement of profit & loss account as income or expense. Obligation is measured at present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the defined benefit obligation.

2.13 Impairment of assets (AS – 28)

At each balance sheet date, the management reviews the carrying amount of its asset to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Reversal of impairment loss, if any, is recognised immediately in the profit and loss account.

2.14 Accounting for leases (AS – 19):

i. Operating Lease:
Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

ii. Finance Lease and Hire purchase transactions:
Lease rentals are charged to Profit and Loss Account over the period of Lease. Depreciation is provided on the primary period of the lease.

3. Material Regrouping:

In the audited financial statements for the year ended March 31, 2009, 2008, and 2007 advance tax and provision for tax had been disclosed separately under loans and advances and provisions, respectively. The same has been reflected net of provision or provision for tax, under loans and advances or provisions, as appropriate in the restated standalone summary statements of the Company.

4. Material Adjustment:

a) During the year ended March 31, 2009, provision for doubtful debts amounting to Rs, 1,109,130/- has been withdrawn and written back, the effect of the same has been given to the year to in which the provision was made. Summary of restatement made to the audited financial statements of the Company for the respective years and impact on the Profit/Losses are as given below:

Adjustments made in the restated Profit/Loss Account	Year ended March 31, 2009 (Rs. In millions)
Audited Profit after tax of the Company before restatement	369.83
Less: Provision no longer required with respect to earlier years adjusted to the respective year – Provision for Doubtful Debts	(1.11)
Restated Profit after tax of the Company as per restated financials	368.72

The said provision for bad and doubtful debts was provided in the year 2004 – 05 and the profits for that year has been increased by Rs.1,109,130/- representing provision no longer required written back. The effect on the profits brought forward from previous years for the financial year 2005 – 06 is given below:

b) Sales made to Japan branch were included in the total turnover (Manufacturing sales) of the Company and purchases by Japan branch from the Company were shown under purchases (Project business) for the past years. Hence the same has been reduced from manufacturing sales as well as Japan purchases (Project business) in the respective years which have no impact in the profits of the respective years other than for the adjustments made above.

5. Contingent Liabilities etc.:

Rs. In millions

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	78.92	-	340.02	13.80	98.84
Guarantees, Counter Guarantees given on Imports and Sale Contract etc. (net of margins held by bank)	1055.05	829.05	987.68	850.18	504.78
Corporate Guarantee issued to the bankers of the subsidiary company.	3790.00	3,790.00	3,790.00	-	-
Corporate Guarantee issued on behalf of subsidiary company.	450.01	450.01	450.01	-	-
Estimated Customs Duty payable in respect of Imported Goods bonded in Customs Warehouse and lying at port	-	-	-	-	-
Bills discounted under Letter of Credit	81.58	-	-	-	-

6. Operational Lease

The Company has various operating lease for transit houses and residential premises for employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating lease included in the Income Statement for the 5 year period is as follows:

Period/Year ended	Operating Lease (Rs. in millions)
March 31, 2011	17.05
March 31, 2010	15.35
March 31, 2009	13.98
March 31, 2008	5.06
March 31, 2007	4.60

7. Segment Reporting

The Company's operation comprises of Projects Business and Manufacturing. Primary segmental reporting comprises of Projects Business and Manufacturing. Secondary Segmental reporting is based on geographical location of Activities. Under primary segment revenue and direct expenses, which relate to a particular segment and which are identifiable, are reported under that segment.

Certain expenses, which are not allocable to any specific segment, are separately disclosed at the enterprise level. Cash and bank balances in India are reported at the enterprise level as the group operates common bank accounts. Fixed assets, Liabilities, Current assets and Current liabilities relating to specific business segments are identified and reported. Those that are not identifiable are reported as unallocated item.

Secondary segment is reported based on the geographical location of branch offices of the group, viz., India and Japan. Revenues in the secondary segment are based on the sales made by the branch office. Inter-segmental purchases & sales are separately identified and reported. Fixed assets, Current Assets including Cash and Bank accounts, and Current Liabilities are identified based on the branch office to which they relate and are reported accordingly.

For details refer Annexure D11

8. Deferred Tax Liability is calculated in accordance with AS 22, and the net tax liability for the year is debited to Profit & Loss Account.

(Rs. In millions)

		On account of timing difference	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
i.	Liability						
	a.	Depreciation on fixed Assets	90.87	77.21	43.87	33.89	21.79
	b.	Technical Know-how	(0.16)	(0.22)	(0.30)	(0.40)	(0.53)
	TOTAL		**90.71**	**76.99**	**43.57**	**33.49**	**21.26**
ii.	Asset						
	a.	Disallowance under Section 43 B and other sections	17.80	6.80	4.88	12.15	9.00
iii.	**NET DIFFERENCE**		**72.91**	**70.19**	**38.69**	**21.34**	**12.26**

9. **Related Party Disclosure**

In accordance with the requirements of Accounting Standard 18, "Related Party Disclosures" as notified under the Companies Act, 1956, the details of related party transactions are given below:

Transaction with key management personnel and their relatives: (Rs. In millions)

Sl No	Name of the Key Personnel	Nature of Transaction	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
01	Nikhil Kumar	Directors Remuneration and Commission	36.96	29.08	25.46	24.05	15.13
02	Hitoshi Matsuo	Directors Remuneration and Commission	35.65	28.92	28.90	27.44	18.28
03	Tadao Kuwashima	Directors Remuneration	10.03	7.47	6.38	6.55	6.47
04	Mohib Khericha	Sitting Fee	0.08	0.012	0.010	0.012	0.012
05	Mohib Khericha	Lease Rent	2.40	1.80	1.80	1.80	1.39
06	Mohib Khericha	Consultation Charges	-	0.33	0.34	0.34	0.34
07	DFPS	Rent including Service Tax received	13.99	3.39	1.91	-	-
08	DFPS	Management Services received	30.78	25.48	13.90	-	-
09	Nikhil Kumar	Lease Rent	-			-	-
10	Nikhil Kumar	Unsecured loan outstanding	-	-	-	-	0.95
11	Hitoshi Matsuo	Unsecured loan outstanding	-	-	-	-	1.05
12	Hitoshi Matsuo	Interest free loan outstanding	-	-	-	6.96	6.42

10. **The Details of Earning Per Share (EPS) are as under**

(Rs. In millions except per share data)

i.	BASIC EPS		Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
	a.	Profit After Tax (excluding Extra-Ordinary Items)	416.40	330.24	368.72	355.61	161.15
	b.	Weighted Average Number of Shares of Rs. 10 each.	22.58	19.03	19.03	15.26	13.03
	c.	Basic EPS	18.44	17.35	19.38	23.31	12.37
ii	DILUTED EPS						
	a.	Profit After Tax before (excluding Extra-Ordinary Items)	416.40	330.24	368.72	355.61	161.15
	b.	Weighted Average Number of Shares of Rs. 10 each.	22.58	19.03	19.03	15.26	13.03
	c.	Diluted EPS	18.44	17.35	19.38	23.31	12.37

Note: Weighted average number of shares is after adjusting for bonus issue of 16.25 million shares issued on January 11, 2011 and in consonance with Para 22 and Para 44 of Accounting Standard 20. As per AS 20, impact of bonus issue has been given to all the periods presented as though bonus issue was made on the same date when the original shares were issued to arrive at the weighted average number of shares.

11. Disclosure in terms of Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets.

Movement of provisions for liabilities (Rs. In millions except per share data)

Particulars	Taxation	Warranty Claims	Gratuity	Leave Encashment
Balance as on 01st April 2010	511.20	22.05	0.63	13.40
Provided during the year	207.65	2.46	7.54	1.50
Amounts used during the year	0.09	-	7.54	-
Reversed during the year		-	0.63	-
Balance as at March 31, 2011	718.75	24.51	-	28.37
Timing of outflow/uncertainties – On	Crystallization	Crystallization	Crystallization	Crystallization

Contingent Liabilities in respect of Guarantee is on devolvement and in respect of Bills Discounted and statutory levies is on demand by the concerned parties and settlement of disputes.

(Rs. In millions)

		Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
12.	Interest and borrowing cost on specific borrowings relating to acquisition of capital assets has been capitalized as under up-to the date such assets brought to use.	-	**2.47**	**0.38**	**0.70**	**0.64**
	Land	-	0.70	-	0.14	0.37
	Buildings	-	0.21	0.38	0.11	0.26
	Plant & Machinery	-	1.57	-	-	0.007
				-	0.42	

(Rs. In millions)

13.	Consequent to the announcement by the ICAI in 2005, following are the disclosures as required for the derivative instruments on hedging foreign currency exposures. Foreign currency exposures hedged:	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
i.	Assets (Receivables)		-	-	-	-
ii.	Liabilities (Payables)		-	-	-	56.05
iii.	Others		-	-	-	-
	Foreign currency exposures not hedged:					
i.	Assets (Receivables)	80.79	27.87	111.80	36.25	59.35
ii.	Liabilities (Payables)	87.03	22.41	14.53	14.60	11.02
iii.	Others	-	-	-		

14.

Disclosure requirement of AS-15 Revised (2005) "Employee Benefits" – Defined Contribution Plan

Contribution to Defined Contribution, recognized as expenses for the year are as under: (Rs. In millions)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
Employer's Contribution to Provident Fund	11.66	8.79	8.18	6.89	4.21

		March 31, 2011 Gratuity	(Rs. In millions) Leave Encashment
I	Component of employer expenses		
	i. Current Cost Service	1.50	15.64
	ii. Interest cost	0.68	1.07
	iii. Expected Return on plan assets	1.27	-
	iv. Past Service Cost	-	-
	v. Actuarial Losses/(Gains)	(5.80)	(0.53)
	vi. Total expenses recognized in the Statement of Profit and Loss	6.71	16.18
II	Actual Contribution and Benefits Payments for the period ended		
	i. Actual benefit payments	(0.38)	-
	ii. Actual Contributions	7.54	-
	Net asset/(liability) recognized in balance sheet as at		
III			
	i. Present value of Defined Benefit Obligation	16.13	28.37
	ii. Fair Value of plan assets	21.94	-
	iii. Funded status [Surplus/(Deficit)]	(5.81)	(28.37)
	iv. Unrecognized Past Service Costs	-	-
	v. Net asset/(liability) recognized in balance sheet	(5.81)	(28.37)
IV	Change in Defined Benefit Obligations during the year ended		
	i. Present value of DBO at beginning of period	8.53	13.40
	ii. Current Service Cost	1.50	15.64
	iii. Interest Cost	0.68	1.07
	iv. Actuarial (gains)/losses	(5.80)	(0.53)
	v. Benefits Paid/ Service Charge	0.38	(1.21)
	vi. Present value of DBO at the end of period	16.13	28.37
V	Change in Fair Value of Assets during the year ended		
	i. Plan assets at beginning of period	13.51	-

	ii. Expected return on plan assets	1.27	-
	iii. Actuarial gain/(loss)	-	-
	iv. Actual Company contributions	7.54	-
	v. Benefits paid/Service Cost	0.38	-
	vi. Plan assets at the end of period	21.94	-
VI	Actuarial Assumptions		
	i. Discount Rate	8.00%	8.00%
	ii. Expected Return on plan assets	8.00%	8.00%
	iii. Salary escalation	7.00%	8.00%
	iv. Attrition Rate	5.00%	5.00%

15. **Managerial Remuneration:-**

The Computation of net profit for the year ended March 31, 2011 under Section 309(5) of the Companies Act, 1956 is as under

(Rs. In millions)	**31.03.2011**	**31.03.2010**
Profit before Tax	626.77	521.82
Add: Depreciation as per books	78.91	55.81
Add: Directors Remuneration	83.42	66.37
Add: Loss on sale of fixed assets	0.36	0.27
Add: Stamp duty paid on increase of authorized share capital	1.38	-
TOTAL	790.84	644.27
Less: Depreciation under section 350	78.91	55.81
Total	78.91	55.81
NET PROFIT	711.93	588.46
Commission to Managing Director	21.37	17.79
Commission to Jt. Managing Director	21.37	17.79

The remuneration (including commission) paid to the Managing Director, Jt. Managing Director and the Director-Technical for the year ended March 31, 2011 amounts to Rs 83,420,004/- details of which are as follows:

Remuneration	Managing Director	Jt. Managing Director	Director Technical
Salary & Perquisite	12.24	14.37	8.46
LTA & Medical Expenses	-	2.00	-
Ex-gratia	2.04	-	1.57
Commission	21.37	21.37	-
TOTAL	35.65	37.74	10.03
Prorata wef 17.01.2011	7.23	7.65	2.03

16. Department of Income Tax (TDS Circle) have issued demand notice under section 201(1)/201(1a) of the Income Tax act, based on tax payer's data reflected in the computer system of the department for Short deduction / Short payments and interest thereon, for the financial years 2006-07, 2007-08, 2008-09 amounting to Rs. 31,391,530/- including Rs. 9,096,720/- towards interest on such short deduction/payment under Forms 27EQ, 26Q & 24Q. The company has preferred an appeal against the demand notice for an amount of Rs. 31,377,260/- and rectification thereon.

17. Based on availability and subject to its captive requirements, the company makes available it's technical, marketing and financial personnel on chargeable basis to its subsidiary company M/s DF POWER SYSTEMS PRIVATE LIMITED, for execution of projects undertaken by the said subsidiary company. The value of this transaction was Rs. 30,782,480/- (Previous Year Rs. 25,481,038/-). The company has been advised that the same would not be covered by Section 297 of the Companies Act 1956.

Annexure D5 - Restated Standalone Statement of Other Income

Particulars (Years/Period ended Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007	Nature (Recurring/Non-recurring)	Related/ not related to business
Interest from Banks on deposits	27.14	27.17	42.62	23.96	10.07	Recurring	Not Related
Miscellaneous Income							
Profit on sale of fixed assets	-	0.16	0.02	0.06	-	Non Recurring	Not Related
Insurance claims	-	0.99	0.30	0.02	-	Non Recurring	Related
Foreign exchange fluctuation	23.19	17.76	25.69	1.00	12.19	Non Recurring	Related
Rent received	12.68	3.07	1.71	-	-	Recurring	Not Related
Others	5.71	2.95	1.05	-	-	Non Recurring	Related
Technology Transfer Fee	-	-	-	18.00	-	Non Recurring	Not Related
Dividend Income	0.71	0.01	0.01	0.01	0.01	Recurring	Not Related
Total	**69.43**	**52.11**	**71.40**	**43.04**	**22.27**		

Particulars (Years/Period ended Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Profit Before Tax	626.77	521.82	550.83	535.18	293.22
Other Income	69.43	52.11	71.40	43.04	22.27
% of Other Income to Profit Before Tax	11.08%	9.99%	12.96%	8.04%	7.59%

Notes:

1. The Classification of 'Other Income' as Recurring/Non Recurring and Related/Not Related to business activities is based on the current operations and business activities of the Company as determined by the management

Annexure D6 - Statement of Aggregate Related Party Transactions as per Accounting Standard – 18

As per the requirements of Accounting Standard 18 of the Companies (Accounting Standard) Rules, 2006 on Related Party Disclosures, the name of the related parties with the description of the relationships and transactions between the reporting enterprise and its related parties, as identified and certified by the management are

A. Names of the Related Parties

1. Subsidiary Company

DF Power Systems Private Limited

2. Key Managerial Personnel and their relatives

Nikhil Kumar

Hitoshi Matsuo

Tadao Kuwashima

Mohib Khericha

Mrs.Sofia M. Khericha

Mrs. Foziyha Akhil Contractor

3. Entities having common control

Chartered Capital and Investment Limited
Saphire Finman Service P.Ltd.
Nilarya Trading and Developers Pvt Ltd
Bangalore Beers and Wines

B. Transactions with Related Party

All transactions with related parties below exceed 10% of the related party transaction in that category

(Rs. In millions)

Nature of Transaction	Subsidiaries					JVs	Individuals having Significant Influence & their Relatives				Enterprise having Significant Control
	30.09.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	30.09.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	
Remuneration											
Nikhil Kumar						36.96	29.08	25.46	24.05	15.13	
Hitoshi Matsuo						35.65	28.92	28.90	27.44	18.28	
Tadao Kuwashima						10.03	7.47	6.38	6.55	6.47	
Sitting Fees											
Mohib Khericha						0.08	0.01	0.01	0.01	0.01	
Lease Rent											
Mohib Khericha						2.40	1.80	1.80	1.80	1.39	
Nikhil Kumar							-	-	-	-	
DFPS- received	13.99	3.39	1.91	-	-						
Consultation Charges											
Mohib Khericha						-	0.33	0.34	0.34	0.34	
Management Consultancy received											
DF Power Systems Pvt Ltd	30.78	25.48	13.90	-	-						
Unsecured Loan Outstanding											
Nikhil Kumar						-	-	-	-	0.95	
Hitoshi Matsuo						-	-	-	-	1.05	
Hitoshi Matsuo						-	-	-	6.96	6.42	

Note:
1. The figures disclosed above are based on the Restated Standalone Summary of Assets and Liabilities of the Company

Annexure D7 - Accounting Ratios

Particulars (Years ended Rs. In millions except per share data)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Restated Profits After Tax excluding Preference Dividend	416.40	330.23	368.72	355.61	161.15
Weighted Average Number of Shares Basic	22.58	19.03	19.03	15.26	13.03
Basic Earnings Per Share (In Rs.)	**18.44**	**17.35**	**19.38**	**23.31**	**12.37**
Restated Profit After Tax	416.40	330.23	368.72	355.61	161.15
Weighted Average Number of Shares Dilutive	22.58	19.03	19.03	15.26	13.03
Diluted Earnings Per Share (In Rs.)	**18.44**	**17.35**	**19.38**	**23.31**	**12.37**
Actual number of shares outstanding as at the end of the period/year (unweighted)	**24.37**	**6.34**	**6.34**	**6.34**	**4.34**
Net Asset Value/Net Worth	1,775.14	1,240.95	947.83	616.21	255.48
Number of Shares Outstanding at the end of the period/year	24.37	6.34	6.34	6.34	4.34
Net Asset Value Per Share (In Rs.)	**72.84**	**195.62**	**149.42**	**97.14**	**58.82**
Return on Net Worth (%)	**23.46**	**26.61**	**38.90**	**57.71**	**63.08**

Notes to Accounting Ratios:

1) The ratios have been computed as per the following formulae:

Basic Earnings / (Loss) per share (Rs.) =	Net profit / (loss) after tax, as restated attributable to equity shareholders
	Weighted average number of equity shares outstanding during the period / year
Diluted Earnings / (Loss) per share (Rs.) =	Net profit / (loss) after tax, as restated attributable to equity shareholders
	Weighted average number of dilutive equity shares outstanding during the period / year
Return of Net Worth (%) =	Net profit / (loss) after tax, as restated
	Net worth, as restated, at the end of the period / year
Net Asset Value (NAV) per share (Rs.) =	Net worth, as restated, at the end of the period / year
	Number of equity shares outstanding at the end of the period / year

1. Net worth = Equity share capital+ Securities Premium Account+Share Application Money Pending Allotment (+/-) Surplus (Deficit) in the Profit and Loss Account. Networth, as restated as appearing in the the Unconsolidated Summary Statement of Assets and Liabilities has been considered excluding revaluation reserve and miscellaneous expenditure to the extent not written off
2. As provided in AS - 20 basic and diluted earning per share is restated after adjusting for 16.25 million number of bonus shares issued vide resolution passed at the extra ordinary general meeting held on January 11, 2011.

Annexure D8 - Statement of Capitalisation

Particulars (As at Rs. In millions)	31st March 2011	Post Issue
Borrowings		
Short - Term Debt	533.78	533.78
Long - Term Debt	321.89	321.89
Total Debt	**855.67**	855.67
Shareholders Fund		
Share Capital		
- Equity Shares	243.70	322.38
Reserves and Surplus	1,531.43	3,712.76
Total Share holders funds	**1,775.14**	4,045.12
Long - Term Debt / Equity Ratio	**0.18**	0.08
Total Debt / Equity Ratio	**0.48**	0.21

Notes:

1. Short term debt represent debt which are due within twelve months from March 31, 2011.
2. Long term debt represent debt other than short term debt, as defined above.
3. The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company as at March 31, 2011.
4. Long Term Debt / Equity = Long Term Debt/Shareholders Funds
5. Above share capital and reserves and surplus has been calculated taking the current issue of 8,867,187 with face value of Rs.10/- each issued at a premium of Rs.246/-

Annexure D9 - Statement of Unsecured Loan

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Loan from Directors	-	-	-	6.96	8.42
Loan from Bank	250.00	-	-	-	-
Total	**250.00**	**-**	**-**	**6.96**	**8.42**

Name of the Director (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007	Rate of Interest
1. Nikhil Kumar	-	-	-	-	0.95	10%
2. Hitoshi Matsuo	-	-	-	-	1.05	10%
3. Hitoshi Matsuo	-	-	-	6.96	6.42	Interest free loan
Total	**-**	**-**	**-**	**6.96**	**8.42**	

Name of the lender	Nature of Loan	Purpose of loan	Outstanding as on 31st March 2011	Repayment Schedule	Rate of Interest	Penalty/ Default	Security	Loan Sanctioned	Loan Availed	Whether Recallable at any time?
Bank of Baroda	Unsecured loan	short term working capital	250.00	repayable within 6 months	12.00%	NA	NA	250.00	250.00	Yes

1. The Company has not granted any unsecured loans to the promoters, group companies, related parties and subsidiary as at March 31, 2011.

Annexure D10 - Statement of Tax Shelter

Particulars (Years ended Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Profit Before Tax as restated (A)	626.77	521.82	550.83	535.17	293.22
Income Tax Rate (Including surcharge and education cess) Applicable (B)	0.33	0.34	0.34	0.34	0.34
Tax at Nominal Rates (C) = (A) * (B)	208.20	177.37	187.23	181.91	98.70
Adjustments:					
Permanent Differences:					
Dividend Income not chargeable to tax	(0.71)	(0.01)	(0.01)	(0.01)	(0.01)
Sale of technology transfer considered as capital receipt	-	-	-	(18.00)	-
Capital expenditure	1.38	-	-	-	0.28
Loss on sale of fixed assets	0.36	0.27	-	5.44	0.29
Profit on sale of fixed assets	-	(0.16)	-	(0.06)	-
Interest for delayed paymnet of TDS	-	0.00	-	0.02	-
Interest under Micro Small and Medium Enterprises Development Act (MSMED)	2.53	0.83	1.01	1.33	-
Disallowance under Section 14A	0.59	0.00	0.00	0.00	-
Penalty and interest paid by Japan branch	-	5.87	-	-	-
Donation	1.66	0.85	-	-	-
Total Permanent Differences (D)	**5.81**	**7.64**	**1.00**	**(11.28)**	**0.55**
Timing Differences:					
Difference between book depreciation and tax depreciation	(46.92)	(98.60)	(29.17)	(41.67)	(14.57)
Provision for warranty claims	-	-	-	-	12.51
Provision for leave encashment	14.97	1.95	4.11	4.23	0.36
Unpaid statutory dues	-	-	-	-	-
Auditors remuneration	0.40	0.45	0.03	0.35	-
Delayed payment of TDS	-	-	-	-	-
Royalty	20.67	5.42	1.87	1.36	1.87
Commission	-	-	(10.07)	(25.00)	36.84
Technical Consultancy Charges	(1.14)	-	0.37	-	-
CL + SL leave encashment	1.12	0.35	0.28	0.27	-
Technical Fee	-	(1.63)	2.16	0.78	-
Production Technology Fee	-	-	2.29	0.98	-
Bonus	0.04	0.16	0.17	0.53	-
Service Tax on Sales Commission + Interest	-	-	5.51	-	-
Disallowance towards technical fee	-	-	0.27	-	-
Total Timing Difference (E)	**(10.85)**	**(91.90)**	**(22.18)**	**(58.16)**	**37.00**
Profit set off against brought forward losses and unabsorbed depreciation of previous year (F)	-	-	-	-	-
Net Adjustments (G) = (D) + (E) + (F)	**(5.04)**	**(84.25)**	**(21.19)**	**(69.44)**	**37.56**
Net Impact of Adjustments (H) = (G) * (B)	**(1.67)**	**(28.64)**	**(7.20)**	**(23.60)**	**12.64**

Annexure D11 - Statement of Segmental Information

Primary Segment Reporting – Profit & Loss Account

Particulars (Years ended Rs. In millions)	Manufacturing					Projects Business					Inter Segment					Unallocated				
	31.03. 2011	31.03. 2010	31.03. 2009	31.03. 2008	31.03. 2007	31.03. 2011	31.03. 2010	31.03. 2009	31.03. 2008	31.03. 2007	31.03. 2011	31.03. 2010	31.03. 2009	31.03. 2008	31.03. 2007	31.03. 2011	31.03. 2010	31.03. 2009	31.03. 2008	31.03. 2007
Revenue	3,480.44	2,762.74	2,253.06	2,228.41	1,698.92	1,643.47	1,782.85	2,534.07	3,097.20	2,636.15	(245.11)	(209.69)	(98.95)	(35.24)	(82.54)	-	-	-	-	-
Segment Cost	2,806.72	2,197.30	1,861.54	1,811.92	1,378.06	1,555.59	1,726.90	2,346.86	2,950.53	2,645.87	(245.11)	(209.69)	(98.95)	(35.24)	(82.54)	58.49	53.60	40.59	31.00	14.96
Operating Profit	673.72	565.43	391.52	416.49	320.86	87.88	55.94	187.21	146.67	(9.72)	-	-	-	-	-	(58.49)	(53.60)	(40.59)	(31.00)	(14.96)
Other Income	17.35	19.55	19.62	1.06	4.05	20.38	25.83	19.28	0.00	18.21	-	-	-	-	-	31.70	6.73	32.50	41.98	0.00
Profit before Interest, Depreciation and Tax	691.08	584.98	411.14	417.55	324.91	108.27	81.77	206.49	146.67	8.49	-	-	-	-	-	(26.80)	(46.87)	(8.09)	10.98	(14.96)
Interest	66.60	42.21	-	-	8.40	0.18	0.02	-	-	1.03	-	-	-	-	-	0.08	0.03	26.05	14.84	0.08
Depreciation & Amortisation	77.49	55.16	31.33	21.87	13.18	1.13	0.54	1.26	2.99	2.55	-	-	-	-	-	0.29	0.11	0.08	0.32	-
Profit before Tax	546.99	487.62	379.81	395.68	303.34	106.96	81.22	205.23	143.68	4.91	-	-	-	-	-	(27.17)	(47.02)	(34.21)	(4.17)	(15.04)
Provision no longer required	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.79	-	-
Tax/Deferred Tax	210.37	191.59	184.90	179.57	132.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after Tax	336.62	296.03	194.91	216.11	171.27	106.96	81.22	205.23	143.68	4.91	-	-	-	-	-	(27.17)	(47.02)	(31.42)	(4.17)	(15.04)

Primary Segment Reporting – Assets & Liabilities

Particulars (As at Rs. In millions)	Manufacturing					Projects Business					Unallocated				
	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Fixed Assets															
Gross Block	1,322.44	1,117.49	519.15	438.63	245.94	28.20	24.27	19.45	14.34	13.86	2.62	110.81	81.50	7.32	7.32
Less: Depreciation	223.52	146.13	91.31	60.36	43.62	9.99	9.40	10.12	8.86	5.87					
Net Block	1,098.92	971.36	427.84	378.27	202.32	18.21	14.87	9.33	5.48	7.99	2.62	110.81	81.50	7.32	7.32
Current Assets Loans & Advances															
Inventories	777.17	373.29	325.01	140.33	153.78		0.02	0.37	9.93	-	-	-	-	-	-
Sundry Debtors	832.03	804.06	392.77	553.64	500.85	362.70	327.81	501.88	751.21	414.67	-	-	-	-	-
Cash and Bank Balance	-	-	-	-	-	158.38	47.11	8.25	7.75	5.08	751.13	630.52	669.94	448.10	249.34
Loans and Advances	259.49	200.95	208.27	62.55	61.08	27.79	115.65	135.51	128.25	96.74	88.95	52.48	36.52	25.52	5.76
Less: Current Liabilities	1,119.60	953.75	795.73	605.40	561.64	719.33	696.27	701.57	1,043.45	717.19	59.27	38.64	38.34	39.99	52.17
Net Current Assets	749.08	424.55	130.32	151.13	154.07	(170.47)	(205.68)	(55.56)	(146.31)	(200.70)	780.81	644.37	668.13	433.63	202.93
Capital expenditure during the period	102.56	630.12	159.95	204.60	109.01	1.97	5.12	0.33	1.43	1.43	-	-	-	-	-
Depreciation and Non Cash Amortizations during the year	77.78	55.28	27.55	22.18	13.18	1.13	0.54	5.12	2.99	2.55	-	-	-	-	-

Secondary Segment Reporting – Profit & Loss Account

Particulars (Years ended Rs. In millions)	India					Japan					Inter Segment				
	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Revenue	3,922.06	3,070.81	3,356.79	3,690.17	3,078.51	1,201.85	1,474.77	1,430.33	1,635.43	1,256.56	(245.11)	(209.69)	(98.95)	(35.24)	(82.54)
Segment Cost	3,282.44	2,526.54	2,827.82	3,188.17	2,812.98	1,138.36	1,451.27	1,421.17	1,605.28	1,225.91	(245.11)	(209.69)	(98.95)	(35.24)	(82.54)
Operating Profit	639.62	544.27	528.98	502.00	265.53	63.49	23.50	9.17	30.15	30.65	-	-	-	-	-
Other Income	59.18	42.79	70.51	42.56	22.11	10.26	9.32	0.89	0.49	0.15	-	-	-	-	-
Profit before Interest, Depreciation and Tax	698.80	587.06	599.48	544.56	287.65	73.75	32.82	10.06	30.63	30.81	-	-	-	-	-
Interest	66.87	42.25	26.05	14.84	8.80					0.71	-	-	-	-	-
Depreciation & Amortization	78.67	55.65	32.52	25.04	15.56	0.24	0.16	0.15	0.13	0.17	-	-	-	-	-
Profit before tax	553.26	489.15	540.92	504.68	263.29	73.51	32.66	9.91	30.50	29.93	-	-	-	-	-
Provision no longer required			2.79	-	-			-	-	-	-	-	-	-	-
Tax/Deferred Tax/Fringe Benefit Tax	210.37	191.59	184.90	179.57	132.07			-	-	-	-	-	-	-	-
Profit after Tax	342.90	297.56	358.81	325.11	131.22	73.51	32.66	9.91	30.50	29.93	-	-	-	-	-

Secondary Segment Reporting – Assets & Liabilities

Particulars (As at Rs. In millions)	India					Japan				
	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Fixed Assets										
Gross Block	1,350.05	1,250.24	618.24	458.75	265.66	3.21	2.32	1.87	1.54	1.46
Less: Depreciation	231.90	154.17	100.09	68.02	48.41	1.60	1.35	1.34	1.20	1.08
Net Block	1,118.15	1,096.07	518.15	390.73	217.25	1.60	0.97	0.53	0.34	0.38
Current Assets Loans & Advances										
Inventories	777.17	373.31	325.38	150.27	153.78	-				
Sundry Debtors	1,059.73	890.25	716.23	1,003.31	748.69	134.99	241.62	178.43	301.54	166.83
Cash and Bank Balance	751.13	630.52	669.94	448.10	247.08	158.38	47.11	8.25	7.75	7.34
Loans and Advances	357.08	308.14	290.77	131.80	110.11	19.14	60.94	89.54	84.52	53.48
Less: Current Liabilities	1,720.89	1,438.60	1,355.23	1,388.66	1,152.54	177.32	250.05	180.41	300.18	178.47
Net Current Assets	1,224.22	763.61	647.08	344.82	107.11	135.19	99.63	95.81	93.62	49.19
Capital expenditure during the period	103.64	634.91	159.95	205.82	110.38	0.88	0.33	0.33	0.21	0.07
Depreciation and Non Cash Amortizations during the year	78.67	55.65	32.52	25.04	15.56	0.24	0.16	0.15	0.13	0.17

Annexure D12 - Statement of Loans and Advances

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Unsecured considered good					
Advance recoverable in cash or in kind or for value to be received	311.83	286.49	333.19	206.48	156.64
Advance to Subsidiary (DFPS)	-	11.46	13.90	-	-
Central Excise Deposits	10.65	33.04	15.06	9.84	6.95
Advance payment of tax (net of provision for tax)	53.74	38.09	18.16	-	-
Total	**376.22**	**369.08**	**380.31**	**216.32**	**163.59**

Note:
1. There are no loans and advances outstanding to directors or promoters of the Company.

Annexure D13 - Statement of Investments

Particulars (As at Rs. In millions)	31st March 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007
INVESTMENTS LONG TERM - UNQUOTED NON-TRADE (AT COST)					
A. Trade Investments					
2,000 Share of M/s The Shamrao Vithal Co-operative Bank limited @ Rs.25/- each	0.05	0.05	0.05	0.05	0.05
B. In Subsidiary Company - M/s D F Power Systems Private Limited					
1) Equity Shares of Rs.10/- each fully paid up	204.08	3.50	3.50	-	-
2) Share application money pending allotment - 2,950,000 Equity shared of Rs.10/- each	-	29.50	-	-	-
	204.13	**33.05**	**3.55**	**0.05**	**0.05**

Note:

1. Since the investments in subsidiary company being a private limited company, shares are not listed in any stock exchange, hence the market value is not ascertainable.
2. No permanent diminition is expected in investment of intrinsic value of this strategic investment which is long term.

Annexure D14 - Statement of Contingent Liabilities

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	78.92	-	340.02	13.80	98.84
Guarantees, Counter Guarantees given on Imports and Sale Contract etc. (net of margins held by bank)	1,055.05	829.05	987.68	850.18	504.78
Corporate Guarantee issued to the bankers of the subsidiary company.	3,790.00	3,790.00	3,790.00		
Corporate Guarantee issued on behalf of subsidiary company.	450.01	450.01	450.01	-	-
Estimated Customs Duty payable in respect of Imported Goods bonded in Customs Warehouse and lying at port	-	-	-	-	-
Bills discounted under Letter of Credit	81.58	-	-	-	-
Total	**5,455.55**	**5,069.06**	**5,567.71**	**863.98**	**603.62**

Annexure D15 - Statement of Fixed Assets

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
GROSS BLOCK					
TANGIBLES					
Free Hold Land	127.57	108.50	81.50	5.00	5.00
Lease Hold Land	-	2.32	2.32	2.32	2.32
Buildings	282.41	261.97	166.81	164.02	82.30
Plant & Machinery	837.94	789.61	308.05	238.20	131.89
Office Equipments	12.02	11.54	9.87	6.70	7.06
Furniture & Fixtures	14.82	13.26	11.38	8.72	7.09
Computers	37.37	34.03	21.58	18.95	15.59
Communication Equipments	1.69	1.37	1.35	1.03	0.94
Motor Vehicles	39.43	29.99	17.24	15.34	14.92
Total	**1353.25**	**1,252.57**	**620.10**	**460.28**	**267.11**
ACCUMULATED - DEPRECIATION					
TANGIBLES					
Free Hold Land	-	-	-	-	-
Lease Hold Land	-	-	-	-	-
Buildings	31.57	22.71	16.00	10.84	6.72
Plant & Machinery	163.92	103.56	62.18	40.70	28.54
Office Equipments	2.12	1.87	1.25	0.86	0.69
Furniture & Fixtures	6.17	5.20	3.93	2.57	2.12
Computers	18.37	14.17	11.59	9.47	7.76
Communication Equipments	0.61	0.54	0.51	0.40	0.34
Motor Vehicles	10.74	7.46	5.98	4.38	3.32
Total	**233.50**	**155.53**	**101.44**	**69.22**	**49.49**
NET BLOCK					
TANGIBLES					
Free Hold Land	127.57	108.50	81.50	5.00	5.00
Lease Hold Land	-	2.32	2.32	2.32	2.32
Buildings	250.83	239.26	150.81	153.18	75.58
Plant & Machinery	674.03	686.05	245.87	197.50	103.35
Office Equipments	9.89	9.66	8.62	5.85	6.37
Furniture & Fixtures	8.65	8.05	7.45	6.15	4.97
Computers	19.00	19.85	9.99	9.48	7.83
Communication Equipments	1.08	0.82	0.84	0.63	0.60
Motor Vehicles	28.69	22.53	11.26	10.96	11.60
Total	**1,119.75**	**1,097.04**	**518.66**	**391.06**	**217.62**

(*)Sale Deed has been executed by KIADB in favour of company on 09th February 2011 for land purchased under Lease cum Sale Basis..
(**) Accumulated depreciation as on 01st April 2004 under Owned Assets includes accumulated depreciation of leased asset also.
(***) Dues w.r.t Motor Vehicles under Hire Purchase Scheme from ICICI & ABN Amro amounts to Rs. 76,34,710/-

Annexure D16 - Statement of Reserves and Surplus

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	31st March 2008	31st March 2007
Share Premium Account	165.35	8.52	8.52	8.52	8.52
General Reserve Account	157.45	126.02	89.85	51.59	14.78
Profit and Loss Account	1,208.64	1,042.97	786.02	492.66	188.74
Total	1,531.44	1,177.51	884.39	552.77	212.03

Auditors' Report on Restated Consolidated Financial Information

Auditors' Report

(As required by Part II of Schedule II of the Companies Act, 1956)

To
The Board of Directors
TD Power Systems Limited
Plot No.27, 28 & 29
KIADB Industrial Area,
Dobuspet, Nelamangala Taluk,
Bangalore- 562 111
India

Dear Sirs,

1 We have examined the attached Restated Consolidated Financial Information of TD Power Systems Limited (formerly TD Power Systems Private Limited) ("the Company") and its subsidiaries (together termed as "the Group"), as attached to this report, stamped and initialled by us for identification and as approved by the Board of Directors, which has been prepared in accordance with Paragraph B, Part-II of Schedule II of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations") as amended, issued by the Securities and Exchange Board of India (SEBI).

2 The preparation and presentation of this financial information is the responsibility of Company's management. Our work has been carried out in accordance with the auditing standards generally accepted in India and in accordance with the Guidance Note on Reports in Company Prospectuses (Revised), issued by the Institute of Chartered Accountants of India. Our examination was conducted in accordance with the terms of our letter of engagement with the Company requesting us to carry out work in relation to the Offer Document being issued by the Company in connection with its proposed Initial Public Offer.

3 We have examined the attached Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at March 31, 2011, 2010 and 2009 the attached Restated Consolidated Summary Statement of Profits and Losses and the attached Restated Consolidated Summary Statement of Cash Flows for each of the years ended on those dates (Annexure E, F and G) as prepared by the management and approved by the Board of Directors (collectively the "Restated Consolidated Summary Statements"). Such Restated Consolidated financial information has been arrived at after making such adjustments and regroupings, as in our opinion, are appropriate and more fully described in the Statement of Significant Accounting Policies and Notes to the Restated Consolidated Statements appearing in Annexure H4 to this report. These Restated Consolidated Summary Statements have been prepared from the audited financial statements of the Company and its subsidiaries for the years ended March 31, 2011, 2010, 2009 and adopted by the members of the respective companies in the respective years in their respective Shareholders' Meetings.

4 Peer Review of our firm has been carried out for the period 01.04.2005 to 31.03.2006, 01.04.2006 to 31.03.2007 and 01.04.2007 to 31.03.2008 and we hold a valid Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India on June 9, 2009 pursuant to the Statement on Peer Review.

5 Based on our examination of the above, we further report that the Restated Consolidated Summary Statement of Assets and Liabilities, the related Restated Consolidated Summary Statement of Profits and Losses, the related Restated Consolidated Summary Statement of Cash Flows and the notes thereon, of the Group, has been made after incorporating:

i. adjustments for the material amounts in the respective financial years to which they relate (Note 4 & 5 of Annexure H4);

Restated Consolidated Summary Statement of Assets and Liabilities, the related Restated Consolidated Summary Statement of Profits and Losses, the related Restated Consolidated Summary Statement of Cash Flows and the notes thereon, of the Group, other than mentioned in Annexure H4, do not require any restatement, since:

i. There are no changes in accounting policies, the impact of which needs adjustment retrospectively in the respective financial years;
ii. There are no extra-ordinary items that need to be disclosed separately in the financial information.

iii. There are no qualifications in the Auditors' Reports that require adjustments.

Based on the above we are of the opinion that the Restated Consolidated financial statements have been made in accordance with the SEBI Regulations after incorporating all the adjustments suggested in the said regulations.

6 Other Financial Information

We have also examined the following Restated Consolidated financial information of the Group as at and years ended March 31, 2011, 2010, 2009 which are proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors and annexed to this report:

a. Restated Consolidated Statement of Dividend paid – Annexure H1
b. Restated Consolidated Statement of Restated Secured Loan – Annexure H2
c. Restated Consolidated Statement of Restated Sundry Debtors – Annexure H3
d. Restated Consolidated Statement of Significant Accounting Policies & Notes on Restated Profit and Loss Account and Restated Assets and Liabilities – Annexure H4
e. Restated Consolidated Statement of Other Income – Annexure H5
f. Restated Consolidated Statement of aggregate related party transaction – Annexure H6
g. Restated Consolidated Statement of Accounting Ratios – Annexure H7
h. Restated Consolidated Statement of Capitalisation – Annexure H8
i. Restated Consolidated Statement of Restated Unsecured Loan – Annexure H9
j. Restated Consolidated Statement of Tax Shelter – Annexure H10
k. Restated Consolidated Statement of Restated Segmental Information – Annexure H11
l. Restated Consolidated Statement of Restated Loans and Advances – Annexure H12
m. Restated Consolidated Statement of Restated Investments – Annexure H13
n. Restated Consolidated Statement of Contingent Liabilities – Annexure H14
o. Restated Consolidated Statement of Fixed Assets – Annexure H15
p. Restated Consolidated Statement of Reserves and Surplus – Annexure H16

7 This report should not be in any way construed as a reissuance or a re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

8 We have no responsibility to update our report for events and circumstances occurring after the date of the report.

9 Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed initial public offering of equity shares of the Company. Our report and the enclosed Annexures should not be used, distributed, referred to, published or relied upon by any person for any other purpose, except with our prior written consent.

For **B K Ramadhyani & Co.,**
Chartered Accountants
Firm Registration No. 002878S

R Satyanarayana Murthi
Partner
Membership No. 024248

Place: Bangalore
Date: July 29, 2011

Annexure E - Restated Consolidated Statement of Assets and Liabilities

Particulars (As at Rs. In millions)	**31st March 2011**	**31st March 2010**	**31st March 2009**
FIXED ASSETS			
Gross Block	1,367.98	1,260.44	622.11
Less : Depreciation	235.95	156.40	101.61
Net Block	1,132.03	1,104.04	520.50
Less: Revaluation reserve	-	-	-
Net Block after adjustemnet for revaluation reserve	1,132.03	1,104.04	520.50
Capital Work in progress (At cost)	20.44	-	8.57
Total (A)	**1,152.47**	**1,104.04**	**529.07**
INVESTMENT (B)	**0.05**	**3.88**	**0.05**
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	777.17	373.31	325.38
Sundry Debtors	2,039.76	2,066.76	880.76
Cash & Bank Balances	2,078.03	1,436.24	1,053.72
Loans & Advances	645.09	940.53	833.01
Total (C)	**5540.05**	**4,816.84**	**3,092.87**
Less :LIABILITIES & PROVISIONS			
Current Liabilities	3,766.55	3,734.58	2,270.91
Provisions	125.62	75.55	75.28
Secured Loans	605.67	682.19	287.16
Unsecured Loans	250.00	-	-
Deferred Tax Liability	71.68	70.03	37.88
Total (D)	**4819.52**	**4,562.35**	**2,671.23**
Minority Interest (E)	**-**	**44.04**	**1.93**
NET WORTH (A) + (B) + (C) - (D) - (E)	**1,873.05**	**1,318.37**	**948.83**
Networth Represented by:			
SHAREHOLDERS' FUNDS			
Capital	243.70	63.44	63.44
Share Application Money (Pending Allotment)	-	3.83	-
Reserves & Surplus	1,557.52	1,250.67	884.96
Less: Revaluation reserve	-	-	-
Reserves & Surplus (Net of revaluation reserve)	1,557.52	1,250.67	884.96
Capital Reserve on consolidation	71.83	0.43	0.43
NET WORTH	**1,873.05**	**1,318.37**	**948.83**

The above statement should be read with the Notes on Restated Consolidated Summary of assets and liabilities, Profits and Losses and Cash flow and Significant Accounting Policies for restated financial statements as appearing in Annexure H4, to this report.

Annexure F - Restated Consolidated Statement of Profit and Loss

Particulars (As at Rs. In millions)	30st March 2011	31st March 2010	31st March 2009
INCOME			
Gross Sales	8,917.33	7,566.32	5,172.63
Less : Excise Duty Paid	280.08	184.11	211.89
Net Sales	8,637.26	7,382.21	4,960.74
Other Income	109.17	71.64	104.95
Total Income	**8,746.43**	**7,453.85**	**5,065.69**
EXPENDITURE			
Consumption of Raw Materials, Stores, Spares parts & Components	2,273.90	1,812.88	1,602.04
Purchases for Projects Business	1,146.91	1,377.60	2,010.50
Purchases for EPC	3,320.24	2,743.37	263.42
Operating and Other Expenses	1,001.80	730.13	576.34
Interest and Finance Charges			
On Fixed Loans	26.30	14.93	18.03
On Other Accounts	40.57	27.32	8.04
	66.87	42.25	26.07
Loss on Sale of Fixed Asset	0.36	0.27	-
Depreciation	80.48	56.51	32.85
Amortisation of Technical Knowhow	-	-	-
Total Expenditure	**7,890.56**	**6,763.01**	**4,511.22**
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	**855.87**	**690.84**	**554.47**
Less : Provision for Taxation (net)	287.51	223.50	166.31
Less: Provision for wealth tax	0.15	0.09	0.07
Less : Deferred Tax (net)	1.65	32.14	16.56
Less : Fringe Benefit Tax	-	-	4.05
PROFIT BEFORE EXTRA ORDINARY ITEMS	566.55	435.11	367.48
Add/(Less) Extra ordinary items		-	-
Add : Provision no longer required	-	-	3.90
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	-	-	1.11
RESTATED PROFIT AFTER EXTRA ORDINARY ITEMS	**566.55**	**435.11**	**370.27**
Balance of Profit brought forward from previous year	**1,110.60**	**786.59**	**492.55**
Less: Minority Interest	-	31.46	0.43
Less: Capital Reserve/(Goodwill)	26.42	-	0.43
Appropriations:			
Less : Capitalisation of Reserves	162.46	-	-
Less : Provision for Dividend on Equity Shares including Tax on Dividend	70.83	37.93	37.11
Less : Transfer to General Reserve	42.67	41.71	38.26
Balance of Profit Carried to Balance Sheet	**1,374.77**	**1,110.60**	**786.59**

Annexure G - Restated Consolidated Statement of Cash flow

	(Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
A	***CASH FLOW FROM OPERATING ACTIVITIES***			
	Net Profit before tax and extraordinary items	855.87	690.84	554.47
	Adjustments for			
	Depreciation	80.48	56.51	32.85
	Amortisation	-	-	-
	(Profit) / Loss on sale of Fixed Asset	0.36	0.10	(0.02)
	Dividend Income	(0.01)	(0.01)	(0.01)
	Interest Income	(103.45)	(50.09)	(61.50)
	Interest Payments	66.87	42.25	26.07
	Provision for Warranty Claims	2.46	(1.36)	(1.42)
	Exchange Fluctuation Deficit	0.74	-	-
	Provision for Gratuity & Leave Encashment	25.26	4.99	8.16
		72.71	**52.39**	**4.13**
	Operating profit before Working Capital Changes	**928.58**	**743.23**	**558.60**
	Adjustments for			
	Trade Receivables	27.00	(1,172.10)	422.98
	Other Receivables	326.43	(183.03)	(580.14)
	Inventories	(403.85)	(47.94)	(175.11)
	Future contracts	524.52	305.27	-
	Trade Payables	(492.55)	1,167.43	582.91
		(18.46)	**69.63**	**250.65**
	Cash generated from Operations	**910.12**	**812.86**	**809.25**
	Payment of Fringe Benefit Tax	-	0.51	6.34
	Payment of Gratuity	9.56	3.51	2.72
	Direct Taxes Paid	303.73	215.99	173.98
		313.29	**220.01**	**183.04**
	Net Cash Flow from Operating Activities	**596.83**	**592.85**	**626.21**
B	**Cash flow from Investing Activities**			
	Purchase of Fixed Assets	(131.81)	(632.53)	(133.51)
	Purchase of Investments	-	-	-
	Sale of Fixed Asset / Purchase of Investments	3.83	2.78	0.46
	Dividend Received	0.01	0.01	0.01
	Interest Received	103.45	71.93	24.70
	Net Cash used in investing activities	**(24.52)**	**(557.81)**	**(108.35)**
C	**Cash flow from financing activities**			
	Proceeds from issuance of Share Capital	13.55	-	1.40
	Share Application Money	-	11.00	-
	Share Premium	-	-	-
	Refund on Income Tax	-	3.89	4.69
	Long term borrowings	(75.85)	241.58	7.50
	Temporary Borrowing	-	(18.64)	1.00
	Unsecured Loans & Deposits	249.60	7.24	(8.57)
	Working Capital borrowings	(0.26)	164.86	57.86
	Interest Paid	(66.87)	(43.08)	(27.08)
	Dividend and Tax on Dividend paid	(37.93)	(37.11)	(14.88)
	Net Cash flow from financing activities	**82.24**	**329.72**	**21.94**
	Net increase/decrease in cash and cash equivalents	**654.54**	**364.76**	**539.80**
	Cash and cash equivalents at the beginning	**1,436.24**	**1,053.72**	**513.93**
	Cash and cash equivalents at close	**2,090.78**	**1,418.48**	**1,053.72**
	Actual Closing Cash Balance	2,078.03	1,436.24	1,053.72
	Add : Non-Cash Equivalents	12.75	(17.76)	-
	Cash and cash equivalents at Close	**2,090.78**	**1,418.48**	**1,053.72**

NOTE: Cashflows are reported using the indirect method.Cash and cash equivalents is after adjusting translation gain/loss.

Annexure H1 - Restated Consolidated Statement of Dividend Paid

Class of Shares (Years ended Rs. In millions)	Face Value (In Rs.)	31st March 2011 *	31st March 2010	31st March 2009
Consolidated Dividend Paid including DDT	10	70.83	37.93	37.11
HOLDING COMPANY				
Weighted average number of shares considered for declaration of dividend	10	11.09	6.34	6.34
Share Capital based on weighted average number of shares	10	110.89	63.44	63.44
Closing outstanding number of Shares	10	24.37	6.34	6.34
Share Capital based on closing outstanding number of shares	10	243.70	63.44	63.44
Dividend Paid including DDT	10	56.84	37.11	37.11
Dividend Tax	10	8.10	5.39	5.39
Dividend excluding DDT	10	48.74	31.72	31.72
Rate of Dividend	10	20%	50%	50%
SUBSIDIARY COMPANY				
Closing outstanding number of Shares	10	6.00	0.50	0.50
Share Capital based on closing outstanding number of shares	10	60.00	5.00	5.00
Dividend Paid including DDT	10	13.99	1.17	-
Dividend Tax	10	1.99	0.17	-
Dividend excluding DDT	10	12	1.00	-
Rate of Dividend	10	20%	20%	-

*** Dividend for the year ended March 31, 2011 was paid at 20% on the closing outstanding number of shares and not on the weighted average number of shares by the holding company. Whereas, the subsidiary company has paid dividend based on closing outstanding number of shares for all the reporting periods.**

 # Dividend of subsidiary for the year 2009 - 10 includes minority interest portion of 0.35 million which is shown under minority interest in the consolidated financial statements.

Annexure H2 - Restated Consolidated Statement of Secured Loan

	Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
a)	Loans and Advances from Banks			
	1. Term Loan from Bank of Baroda	314.26	390.11	148.53
	2. Working Capital	283.78	284.05	119.18
	3. Loan from Bank of Tokyo Mitsubishi UFJ Limited, Japan	-	-	18.64
b)	Other Loans			
	For Assets purchased under Hire Purchase	7.63	8.04	0.80
		605.67	**682.19**	**287.16**

Amount – Rs in Millions

Particulars	Nature of Loan	Purpose of loan	Outstanding as on 31st March 2011	Repayment Schedule	Rate of Interest	Penalty/Default	Security	Loan Sanctioned	Loan Availed	Whether Recallable at any time?
Bank of Baroda, CFS Branch, Bangalore	Term Loan - TL III	Loan for project expansion	20.81	12 instalments of Rs.7.50 lakhs, Rs.9 lakhs, Rs.11 Lakhs, Rs.12.5 Lakhs each, 22 insatlments of Rs.13.5 Lakhs, last instalment of Rs.9.50 Lakhs	1.25% below BPLR	NA	First charge on all fixed assets i.e., land, building, plant and machinery personal guarantee of Mr. Nikhil Kumar and Mr. Hitoshi Matsuo	80.00	76.91	No
Bank of Baroda, CFS Branch, Bangalore	Term Loan - TL IV	Loan for project expansion	59.07	77 instalments of Rs.15.58 Lakhs each	0.5% below BPLR	NA	First charge on all fixed assets i.e., land, building, plant and machinery personal guarantee of Mr. Nikhil Kumar and Mr. Hitoshi Matsuo	120.00	113.60	No
Bank of Baroda, CFS Branch, Bangalore	Term Loan - TL V	Loan for project expansion	234.37	75 instalments of Rs.40 Lakhs each	0.5% below BPLR	NA	First charge on all fixed assets i.e., land, building, plant and machinery personal guarantee of Mr. Nikhil Kumar and Mr. Hitoshi Matsuo	300.00	274.37	No
Bank of Baroda, CFS Branch, Bangalore	Working Capital		283.78	NA	2% below BPLR	NA	Demand Promissory Note duly executed by the Company Hypothecation of all the stock in trade such as electrical steel, copper, insulation, bearing etc., cooler, frabication, forgings etc., both domestic and imported and other raw material, stock in progress and finished goods nad book debts/extention of charge on fixed asset	300.00	NA	Yes - Demand loans renewed every year
Bank of Tokyo Mitsubishi	Working Capital		-	NA		NA	Secured by goods pending shipment			
ICICI Bank Ltd		Purchase of Vehicle - Honda City	4.04	NA	7.00%	NA	Vehicle	6.40	6.40	No
		Purchase of Vehicle - Toyota Corolla	0.76	NA	7.75%	NA	Vehicle	1.15	1.15	No
		Purchase of Vehicle - Mahindra Xylo	0.47	NA	7.75%	NA	Vehicle	0.72	0.72	No
		Purchase of Vehicle - Honda City	2.36	NA	7.75%	NA	Vehicle	3.20	3.20	No

Note:
1. Refer note on 'Financial Indebtedness' for further updates on the terms of secured loans.

Annexure H3 - Restated Consolidated Statement of Sundry Debtors

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
Debts outstanding for a period exceeding six months	624.30	218.23	198.36
Other Debts	1,415.46	1,848.53	682.39
Total	**2,039.76**	**2,066.76**	**880.76**

Note:
1. There are no sundry debtors outstanding who are related to the directors or promoters of the Company.

Annexure H4

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP

1. Background:

TD Power Systems Limited ("TDPS" or "Company") was originally incorporated as T D Power Systems Private Limited on April 16, 1999 as a private limited company under the Companies Act, in Bangalore, Karnataka, India. The Company commenced business providing TG project solutions and subsequently, in August 2001, forayed into manufacturing of generators up to 30 MW under a license from Toyo Denki, a leading manufacturer of power and electric equipments located in Japan. The Company also established a manufacturing facility in the year 2001 at Dabaspet, Bangalore Rural.

Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company is converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act 1956, and a fresh Certificate of Incorporation dated 04th February 2011 is issued by the Registrar of Companies, Karnataka. The company holds 99.99% (70.00%) of the equity share capital as on date.

DF Power Systems was incorporated on 7th February 2007 to carry on EPC Contracts in Power Plants. The company has strong Design, Sourcing, and Erection & Commissioning capabilities to install Power Plants from 40 MW to 300 MW. Generally the contracts are of long term in nature and revenues are recognized appropriately as per Accounting Policy.

The restated consolidated summary statement of assets and liabilities of the Company as at March 31, 2011, 2010, 2009 and the related restated consolidated summary statement of profits and losses and cash flows for the period March 31, 2011, 2010, 2009 (hereinafter collectively referred to as "Restated Consolidated Summary Statements") relate to TD Power Systems Limited ("the Group") and have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with its proposed Initial Public Offering.

i. Significant Accounting Policies.

2.1 Accrual System of Accounting (AS – 1):
The Group follows accrual system of accounting for all items of expenditure and income. Provision for warranties is made on an estimated basis.

2.2 Basis of Preparation:
The consolidated financial statements of TDPS, its subsidiary DFPS are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

2.3 Principles of Consolidation (AS – 21):
The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company.

a. The financial statement of the Company and its subsidiary company has been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.
   b. The share of equity in the subsidiary company as on the date of investment being, in excess of cost of investment of the Parent Company, such excess amount over cost of investment is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as on 31st March 2011	Shareholding as on 31st March 2010	Shareholding as on 31st March 2009
DF Power Systems Private Limited	India	EPC Contracts	Subsidiary Company	99.99%	70%	70%

2.4 Fixed Assets (AS – 10):
Fixed assets are stated at cost of acquisition excluding duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on specific borrowings utilized for acquisition of Fixed Assets less Depreciation.

2.5 Inventories (AS – 2):
Inventories are valued at cost or net realizable value for item specific, which ever is lower. Raw materials is valued under FIFO method as per Accounting Standard – 2 (Inventories) and raw material cost includes Material Cost, Carriage Inward, Insurance and Purchase related expenses.

2.6 Depreciation (AS – 6):
Depreciation is charged on Straight Line method as stipulated in Section 205 (2) (b) of the Companies Act, 1956, at the rates specified in Schedule XIV, prorata for the quarter of additions / deletions.

2.7 Revenue Recognition (AS – 7, AS – 9):

TDPS:
a. Sale of goods is recognized on shipment to customers, and exclusive of Excise duty and Sales tax.

DFPS:
a. Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer. Sales include goods dispatched to customers by partial shipment
b. Income from erection and project management services is recognized on work done based on percentage completion or the intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognized as income when the contract is completed.
c. Income from engineering services rendered is recognized at realizable value based on percentage of work completed.

2.8 Foreign currency translation on overseas branch (AS – 11):
The financial statement of foreign branch etc is translated in accordance with Accounting Standard 11 prescribed by the Institute of Chartered Accountants of India.

2.9 Amortisation of Technical Know-how Fees (AS – 26):
Technical Know-how Fees has been amortised over a period of 60 months.

2.10 Taxes on Income (AS – 22):
Provision for tax is made in terms of AS 22 for both current and deferred tax. Provision for current income tax if arises is made at the current tax rates based on assessable income. Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

2.11 Borrowing Cost (AS – 16):
Interest and other borrowing cost on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use. Other interest and borrowing cost are charged to Profit & Loss Account.

2.12 Contingent Liabilities (AS – 26):
Financial effects of contingent liabilities are disclosed based on information available up to the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

2.13 Employee Benefits (AS – 15):

i. <u>Short Term Employee Benefits:</u>
Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognized in the period in which an employee renders the related service.

ii. <u>Long Term Employee Benefits:</u>

c. Defined Contribution Plans:
The Company has contributed to provident funds, which is defined contribution plan. The contribution paid/ payable under the scheme is recognised during the year in which an employee renders the related service.

d. Defined Benefit Plans:
Employee's gratuity and leave encashment are defined benefit plans. The present value of the obligations under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised immediately in the statement of profit & loss account as income or expense. Obligation is measured at present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the defined benefit obligation.

2.14 Accounting for leases (AS – 19):

iii. Operating Lease:
Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

iv. Finance Lease and Hire purchase transactions:
Lease rentals are charged to Profit and Loss Account over the period of Lease. Depreciation is provided on the primary period of the lease.

2.15 Impairment of assets (AS – 28)

At each balance sheet date, the management reviews the carrying amount of its asset to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Reversal of impairment loss, if any, is recognised immediately in the profit and loss account.

(ii) The Consolidation of financial statement (CFS) present the Consolidated accounts of TD Power Systems Limited with its Subsidiary DF Power Systems Private Limited, incorporated in India and the Company holds 99.99% of the subsidiary as at March 31, 2011.

(iii) Material Regrouping:
In the audited financial statements for the year ended March 31, 2009, advance tax and provision for tax had been disclosed separately under loans and advances and provisions, respectively. The same has been reflected net of provision or provision for tax, under loans and advances or provisions, as appropriate in the restated consolidated summary statements of the Company.

(iv) Material Adjustment:

a) During the year ended March 31 2009, provision for doubtful debts amounting to Rs, 1,109,130/- has been withdrawn and written back in the books of the TD Power Systems, the effect of the same has been given to the year to in which the provision was made. Summary of restatement made to the audited financial statements of the Company for the respective years and impact on the Profit/Losses are as given below:

Adjustments made in the restated Profit/Loss Account	Year ended March 31, 2009 (Rs. In millions)
Audited Profit after tax of the Company before restatement	371.38
Less: Provision no longer required with respect to earlier years adjusted to the respective year – Provision for Doubtful Debts	(1.11)
Restated Profit after tax of the Company as per restated financials	370.28

b) In case of Consolidated Financial statement for the year ended March 31, 2011, Minority interest calculation has been recomputed and has been adjusted in Profit and Loss account as prior period adjustment. In the Restated Consolidated Financial Statement the same has been restated to the respective years financial statements which is not in the nature of change in accounting policy or change in accounting estimates. The change is to reflect correction of minority interest calculation in the earlier years. The impact of the same is change in capital reserve and Minority Interest.

c) Sales made to Japan branch were included in the total turnover (Manufacturing sales) of the Company and purchases by Japan branch from the Company were shown as purchases for the past years. Hence the same has been reduced from manufacturing sales as well as Japan purchases in the respective years which have no impact in the profits of the respective years other than for the adjustments made above.

(v) Contingent Liabilities etc.:

(Rs. In millions)

	Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
i.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	78.92	-	340.02
ii.	Guarantees, Counter Guarantees given on Imports and Sale Contract etc. (net of margins held by bank)	3059.40	1,788.03	1,573.46
iii.	Corporate Guarantee issued to the bankers of the subsidiary company.	3790.00	3,790.00	870.00
iv.	Corporate Guarantee issued to customer on behalf of subsidiary company.	450.01	450.01	450.01
v.	Bills discounted under letter of credit	81.58	-	-

(vi) Operational Lease

The Company has various operating lease for transit houses and residential premises for employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating lease included in the Income Statement for the years are:

(Rs. In millions)

Year ended March 31, 2011 – 23.86
Year ended March 31, 2010 – 16.01
Year ended March 31, 2009 – 14.00

(vii) Segment Reporting

The Group's operation comprises of Projects business, Manufacturing & EPC contract activities. EPC contracts relates to DFPS activity. Primary segmental reporting comprises of Projects business, Manufacturing & EPC segments. Secondary Segmental reporting is based on geographical location of Activities. Under primary segment revenue and direct expenses, which relate to a particular segment and which are identifiable, are reported under that segment.
Certain expenses, which are not allocable to any specific segment, are separately disclosed at the enterprise level. Cash and bank balances in India are reported at the enterprise level as the group operates common bank accounts. Fixed assets, Liabilities, Current assets and Current liabilities relating to specific business segments are identified and reported. Those that are not identifiable are reported as unallocated item.
Secondary segment is reported based on the geographical location of branch offices of the group, viz., India and Japan. Revenues in the secondary segment are based on the sales made by the branch office. Inter-segmental purchases & sales are separately identified and reported. Fixed assets, Current Assets including Cash and Bank accounts, and Current Liabilities are identified based on the branch office to which they relate and are reported accordingly.

Refer Annexure H 11 for details

(viii) Deferred Tax Liability is calculated in accordance with AS 22, and the net tax liability for the year is debited to Profit & Loss Account. (Rs. In millions)

			As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
	On account of timing difference				
i.	Liability				
	a.	Depreciation on fixed Assets	91.57	77.64	44.04
	b.	Technical Know-how	(0.16)	(0.23)	(0.30)
	TOTAL		**91.41**	**77.41**	**43.74**
ii.	Asset				
	a.	Disallowance under Section 43 B and other sections	19.73	7.38	5.86
iii.	**NET DIFFERENCE**		**71.68**	**70.03**	**37.88**

(ix) Related Party Disclosure

Transaction with key management personnel and their relatives: (Rs. In millions)

Sl No	Name of the Key Personnel	Nature of Transaction	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
01	Nikhil Kumar	Directors Remuneration and Commission	62.26	48.22	25.46
02	Hitoshi Matsuo	Directors Remuneration and Commission	35.65	28.92	28.90
03	Tadao Kuwashima	Directors Remuneration	10.03	7.47	6.38
04	Mohib Khericha	Sitting Fee	0.09	0.02	0.02
05	Mohib Khericha	Lease Rent	2.40	1.80	1.80
06	Mohib Khericha	Consultation Charges	-	0.33	0.34

(x) The Details of Earning Per Share (EPS) are as under

(Rs. In millions except per share data)

i.	BASIC AND DILUTED EPS		Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
	a.	Profit After Tax (excluding Extra-Ordinary Items of Technology Transfer Fee)	566.55	435.11	370.27
	b.	Weighted Average Number of Shares Basic	22.58	19.03	19.03
	c.	Weighted Average Number of Shares Dilutive	22.58	19.03	19.03
	d.	Basic/Dilutive EPS	25.09	22.86	19.46

Note: Weighted average number of shares is after adjusting for bonus issue of 16.25 million shares issued on January 11, 2011 and in consonance with Para 22 and Para 44 of Accounting Standard 20. As per AS 20, impact of bonus issue has been given to all the periods presented as though bonus issue was made on the same date when the original shares were issued to arrive at the weighted average number of shares

(xi) Disclosure under Accounting Standard - 7 on Construction Contract

DFPS:

Disclosure related to construction contract, contract revenue recognized for the year as per revised Accounting Standard – 7 in respect of Contract in progress at the end of the period ended March 31, 2011:

Particulars	(Rs. In millions)
Contract Revenue Recognized (net)	7,070.71
Cost Incurred	6,760.59
Recognised Profit (Less recognized losses)	310.13
Amount of Advance Received	646.39
Amount of Retentions (Deferred Debts)	612.13
In respect of dues from customer after appropriate netting off a. Gross amount due from customer for contract work as an asset b. Gross amount due to customer for contract work as liability	 232.91 Nil
Contingencies	Nil

13. Disclosure in terms of Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets.

Movement of provisions for liabilities (Rs. In millions)

Particulars	Taxation	Warranty Claims	Gratuity	Leave Encashment
Balance as on 01st April 2010	577.60	22.05	0.63	14.58
Provided during the year	287.66	2.46	9.63	15.70
Amounts used during the year	0.094	-	9.63	-
Reversed during the year	-	-	0.63	-
Balance as at 31st March 2011	865.16	24.51	-	30.28
Timing of outflow/uncertainties – On	Crystallization	Crystallization	Crystallization	Crystallization

Contingent Liabilities in respect of Guarantee is on devolvement and in respect of Bills Discounted and statutory levies is on demand by the concerned parties and settlement of disputes.

(Rs. In millions)

14.

Particulars	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Interest and borrowing cost on specific borrowings relating to acquisition of capital assets has been capitalized as under up-to the date such assets brought to use.	-	2.47	0.38
Land	-	0.70	-
Buildings	-	0.21	-
Plant & Machinery	-	1.57	0.38

15.

	Consequent to the announcement by the ICAI in 2005, following are the disclosures as required for the derivative instruments on hedging foreign currency exposures. Foreign currency exposures hedged:	As at 31.03.11	As at 31.03.10	As at 31.03.09
iv.	Assets (Receivables)	-	-	-
v.	Liabilities (Payables)	-	-	-
vi.	Others	-	-	-
	Foreign currency exposures not hedged:			
iv.	Assets (Receivables)	208.71	315.92	332.47
v.	Liabilities (Payables)	325.23	22.41	80.61
vi.	Others	-	-	-

16. Disclosures as per Accounting Standard 15 "Employee Benefits". – Defined Contribution Plan

Contribution to Defined Contribution, recognized as expenses for the year are as under: (Rs. In millions)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Employer's Contribution to Provident Fund	17.53	11.15	9.00

Defined Benefit Plans:

The Present value of obligation is determined based on actuarial valuation

		Gratuity (Rs.)	Leave Encashment (Rs.)
I	Component of employer expenses		
i.	Current Cost Service	2.32	16.37
ii.	Interest cost	0.74	1.12
iii.	Expected Return on plan assets	1.15	-
iv.	Past Service Cost	-	-
v.	Actuarial Losses/(Gains)	(5.17)	(0.57)
vi.	Total expenses recognized in the Statement of Profit and Loss	8.10	16.91
II	Actual Contribution and Benefits Payments for the year ended 31st March, 2011		
i.	Actual benefit payments	(0.38)	-
ii.	Actual Contributions	9.56	-
III	Net asset/(liability) recognized in balance sheet as at 31st March 2011		
i.	Present value of Defined Benefit Obligation	18.42	30.28
ii.	Fair Value of plan assets	25.34	-
iii.	Funded status [Surplus/(Deficit)]	(6.93)	(30.28)
iv.	Unrecognized Past Service Costs	-	-
v.	Net asset/(liability) recognized in balance sheet	(6.93)	(30.28)
IV	Change in Defined Benefit Obligations during the year ended 31st March, 2011		
i.	Present value of DBO at beginning of period	9.30	14.58
ii.	Current Service Cost	2.32	16.37
iii.	Interest Cost	0.74	1.12
iv.	Actuarial (gains)/losses	(5.17)	(0.57)
v.	Benefits Paid	0.38	(1.21)
vi.	Present value of DBO at the end of period	18.42	30.28
V	Change in Fair Value of Assets during the year ended 31st March, 2011		
i.	Plan assets at beginning of period	14.77	-
ii.	Expected return on plan assets	1.39	-
iii.	Actuarial gain/(loss)	-	-
iv.	Actual Company contributions	9.56	-
v.	Benefits paid	0.38	-
vi.	Plan assets at the end of period	25.34	-

		Gratuity	Leave Encashment
VI	Actuarial Assumptions		
1	Mortality Table (LIC) :	1994-96 (Ultimate)	1994-96 (Ultimate)
2	Discount Rate	8.00%	8.00%
3	Expected Return on plan assets	8.00%	8.00%
4	Salary escalation	7.00%	8.00%
5	Attrition Rate	5.00%	5.00%

.

Annexure H5 - Restated Consolidated Statement of Other Income

Particulars (Years ended Rs. In millions)	31st March 2011	31st March 2010	31st March 2009	Nature (Recurring/ Non-recurring)	Related/ not related to business
Interest from Banks on deposits	103.45	50.09	61.50	Recurring	Not Related
Miscellaneous Income					
Profit on sale of fixed assets	0.00	0.16	0.02	Non Recurring	Not Related
Insurance claims	2.11	0.99	0.30	Non Recurring	Related
Foreign exchange fluctuation	-	17.76	25.69	Non Recurring	Not Related
Others	3.61	2.63	17.43	Non Recurring	Related
Dividend Income	0.01	0.01	0.01	Recurring	Not Related
	109.17	**71.64**	**104.95**		

Particulars (As at Rs. In millions)	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
Profit Before Tax	855.87	690.84	554.47
Other Income	109.17	71.64	104.95
% of Other Income to Profit Before Tax	12.76%	10.37%	18.93%

Notes:

1. The Classification of 'Other Income' as Recurring/Non Recurring and Related/Not Related to business activities is based on the current operations and business activities of the Company.

Annexure H6 - Statement of Aggregate Related Party Transactions as per Accounting Standard – 18

As per the requirements of Accounting Standard 18 of the Companies (Accounting Standard) Rules, 2006 on Related Party Disclosures, the name of the related parties with the description of the relationships and transactions between the reporting enterprise and its related parties, as identified and certified by the management are

A. Names of the Related Parties

1. Key Managerial Personnel and their relatives

Nikhil Kumar
Hitoshi Matsuo
Tadao Kuwashima
Mohib Khericha
Mrs.Sofia M. Khericha
Mrs. Foziyha Akil Contractor

2. Entities having common control

Chartered Capital and Investment Limited
Saphire Finman Service P.Ltd.
Nilarya Trading and Developers Pvt Ltd
Bangalore Beers and Wines

B. Related party transaction

(Rs. In millions)

Nature of Transaction	JVs	Individuals having Significant Influence & their Relatives	KMP/Relatives of KMP			Enterprise having Significant Control
			As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	
Remuneration						
Nikhil Kumar	-	-	62.26	48.22	44.59	-
Hitoshi Matsuo	-	-	35.65	28.92	28.90	-
Tadao Kuwashima	-	-	10.03	7.47	6.38	-
Sitting Fees						
Mohib Khericha	-	-	0.09	0.02	0.02	-
Hitoshi Matsuo	-	-	-	-	-	-
Lease Rent						
Mohib Khericha	-	-	2.40	1.80	1.80	-
Consultation Charges						
Mohib Khericha	-	-	-	0.33	0.34	-

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statement of Profits and Losses of the Company.

Annexure H7 - Restated Consolidated Statement of Accounting Ratios

Particulars (Years ended Rs. In millions)	As at March 31, 2011	31st March 2010	31st March 2009
Profits After Tax, As restated	566.55	435.11	370.27
Weighted Average Number of Shares Basic	22.58	19.03	19.03
Weighted Average Number of Shares Dilutive (after considering the bonus issue on January 11, 2011 on the equity shares outstanding as on September 30, 2009)	22.58	19.03	19.03
Basic Earnings Per Share (In Rs.)	**25.09**	**22.86**	**19.46**
Diluted Earnings Per Share (In Rs.)	**25.09**	**22.86**	**19.46**
Actual number of shares outstanding as at the end of the period/year	**24.37**	**6.34**	**6.34**
Net Asset Value/Net Worth	1873.05	1,318.37	948.83
Number of Shares Outstanding at the end of the year	24.37	6.34	6.34
Net Asset Value Per Share (In Rs.)	**76.86**	**207.83**	**149.57**
Return on Net Worth (%)	**30.25**	**33.00**	**39.02**

Notes to Accounting Ratios:

1) The ratios have been computed as per the following formulae:

Basic Earnings / (Loss) per share (Rs.) =	Net profit / (loss) after tax, as restated attributable to equity shareholders Weighted average number of equity shares outstanding during the year / period
Diluted Earnings / (Loss) per share (Rs.) =	Net profit / (loss) after tax, as restated attributable to equity shareholders Weighted average number of dilutive equity shares outstanding during the year / period
Return of Net Worth (%) =	Net profit / (loss) after tax, as restated Net worth, as restated, at the end of the year / period
Net Asset Value (NAV) per share (Rs.) =	Net worth, as restated, at the end of the year / period Number of equity shares outstanding at the end of the year / period

1. Net worth = Equity share capital+ Securities Premium Account+Share Application Money Pending Allotment (+/-) Surplus (Deficit) in the Profit and Loss Account. Networth, as restated as appearing in the the Standalone Summary Statement of Assets and Liabilities has been considered

2.As provided in AS - 20 basic and diluted earning per share is restated after adjusting for 16.25 million number of bonus shares issued vide resolution passed at the extra ordinary general meeting held on January 11, 2011.

Annexure H8 - Statement of Capitalisation

Particulars (As at Rs. In millions)	As at March 31, 2011	Post Issue
Borrowings		
Short - Term Debt	533.78	533.78
Long - Term Debt	321.90	321.90
Total Debt	**855.68**	855.68
Shareholders Fund		
Share Capital		
- Equity Shares	243.70	3322.38
- Share Application Money Pending Allotment	-	-
Reserves and Surplus	1,557.53	3,738.85
Total Share holders funds	**1,801.22**	4,071.22
Long - Term Debt / Equity Ratio	**0.18**	**0.08**
Total Debt /Equity Ratio	**0.48**	**0.21**

Notes:

1. Short term debt represent debt which are due within twelve months from March 31, 2011.
2. Long term debt represent debt other than short term debt, as defined above.
3. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at March 31, 2011
4. Long Term Debt / Equity = Long Term Debt/Shareholders Funds
5. Subsequent to the balance sheet date the Company has issued additional equity shares. For details refer Annexure H4, Note 17
6. Above share capital and reserves and surplus has been calculated taking the current issue of 8,867,187 with face value of Rs.10/- each issued at a premium of Rs.246/-

Annexure H9 - Statement of Unsecured Loan

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
Loan from Banks	250.00	-	-
Total	250.00	-	-

Name of the lender	Nature of Loan	Purpose of loan	Outstanding as on 31st March 2011	Repayment Schedule	Rate of Interest	Penalty/Default	Security	Loan Sanctioned	Loan Availed	Whether Recallable at any time?
Bank of Baroda	Unsecured loan	short term working capital	250.00	repayable within 6 months	12.00%	NA	NA	250.00	**250.00**	**Yes**

The Company has not granted any unsecured loans as at March 31, 2011.

Annexure H10 - Statement of Tax Shelter

Particulars (Years ended Rs. In millions)	**31st March 2011**	**31st March 2010**	**31st March 2009**
Profit Before Tax as restated (A)	855.87	690.84	554.47
Income Tax Rate (Including surcharge and education cess) Applicable (B)	0.33	0.34	0.34
Tax at Nominal Rates (C) = (A) * (B)	284.30	234.82	188.46
Adjustments:			
Permanent Differences:			
Dividend Income not chargeable to tax	(0.71)	(0.01)	(0.01)
Sale of technology transfer consideredas capital receipt	-	-	-
Capital expenditure	1.60	-	-
Loss on sale of fixed assets	0.36	0.27	-
Profit on sale of fixed assets	-	(0.16)	0.02
Interest for delayed paymnet of TDS	-	0.00	-
Interest under Micro Small and Medium Enterprises Development Act (MSMED)	2.53	0.83	1.03
Disallowance under Section 14A	0.59	0.00	0.00
Penalty and interest paid by Japan branch	-	5.87	-
Donation	1.66	0.86	0.43
Registration chg for Increase in Authorised Capital	-	0.30	-
Total Permanent Differences (D)	**6.04**	**7.96**	**1.47**
Timing Differences:			
Difference between book depreciation and tax depreciation	(47.73)	(99.33)	(29.65)
Provision for gratuity	-	(0.64)	0.64
Provision for warranty claims	-	-	1.37
Provision for leave encashment	2.30	2.46	4.78
Unpaid statutory dues	-	-	-
Auditors remuneration	0.54	0.78	0.15
Delayed payment of TDS	-	-	-
Royalty	20.67	5.42	22.34
Commission	-	-	(10.07)
Technical Consultancy Charges	-	-	-
CL + SL leave encashment	1.60	0.49	0.34
Technical Fee	(1.14)	(1.29)	2.80
Production Technology Fee	-	-	2.29
Bonus	0.14	0.16	0.19
Service Tax on Sales Commission + Interest	-	-	5.51
Disallowance towards technical fee	-	-	-
Preliminary expenses	0.02	0.02	0.02
Total Timing Difference (E)	**(23.59)**	**(91.93)**	**0.71**
Profit set off against brought forward losses and unabsorbed deprection of previous year (F)			-
Net Adjustments (G) = (D) + (E) + (F)	**(17.54)**	**(83.97)**	**2.18**
Net Impact of Adjustments (H) = (G) * (B)	**(5.83)**	**(28.54)**	**0.74**

Annexure H11 - Statement of Restated Segmental Information as per Accounting Standard - 17

Primary Segment Reporting – Profit & Loss Account

Particulars (Years ended Rs. In millions)	Manufacturing			Projects Business			Inter Segment			EPC			Unallocated		
	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009
Revenue	3,480.44	2,762.74	2,253.06	1,643.47	1,782.85	2,534.07	(245.11)	(209.69)	(98.95)	3,758.46	3,046.32	272.57	-	-	-
Segment Cost	2,806.72	2,197.30	1,861.54	1,555.59	1,726.90	2,346.86	(245.11)	(209.69)	(98.95)	3,567.53	2,896.13	302.26	58.49	53.60	40.59
Operating Profit	673.72	565.43	391.52	87.88	55.94	187.21	-	-	-	190.93	150.19	(29.70)	(58.49)	(53.60)	(40.59)
Other Income	6.12	19.55	17.91	7.72	22.44	19.28	-	-	-		-	16.37	95.32	29.65	51.38
Profit before Interest, Depreciation and Tax	679.85	584.98	409.43	95.60	78.38	206.49	-	-	-	190.93	150.19	(13.32)	36.83	(23.95)	10.79
Interest	66.60	42.21	-	0.18	0.02	-	-	-	-		-	-	0.08	0.03	26.07
Depreciation & Amortisation	77.49	55.16	31.33	1.13	0.54	1.26	-	-	-	1.57	0.69	0.19	0.29	0.11	0.08
Profit before Tax	535.76	487.62	378.10	94.29	77.83	205.23	-	-	-	189.36	149.49	(13.51)	36.45	(24.10)	(15.36)
Provision no longer required	-	-	-	-	-	-	-	-	-		-	-	-	-	0.71
Tax/Deferred Tax	210.37	191.59	184.90	-	-	-	-	-	-		-	-	78.95	64.14	-
Profit after Tax	325.39	296.03	193.20	94.29	77.83	205.23	-	-	-	189.36	149.49	(13.51)	(44.49)	(88.24)	(14.65)

Primary Segment Reporting - Assets and Liabilities

Particulars (As at Rs. In millions)	Manufacturing			Projects Business			EPC			Unallocated		
	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009
Fixed Assets												
Gross Block	1,322.44	1,117.49	519.15	28.20	24.27	19.45	14.72	7.87	2.01	2.62	110.81	81.50
Less : Depreciation	223.52	146.13	91.31	9.99	9.40	10.12	2.45	0.88	0.19	-	-	-
Net Block	1,098.92	971.36	427.84	18.21	14.87	9.33	12.28	7.00	1.82	2.62	110.81	81.50
										-		
Current Assets Loans & Advances										-		
Inventories	777.17	373.29	325.01		0.02	0.37		-	-	-	-	-
Sundry Debtors	832.03	804.06	378.87	362.70	327.81	501.88	845.03	934.89	-	-	-	-
Cash and Bank Balance		-	-	158.38	47.11	8.25	13.50	-	-	1,906.16	1,389.13	1,045.47
Loans and Advances	259.49	200.95	208.27	27.79	115.65	135.51	269.30	587.01	451.10	88.53	36.91	38.14
										-		
Less : Current Liabilities	1,119.60	953.10	795.73	719.33	696.27	701.57	1,978.05	2,121.12	824.45	75.17	38.64	24.44
										-		
Net Current Assets	749.08	425.20	116.42	(170.47)	(205.68)	(55.56)	(850.22)	(599.22)	(373.36)	1,919.51	1,387.41	1,059.17
										-		
Capital expenditure during the period	102.56	630.12	155.16	1.97	5.12	5.12	6.85	5.87	2.01	-	-	-
Depreciation and Non Cash Amortisations during the year	77.78	55.28	31.41	1.13	0.54	1.26	1.57	0.69	0.19	-	-	-

Secondary Segment Reporting - Profit and Loss Account

Particulars (Years ended Rs. In millions)	India			Japan			Inter Segment		
	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009
Revenue	7,680.52	6,117.13	3,629.36	1,201.85	1,474.77	1,430.33	(245.11)	(209.69)	(98.95)
Segment Cost	6,849.97	5,422.67	3,130.08	1,138.36	1,451.27	1,421.17	(245.11)	(209.69)	(98.95)
Operating Profit	830.55	694.46	499.28	63.49	23.50	9.17	-	-	-
Other Income	98.91	62.32	104.05	10.26	9.32	0.89	-	-	-
Profit before Interest, Depreciation and Tax	929.46	756.78	603.33	73.75	32.82	10.06	-	-	-
Interest	66.87	42.25	26.07	-	-	-	-	-	-
Depreciation & Amortization	80.24	56.35	32.71	0.24	0.16	0.15	-	-	-
Profit before tax	782.36	658.17	544.55	73.51	32.66	9.91	-	-	-
Provision no longer required	-	-	0.71		-	-	-	-	-
Tax/Deferred Tax/Fringe Benefit Tax	289.31	255.73	184.90		-	-	-	-	-
Profit after Tax	493.05	402.44	360.36	73.51	32.66	9.91	-	-	-

(a) Secondary Segment Reporting - Assets and Liabilities

Particulars (As at Rs. In millions)	India			Japan		
	31.03.2011	31.03.2010	31.03.2009	31.03.2011	31.03.2010	31.03.2009
Fixed Assets						
Gross Block	1,364.77	1,258.12	620.25	3.21	2.32	1.87
Less: Depreciation	234.35	155.05	100.28	1.60	1.35	1.34
Net Block	1,130.42	1,103.07	519.97	1.60	0.97	0.53
Current Assets Loans & Advances						
Inventories	777.17	373.31	325.38	-	-	-
Sundry Debtors	1,904.77	1,825.14	702.33	134.99	241.62	178.43
Cash and Bank Balance	1,919.66	1,389.13	1,045.47	158.38	47.11	8.25
Loans and Advances	625.95	879.58	743.47	19.14	60.94	89.54
Less: Current Liabilities	3,714.84	3,560.08	2,165.78	177.32	250.05	180.41
Net Current Assets	1,512.70	907.08	650.87	135.19	99.63	95.81
Capital expenditure during the period	110.49	640.78	161.95	0.88	0.33	0.33
Depreciation and Non Cash Amortizations during the year	80.24	56.35	32.71	0.24	0.16	0.15

Annexure H12 - Statement of Loans and Advances

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
Unsecured considered good			
Advance recoverable in cash or in kind or for value to be received	581.12	884.97	798.18
Central Excise Deposits	10.65	33.04	15.06
Advance payment of tax (net of provision for tax)	53.32	22.52	19.77
Total	**645.09**	**940.53**	**833.01**

Note:
1. There are no loans and advances outstanding who are related to the directors or promoters of the Company in any way

Annexure H13 - Restated Consolidated Statement of Investments

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
INVESTMENTS LONG TERM - UNQUOTED NON-TRADE(AT COST)			
A. Trade Investments			
2,000 Share of M/s The Shamrao Vithal Co-operative Bank limited @ Rs. 25/- each	0.05	0.05	0.05
C. Share Application Money Pending Allotment			
Subscription to 383,333 Equity Shares of Rs.10/- each	-	3.83	-
	0.05	**3.88**	**0.05**

Annexure H14 - Restated Consolidated Statement of Contingent Liabilities

Particulars (As at Rs. In millions)	31st March 2011	31st March 2010	31st March 2009
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	78.92	-	340.02
Guarantees, Counter Guarantees given on Imports and Sale Contract etc. (net of margins held by bank)	3,059.40	1,788.03	1,573.46
Corporate Guarantee issued to bankers of subsidiary company.	3,790.00	3,790.00	870.00
Corporate Guarantee issued on behalf of subsidiary company.	450.01	450.01	450.01
Bills discounted under letter of credit	81.58	-	-
Total	**7,459.91**	**6,028.04**	**3,233.49**

Annexure H15 - Restated Consolidated Statement of Fixed Assets

Particulars (As at Rs. In millions)	As at 31st March 2011	As at 31st March, 2010	As at 31st March, 2009
GROSS BLOCK			
TANGIBLES			
Free Hold Land	127.57	108.50	81.50
Lease Hold Land	-	2.32	2.32
Buildings	282.41	261.97	166.81
Plant & Machinery	838.84	790.33	308.05
Office Equipments	16.00	13.02	9.97
Furniture & Fixtures	15.69	13.67	11.40
Computers	41.20	36.30	23.04
Communication Equipments	1.69	1.37	1.35
Motor Vehicles	44.58	32.97	17.67
Total	**1,376.98**	**1,260.44**	**622.11**
ACCUMULATED - DEPRECIATION			
TANGIBLES			
Free Hold Land	-	-	-
Lease Hold Land (*)	-	-	-
Buildings	31.57	22.71	16.00
Plant & Machinery (**)	164.17	103.58	62.18
Office Equipments	2.34	1.94	1.25
Furniture & Fixtures	6.55	5.34	3.93
Computers	19.39	14.67	11.75
Communication Equipments	0.61	0.54	0.51
Motor Vehicles (***)	11.31	7.62	6.00
Total	**235.95**	**156.40**	**101.61**
NET BLOCK			
TANGIBLES			
Free Hold Land	127.57	108.50	81.50
Lease Hold Land	-	2.32	2.32
Buildings	250.83	239.26	150.81
Plant & Machinery	674.67	686.75	245.87
Office Equipments	13.66	11.08	8.72
Furniture & Fixtures	9.14	8.33	7.47
Computers	21.81	21.63	11.29
Communication Equipments	1.08	0.82	0.84
Motor Vehicles	33.27	25.35	11.68
Total	**1,132.03**	**1,104.04**	**520.50**

(*) Sale Deed has been executed by KIADB in favour of the company on 09th February 2011 for land purchased under Lease Cum Sale Basis.

(**) Accumulated depreciation as on 01st April 2004 under Owned Assets includes accumulated depreciation of leased asset also.

(***) Dues w.r.t Motor Vehicles under Hire Purchase Scheme from ICICI & ABN Amro amounts to Rs. 7,634,710

2. The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Company

Annexure H16 - Restated Consolidated Statement of Reserves and Surplus

Particulars (As at Rs. In millions)	As at 31st March 2011 In Rs.	As at 31stMarch 2010 In Rs.	As at 31st March 2009 In Rs.
Share Premium Account	8.52	8.52	8.52
General Reserve Account	174.23	131.56	89.85
Profit & Loss Account	1,374.77	1,110.60	786.59
Total	**1,557.52**	**1,250.67**	**884.96**

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

The following discussion is based on our restated consolidated financial statements as at and for the year ended March 31, 2011, 2010 and 2009 which have been prepared in accordance the Companies Act and Indian GAAP and restated in accordance with the SEBI Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Information" beginning on page 162 of this Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements, as restated.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" beginning on pages 10 and 9, respectively.

In this section, unless the context otherwise requires, a reference to the "Company" is a reference to TD Power Systems Limited and a reference to "we", "us" and "our" refers to TD Power Systems Limited and its subsidiary, DF Power Systems Private Limited, on a consolidated basis.

Overview

We are one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52 MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines. We focus on manufacturing custom-designed generators for our customers who are based across the world. We also manufacture motors. From the inception of our Company and as of June 30, 2011, we have manufactured a total of 1,538 generators with an aggregate output capacity of 12,657 MW, of which 233 generators have been supplied to customers across 34 countries. As of June 30, 2011, the total value of our order book for manufacturing generators was Rs. 3,795.57 million, however the value of our order book may not necessarily indicate what our actual sales will be.

In addition to manufacturing AC Generators our Company also executes Turbine Generator ("**TG**") island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with our generator. The scope of work of the TG island projects consists of design services, procurement and supply of equipment, assembly, installation & commissioning. From the inception of our Company and as of June 30, 2011 our Company has completed a total of 92 TG island projects with an aggregate output capacity of 1,799 MW which includes projects executed in Uganda, Kenya, Zambia and Philippines.

Our Subsidiary, DF Power Systems Private Limited, is in the business of Engineering, Procurement and Construction ("**EPC**"), executing Boiler-Turbine Generator ("**BTG**") island projects and the balance of plant ("**BOP**") portion for steam turbine power plants with output capacity from 52 MW up to 150 MW ("**EPC Business**"). The scope of work for the EPC Business comprises of design services, procurement and supply of equipments, assembly and installation & commissioning (excluding civil works). From the inception of our Subsidiary and as of June 30, 2011 our Subsidiary has completed a total of 2 BTG island projects with an aggregate output capacity of 111.50 MW.

Our TG island projects and EPC Business are collectively referred to as our "**Power Project Business**".

As of June 30, 2011, the total value of our Company's order book for the Projects Business (as defined below) was Rs. 1,831.40 million and for the EPC Business was Rs. 5,308.90 million and the cumulative value of our order book was Rs. 10,946.88 million, however the value of our order book may not necessarily indicate what our actual sales will be.

Our customer base primarily comprises companies operating in the industrial sector and includes cement, steel, paper, chemical, metals, sugar co-generation, bio-mass power plants, hydro-electric power plants and Independent Power Plants ("**IPPs**") companies. Some of our customers include Balrampur Chini Mills Limited, Nava Bharat Ventures Limited, Chettinad Cement Corporation Limited, Shree Cements Limited and Vasavadatta Cements.

We commenced business providing TG project solutions and subsequently, in August 2001, forayed into manufacturing of generators up to 30 MW under a license from Toyo Denki Seizo K.K. ("**Toyo Denki**"), a leading manufacturer of power and electric equipments located in Japan. Our Company currently owns the technology, which was originally licensed from Toyo Denki, and has further developed in-house capability to manufacture generators up to 40 MW.

Our Company has entered into a Product Development Cooperation and Manufacturing Agreement dated May 12, 2009 with Voith Hydro Holding GmbH & Co.KG ("**Voith Hydro**") for jointly developing electric generators. Under the agreement, the parties are to jointly develop and design electric generators our Company will manufacture such generators for Voith Hydro Group.

We have technology/license arrangements with the following companies:

Sl No	Year of tie-up	Name of the Licensor	Type of Prime Mover	Permitted Output Capacity
1	2007	Siemens AG	Steam/Gas turbine	20MW up to 52MW
2	2008	Sicme Motori SrL	Wind Turbine	1MW
3	2010	Toshiba Mitsubishi Electric Industrial Systems	High Voltage Motors	Up to 10MW

Our Company has granted a limited license to General Electric Company, USA to manufacture generators using our design for the Brazilian market, and if on a co-manufacturing basis, to other countries in Central and South America.

Our manufacturing facility consisting of two manufacturing units in Dabaspet, Industrial Area on the outskirts of Bangalore is spread over 219,290.72 sq. ft. These facilities house our marketing, design and development, procurement, manufacturing, quality management and administrative functions, consisting of 733 employees including 507 permanent employees, 195 contract employees and 31 trainees, as of June 30, 2011 who are well trained and experienced to cater to the needs of our customers. The manufacturing facilities are equipped with advanced machinery and equipment and are ISO 9001:2008 compliant.

We have one branch office in Japan. Our Company's branch office in Japan sources turbines for our TG island projects and sells generators we manufacture. Our Subsidiary's branch office in Hong Kong was recently established for sourcing power plant equipment for our EPC Business and for sourcing and selling power plant equipment to third parties.

Our Company is ISO 9001-2008 certified and ISO 14001/OHSAS 18001:2007 certified by TUV SUD Management Services GmBH, Munich.

Our restated consolidated total income has increased from Rs. 7,453.85 million in Fiscal 2010 to Rs. 8,746.43 million in Fiscal 2011, which is an increase of 17.34% and our restated consolidated profit after tax has increased from Rs. 435.11 million in Fiscal 2010 to Rs. 566.55 million in Fiscal 2011, which is an increase of 30.21%.

For the purposes of our financial statements, we evaluate and report our consolidated financial results in three business segments: Our "**manufacturing business**" comprises sale of AC Generators, spares, manufactured by us and scrap (and excludes sale of AC Generators, manufactured by us in India and sold to our branch office in Japan). Our "**Project Business**" comprises, supply of equipment (including BoP), installation and commissioning of TG island; sale of turbines; and sale of AC Generators and spares by our branch office. Our EPC Business comprises supply of boilers, turbines, generators and power plant equipments, installation and commissioning (excluding civil works).

The table below sets out our restated consolidated net sales for each of our business segments for the periods indicated:

(*Rs. in million*)

Sector	Fiscal 2011		Fiscal 2010		Fiscal 2009	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Manufacturing	3,235.33	37.46	2,553.04	34.58	2,154.10	43.43
Projects Business	1,643.47	19.03	1,782.85	24.15	2,534.07	51.08
EPC Business	3,758.46	43.51	3,046.32	41.27	272.57	5.49
Total	**8,637.26**	**100.00**	**7,382.21**	**100.00**	**4,960.74**	**100.00**

The table below sets out our restated consolidated net sales based on a geographic breakdown for the periods indicated:

(*Rs. in million*)

	Fiscal 2011		Fiscal 2010		Fiscal 2009	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
India						
Manufacturing	3,235.33	37.46	2,553.04	34.58	2,154.10	43.43
Projects Business	441.62	5.11	308.08	4.17	1,103.74	22.25
EPC Business	3,758.46	43.51	3,046.32	41.27	272.57	5.49
Japan						
Projects Business (includes sale of AC Generators by branch office)	1,201.85	13.92	1,474.77	19.98	1,430.33	28.83
Total	**8,637.26**	**100.00**	**7,382.21**	**100.00**	**4,960.74**	**100.00**

Presentation of Financial Information

Our Company did not have any subsidiary prior to investing in the shares of DF Power Systems Private Limited in September 2008 and our restated consolidated financial statements for Fiscal 2009 therefore do not reflect a full year of consolidated results of operations. Our consolidated results of operations for Fiscal 2009 are therefore not comparable to our consolidated results of operations for Fiscal 2010 which reflect a full year of consolidated operations. Therefore, in addition to the discussions on our consolidated results of operations for Fiscal 2009, 2010 and 2011, we have also included discussions on our stand-alone results of operations for Fiscal 2009, 2010 and 2011.

Factors affecting our results of operations and financial condition

Our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

Ability to manufacture customised products and technology licensing and know-how

The industry in which we operate is characterised by changes in designs, technologies and user preferences. Our ability to access the latest technology, designs and know-how through our technical tie-ups is critical to enable us to manufacture custom-built generators with various applications, which we believe enables us to differentiate our product offerings from that of our competitors. Our ability to customise products enables us to expand our business by servicing customers from diverse industries and sectors. We currently rely on our technology partners for certain proprietary know-how for manufacturing AC Generators with capacities ranging between 1MW and 52MW. In the event that any of such technology licenses or other arrangements are terminated or our technology providers enter into licensing arrangements with our competitors, our ability to manufacture AC Generators using such technology will be impacted and this could affect our business and results of operations. Further, our ability to manufacture AC Generators with higher capacities is also dependent on our ability to access the latest know-how and designs from international power equipment manufacturers.

Purchase patterns of our customers

In Fiscal 2011, Fiscal 2010 and Fiscal 2009 our top ten customers accounted for 75.64%, 67.49% and 42.12% respectively of our consolidated total income. We do not have any long-term contracts with any of our customers. Demand for our products and services from our significant customers have a significant impact on our results of operations; our sales are particularly affected by the performance and growth of the industries in which our customers operate. We cannot predict when our customers will decide to place orders for AC Generators or TG island projects or BTG island projects, which may result in variability in our sales. Any changes in purchasing patterns, by one or more of our significant customers, may affect our production process or project implementation schedules. For instance, the weakened global macroeconomic environment resulted in a decline in orders for our products and services, resulting in lower sales. As a result of these factors, the price at which we sell our AC Generators or the price of our services for BTG island projects and TG island projects may vary and it is not possible to accurately predict the supply and demand balances, market conditions and other factors that may affect our operating results and margins in the future.

Relative product mix in our manufacturing business and revenue recognition in our Projects Business

Our results of operations are dependent on the relative demand for our manufacturing product mix as well as the growth of our Power Projects Business. Our product offerings in the manufacturing business include generators that range between 1MW and 52MW capacities, and the price and relative margins vary based on the relative capacities, characteristics and features of such generators as well as the demand for certain kinds of generators. Typically generators with larger capacities provide us with higher operating margins as compared to generators with lower capacities. For example, the relatively higher margins in our manufacturing business in Fiscal 2011 compared to that in Fiscal 2010 resulted in part from a larger number of higher capacity generators sold in Fiscal 2011. In addition, our costs and margins may be impacted by the kind, quantum and price of materials used in manufacturing various kinds of generators, as well as the relative complexity of the manufacturing process, which in turn could impact our operating efficiencies and production volumes. We have also recently commenced manufacturing motors.

In addition, the relative growth of our EPC Business, which has increasingly become a key driver of our growth in total income, may affect our results of operations. Our EPC Business contracts are relatively large size contracts and our results of operations may vary from fiscal period to fiscal period depending on our ability to recognise revenues from our EPC Business contracts. In our EPC Business, we recognise revenue on a percentage completion basis and therefore revenues from our EPC Business segment depends on the stage of completion of specific EPC Business contracts in the relevant period.

Availability and price of key equipment, materials and other components

Our operating margins depend on the availability and price of key equipment, materials and components used in manufacturing our AC Generators as well as those required for our Projects Business and EPC Business. Consumption of raw material, stores and spares parts and components used in our manufacturing business represented 28.28%, 26.81% and 35.51%, of our total expenditure in Fiscal 2011, Fiscal 2010 and 2009, respectively. Purchases for Projects Business represented 14.54%, 20.37% and 44.57% of our total expenditure in Fiscal 2011, Fiscal 2010 and Fiscal 2009 respectively, while purchases for EPC Business represented 42.08%, 40.56% and 5.84% of our total expenditure in Fiscal 2011, Fiscal 2010 and Fiscal 2009 respectively.
Commodity prices are influenced by changes in global economic conditions, industry cycles, demand supply dynamics, foreign exchange fluctuations, competition, speculation and other factors beyond our control, which are also reflected in the relative variation of prices of various equipment and components required for the manufacture of our AC Generators and those required for our Projects and EPC Business.

We procure most of our steel, copper and BoP requirements in India, and also import some of our steel, steel forgings and insulating material requirements in connection with the manufacture of our AC Generators. We typically do not enter into any long term agreements for the supply of raw materials or spare parts and components used in our manufacturing business. Any shortage or interruption in the supply or decrease in the quality of these raw materials and other components could result in an increase in our operating costs, and a resultant increase in the cost of our manufactured goods which we may not be able to pass on to our customers. We typically enter into fixed price contracts for the supply of AC Generators manufactured by us, and such orders typically involve five to eight months for completion, depending on the capacity and complexity of the relevant order. On an average, an order for manufacturing generators takes about 180 to 240 days to be completed and in our Projects Business projects up to 52MW require between 14 and 16 months for completion. Further, in our EPC Business projects up to 150 MW require between 20 and 24 months for completion. Under the terms of the contracts entered into for our manufacturing business as well as for our Projects Business and EPC Business, we are generally not entitled to revise the prices agreed on with our customer, and any increase in the price of materials, components and equipment used in our manufacturing or Power Project Business may adversely affect our operating margins and could potentially result in a loss for us.

Capacity expansion of our manufacturing facilities

We are proposing to implement certain capacity expansion plans for our manufacturing facilities. Our capacity expansion plans however remain subject to various uncertainties, including increased costs of equipment, any unforeseen delays in implementing such expansion plans, any defects in design and installation and other factors beyond our control. These factors could lead to a delay in the implementation of our capacity expansion plans. We expect to incur approximately Rs. 1,027.36 until Fiscal 2013 in connection with these capacity expansion plans. For further information, see section titled "*Capital Expenditure*". We intend to meet our proposed capital expenditures through the proceeds of this Issue.

Ability to execute larger capacity power projects

In our EPC business, in order to bid for higher value projects, we are required to meet certain pre-qualification criteria based on technical capability and performance, reputation for quality, safety record, financial strength and experience in, and size of previous contracts in, similar projects. In selecting contractors for major projects, customers generally limit the tender to contractors they have pre-qualified based on these criteria, although price competitiveness of the bid is one of the most important selection criterion, pre-qualification still remains key to our securing larger projects. In addition, our ability to strategically partner with other companies also determines our success in bidding for and being granted such large projects. If we fail to qualify for and fail to win larger power project contracts, our future growth could be adversely affected.

Operational uncertainties

Our business is subject to various operational uncertainties that may affect our results of operations. These operational uncertainties including the availability and retention of skilled manpower, could affect our ability to complete the project and/or ensure delivery of our manufactured products on time, delays in meeting agreed milestones or ensuring commencement of operations of projects undertaken by us within the scheduled completion date. These could lead to increased financing costs, delayed payments from the client, invocation of liquidated damages or penalty clauses by the client in accordance with terms agreed with the client, and in certain circumstances, even termination of the contract. In addition, any loss of goodwill arising from our inability to meet such agreed terms or deadlines could affect our ability to pre-qualify for future projects.

In connection with the contracts that we undertake in our manufacturing, Projects Business and EPC Business, we are typically required to provide bank guarantees for advances as well as performance guarantees. The equipment imported for our Projects and EPC Business are procured/supplied under letters of credit. Our projects are typically fixed-price or lump-sum contracts, and under the terms of such fixed-price or lump-sum contracts, we generally agree for a fixed price for providing engineering, procurement and construction services for the part of the project contracted to us. The actual expenditure incurred by us in connection with such contracts may, however, vary from the assumptions underlying our bid as a result of various project uncertainties, including unanticipated changes in engineering design of the project resulting in delays and increased costs, which could adversely affect our results of operations and financial condition.

International business

Income from international sales in Fiscal 2011, Fiscal 2010 and 2009 were Rs. 791.42 million, Rs. 619.12 million and Rs. 818.46 million, respectively. Expressed as a percentage of net sales, income from international sales constituted 9.16%, 8.39% and 16.50% in Fiscal 2011, Fiscal 2010 and Fiscal 2009, respectively.

We intend to continue to grow the sale of our AC Generators and execute TG and BTG island projects in international markets where we believe we can leverage our track record and experience to compete effectively and expand our revenue base. In the past, we have focused on emerging markets such as Middle East, Africa and South East Asia, as a part of our strategy and intend to continue our focus on these markets in the future and also expand our business in newer markets. We expect gross margins in international markets to be higher than our gross margins in India.

Economic conditions affecting demand

The demand for our AC Generators and orders to execute TG and BTG island projects is affected by macro-economic conditions in the markets in which we operate. The power sector in India has historically been characterized by power shortages. According to the Central Electricity Authority, the total peak demand deficit was 8.7% as of June 30, 2011 (Source: http://www.cea.nic.in/power_sec_reports/Executive_Summary/2011_06/1-2.pdf). Economic growth is expected to continue into the immediate future with the International Monetary Fund ("IMF") estimating India's real GDP growth at 8.2% in 2011 and 7.8% in 2012 (*Source: IMF World Economic Outlook, June 2011*), which is likely to result in the increase in demand for power. However, according to the CRISIL Research capacity additions are expected to fall short of the targets set by the Indian Government. In the first three years of the Eleventh Plan, 22 GW of capacities have been added as against the target of 62 GW during the Eleventh Plan. CRISIL Research expects total capacity additions of 48 GW to be commissioned during the Eleventh Plan, against the target of 62GW. Due to the continuing shortage of power and India's economic growth, there has been an increase in the requirement for captive power projects in India. We believe that our business is likely to benefit from the demand for captive power generation.

Sales of our AC Generators have been driven by the demand in the end-user markets in which our products are principally used, including the infrastructure and the manufacturing sectors. Generally, the growth of the core sectors including infrastructure and manufacturing has a direct co-relation to the growth in the demand for power generation. Infrastructure development activities are cyclical and dependent upon many factors beyond our control, including general market conditions, the availability of credit to finance investment, demographic trends, public investment and spending on infrastructure projects. Furthermore, to the extent that government expenditures on infrastructure programs are delayed, decreased or terminated as a result of macro-economic developments or a change in government policies, our financial performance may be materially and adversely affected. Rapid economic developments in emerging markets such as India has generated a strong demand for generators and for executing power projects. A slowdown in economic activity in India may affect our business, results of operations and financial condition.

Competition

Our results of operations are affected by competition we face in the manufacturing business, Projects and EPC Business. We sell our products in a highly competitive market and competition in these markets is based on technical competency and price. In order to remain competitive in our markets, we must continuously strive to reduce our production costs and improve our operating efficiencies. We believe we have a leading position in the generator market segment in which we operate and we have a limited number of competitors. Most of our present competitors are domestic companies. However, we may face increased competition from imports or international companies that may make strategic investments in, or form partnerships with, domestic competitors. If competition becomes more intense, we may experience more pressure on our growth and profitability. In our Projects and EPC Business, we expect competition to intensify particularly as we propose to undertake larger power projects. Our competition depends on various factors, such as the design and engineering capabilities, pre-qualification criteria, nature and scope of the project, complexity of the contract, contract value and potential margins. While service quality, technical capability, performance record, experience and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards. This may impact our financial condition and results of operations.

Significant Accounting Policies

Our financial statements are prepared under the historical cost convention in accordance with Indian GAAP and the relevant provisions of the Companies Act. This Prospectus includes our restated consolidated financial statements for Fiscal 2009, 2010 and 2011 and our restated stand-alone financial statements for Fiscal 2007, 2008, 2009, 2010 and 2011 in accordance with the SEBI Regulations.

Preparation of financial statements in accordance with Indian GAAP and the provisions of the Companies Act, as well as their restatement to reflect guidance as per SEBI Regulations, require our management to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of income and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in "Financial Statements - Significant Accounting Policies" in Annexure D4 to our restated consolidated financial statements beginning on page 162.

Certain of our accounting policies are particularly important to the presentation of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "significant accounting policies". Our management uses its historical experience and analyzes the terms of existing contracts, historical cost conventions, global industry practices and information provided by outside sources, as appropriate when forming its assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe that the following significant accounting policies warrant particular attention:

Accrual System of Accounting

The Company and Subsidiary follow the accrual system of accounting for all items of expenditure and income. Provision for warranties is made on an estimated basis.

Basis of Preparation

The consolidated financial statements of the Company and its Subsidiary are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

Principles of Consolidation

The financial statements of the Subsidiary used in the consolidation are drawn up to the same reporting date as of the Company.

a. The financial statement of the Company and its Subsidiary has been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.

b. The share of equity in the Subsidiary company as on the date of investment being, in excess of cost of investment of the Company, such excess amount over cost of investment is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as on March 31, 2011	Shareholding as on March 31, 2010	Shareholding as on March 31, 2009
DF Power Systems Private Limited	India	EPC Contracts	Subsidiary Company	99.99%	70%	70%

Fixed Assets

Fixed assets are stated at cost of acquisition excluding duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on specific borrowings utilized for acquisition of fixed assets less depreciation.

Inventories

Inventories are valued at cost or net realizable value for item specific, whichever is lower.

Depreciation

Depreciation is charged on Straight Line method as stipulated in Section 205 (2) (b) of the Companies Act, 1956, at the rates specified in Schedule XIV, prorata for the quarter of additions / deletions.

Revenue Recognition

Company:

a. Sale of goods is recognized on shipment to customers, and exclusive of excise duty and sales tax.

Subsidiary:

a. Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer. Sales include goods dispatched to customers by partial shipment
b. Income from erection and project management services is recognized on work done based on percentage completion or the intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognized as income when the contract is completed.
c. Income from engineering services rendered is recognized at realizable value based on percentage of work completed.

Foreign currency translation on overseas branch

The financial statement of foreign branch etc is translated in accordance with Accounting Standard 11 prescribed by the Institute of Chartered Accountants of India.

Amortisation of Technical Know-how Fees

Technical Know-how Fees has been amortised over a period of 60 months.

Provision for taxation

Provision for taxation for the year is after taking cognizance of excess / short provision in prior years.

Borrowing Cost

Interest and other borrowing cost on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use. Other interest and borrowing cost are charged to profit and loss account.

Contingent Liabilities

Financial effects of contingent liabilities are disclosed based on information available up to the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

Employee Benefits

i. Short Term Employee Benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognized in the period in which an employee renders the related service.

ii. Long Term Employee Benefits:

a. Defined Contribution Plans:

The Company has contributed to provident funds, which is defined contribution plan. The contribution paid/ payable under the scheme is recognised during the year in which an employee renders the related service.

b. Defined Benefit Plans:

Employee's gratuity and leave encashment are defined benefit plans. The present value of the obligations under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised immediately in the statement of profit and loss account as income or expense. Obligation is measured at present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the defined benefit obligation.

Principal Components of Income and Expenditure

Income

Our income comprises net sales (sales net of excise duty and intersegment sales) and other income. Income is adjusted for accretion or decretion of our stock, as the case may be.

Net sales

Net sales represent our gross sales from:

- Our manufacturing business, which comprises
  - sale of AC Generators, spares, manufactured by us and scrap (excluding sale of AC Generators manufactured by us in India and sold to our branch office in Japan);
- our Project Business, which comprises:
  - supply of equipment (including BoP), and installation and commissioning; and
  - sale of turbines ;
  - sale of AC Generators and spares by our branch office in Japan
- our EPC Business, which comprises supply of equipments, installation and commissioning (excluding civil works); and
- miscellaneous services provided in relation to the sale of our AC Generators such as supervision of erection and commissioning charges.

Other Income

Other income primarily relates to interest from banks on our deposits, and miscellaneous receipts primarily relating to our servicing, currency fluctuation, settlement of insurance claims, rental receipts dividend income from investments and technology transfer fee.

Expenditure

Our expenditure includes:

Consumption of raw materials, stores, spare parts and components

Consumption of raw materials, stores, spare parts and components relates only to our manufacturing business segment and accounts for a significant portion of our expenditure. Raw materials consumed include freight and transportation costs related to the procurement of our raw materials, including import costs and customs duties. Raw material consumed is adjusted for process stock and finished stock for raw materials.

Our principal raw materials for the production of generators are steel, copper and insulations.

Purchases for Project Business

Purchases for Project Business includes the purchase of Japanese turbines and BoP. Purchases also include freight, purchase related expenses, transportation cost and import duties.

Purchases for EPC

Purchases for EPC Business includes the purchase of boilers, turbines, generators and power plant equipments. Purchases also include freight, purchase related expenses, transportation cost and import duties.

Operating and Other Expenses

Operating and other expenses primarily include power and fuel expenses, rent, repairs and insurance expenses, bank charges, selling and distribution expenses and technical consultancy and professional charges, travelling expenses, direction charges and personnel expenses like salaries, wages and bonus and workmen and staff welfare expenses; which include contributions to employees provident fund and state insurance schemes.

Interest and Financial Charges

Interest and finance charges represent expenses incurred in respect of our short-term and long-term bank loans.

Depreciation

Depreciation includes depreciation on buildings, plant and machinery, furniture and fixtures, motor vehicles, office equipment and other intangible assets. Depreciation is charged on a straight line method as stipulated in Section 205(2)(b) of the Companies Act, 1956 at the rates specified in Schedule XIV, prorate for the quarter of additions/deletions.

Taxation

Income tax expense comprises current tax expense and deferred tax expense or credit computed in accordance with the relevant provisions of the Income Tax Act. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Fringe benefit tax has been discontinued from April 1, 2009.

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Our Business Segments

We evaluate and report our consolidated financial results in three business segments:

Manufacturing: This segment consists of manufacturing of AC Generators undertaken by our Company and the net sales from these operations and excludes sale of AC Generators, manufactured by us in India and sold to our branch office in Japan. In Fiscal 2011, 2010 and 2009, our net sales from the manufacturing business segment were Rs. 3,235.33 million, 2,553.04 million and Rs. 2,154.10 million or 37.46%, 34.58%, 43.43% of our consolidated net sales, respectively.

Projects Business: This segment consists of the TG island projects undertaken by our Company (which includes sale of turbines and BoP) and sale of AC Generators and spares by our branch office in Japan. In Fiscal 2011, 2010 and 2009, our net sales from the Projects Business were Rs. 1,643.47 million, Rs. 1,782.85 million and Rs. 2,534.07 million, or 19.03%, 24.15% and 51.08% of our consolidated net sales, respectively.

EPC Business: This segment consists of BTG projects undertaken by our Subsidiary. In Fiscal 2011, 2010 and 2009, our net sales from the EPC Business were Rs. 3,758.46 million, Rs. 3,046.32 million and Rs. 272.57 million, or 43.51%, 41.27% and 5.49% of our consolidated net sales, respectively.

For detail refer to Annexure H11 - “Statement of Restated Segmental Information as per Accounting Standard – 17” in our Restated Consolidated Financial Statements on page 199.

Results of Operations

Our Restated Consolidated Results of Operations

The following table sets forth information on our restated consolidated financial statements as of and for the years ended March 31, 2011, 2010 and 2009:

Particulars	Fiscal 2011		Fiscal 2010		Fiscal 2009	
	(Rs. in million)	% of Total Income	(Rs. in million)	% of Total Income	(Rs. in million)	% of Total Income
Income:						
Net Sales	8,637.26	98.75	7,382.21	99.0	4,960.74	97.9
Other Income	109.17	1.25	71.64	1.0	104.95	2.1
Total Income	**8,746.43**	100.0	**7,453.85**	100.0	**5,065.69**	100.0
Expenditure:						
Consumption of Raw Material, Stores, Spare parts and Components	2,273.90	26.00	1,812.88	24.3	1,602.04	31.6
Purchases for Project Business	1,146.91	13.11	1,377.60	18.5	2,010.50	39.7
Purchases for EPC	3,320.24	37.96	2,743.37	36.8	263.42	5.2
Operating and Other Expenses	1,001.80	11.45	730.13	9.8	576.34	11.4
Interest and Finance Charges:						
On Fixed Loans	26.30	0.30	14.93	0.2	18.03	0.4
On other Accounts	40.57	0.46	27.32	0.4	8.04	0.2
Loss on Sale of Fixed Assets	0.36	0.00	0.27	0.0	0	0.0
Depreciation Amortization of Technical Knowhow	80.48	0.92	56.51	0.8	32.85	0.6
Total Expenditure	**7,890.56**	90.21	**6,763.01**	90.7	**4,511.22**	89.1
Profit Before Tax and Extraordinary Items	855.87	9.79	**690.84**	9.3	**554.47**	10.9
Provision for Taxation	287.50	-	223.59	-	166.38	-
Provision for Wealth Tax	0.16		-		-	
Deferred Tax	1.65	0.0	32.14	-	16.56	-
Fringe Benefit Tax	0.00	-	0.00	-	4.05	-
Profit Before Extraordinary Items	**566.55**	-	**435.11**	-	**367.48**	-
Extraordinary Items	0.00	-	0.00	-	0.00	-
Provision no longer required	0.00	-	0.00	-	3.90	-
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	-	-	-	-	1.11	
Profit After Extraordinary Items	**566.55**	-	**435.11**	-	**370.27**	-
Profit/(Loss) After Tax	**566.55**	-	**435.11**	-	**370.27**	-

Fiscal 2011 compared to Fiscal 2010

Income

Total income increased by Rs. 1,292.58 million, or 17.34%, to Rs. 8,746.43 million in Fiscal 2011 from Rs. 7,453.85 million in Fiscal 2010, primarily due to an increase in net sales.

Net sales

Net sales increased by Rs. 1,255.05 million or 17.00% to Rs. 8,637.26 million in Fiscal 2011 from Rs. 7,382.21 million in Fiscal 2010, primarily due to an increase in sales from our manufacturing and EPC business.

Net sales from our manufacturing business increased by Rs. 682.29 million, or 26.72%, to Rs. 3,235.33 million in Fiscal 2011 from Rs. 2,553.04 million in Fiscal 2010, primarily due to increase in volume growth. We sold 338 number of AC Generators during Fiscal 2011 as compared to 281 number of AC Generators during Fiscal 2010. Net sales of our manufacturing business contributed 36.99% and 34.25% of our total income in Fiscal 2011 and 2010, respectively.

Net sales from our Project Business decreased by Rs. 139.38 million, or 7.82%, to Rs. 1,643.47 million in Fiscal 2011 from Rs. 1,782.85 million in Fiscal 2010, primarily due to a continuation in the lack of demand owing to the global economic downturnas a result of which some of our customers reduced their orders in the Project Business, thereby affecting our sales and due to the strengthening of the Japanese Yen. Net sales of our Project Business contributed 18.79% and 23.92% of our total income in Fiscal 2011 and 2010, respectively.

Net Sales from EPC Business increased by Rs. 712.14 million, or 23.38%, to Rs. 3,758.46 million in Fiscal 2011 from Rs. 3,046.32 million in Fiscal 2010, due to the completion of payment milestones on our ongoing BTG island during Fiscal 2011. Net sales of our EPC business contributed 42.97% and 40.87% of our total income in Fiscal 2011 and Fiscal 2010, respectively.

Expressed as a percentage of total income, net sales decreased to 98.75% in Fiscal 2011 from 99.04% in Fiscal 2010.

Other income

Other income increased by Rs. 37.53 million, or 52.38%%, to Rs. 109.17 million in Fiscal 2011 from Rs. 71.64 million in Fiscal 2010, primarily due to an increase in the interest from banks on deposits by Rs. 53.36 million, or 106.53%, to Rs. 103.45 million in Fiscal 2011 from Rs. 50.09 million in Fiscal 2010 due to a increase in the rate of interest. Miscellaneous income decreased by Rs. 15.83 million, or 73.48%, to Rs. 5.71 million in Fiscal 2011 from Rs. 21.54 million in Fiscal 2010, due to fluctuation in foreign currency resulting in a loss

Other income contributed 1.25% and 0.10% of our total income in Fiscal 2011 and 2010, respectively.

Expenditure

Total expenditure increased by Rs. 1,127.55 million, or 16.67%, to Rs. 7,890.56 million in Fiscal 2011 from Rs. 6,763.01 million in Fiscal 2010.

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores, spare parts and components expenses increased by Rs. 461.02 million, or 25.43%, to Rs. 2,273.90 million in Fiscal 2011 from Rs. 1,812.88 million in Fiscal 2010, primarily due to increased volumes and an increase in the cost of raw materials. Closing stock (of work-in- progress and finished goods) increased by Rs. 304.83 million, or 124.78%, to Rs. 549.13 million in Fiscal 2011 from Rs. 244.30 million in Fiscal 2010 on account of an increase in production in our manufacturing business and the consumption of raw materials increased by Rs. 71.61, or 55.52%, to Rs. 200.60 million in Fiscal 2011 from Rs. 128.99 million in Fiscal 2010. Expressed as a percentage of total income, raw material consumed expenses increased to 26.00% in Fiscal 2011 from 24.32% in Fiscal 2010.

Purchases for Project Business

Our purchases for Project Business decreased by Rs. 230.69 million, or 16.75%, to Rs. 1,146.91 million in Fiscal 2011 from Rs. 1,377.60 million in Fiscal 2010, due to a continuation in the lack of demand owing to the global economic downturn as a result of which some of our customers reduced their orders in the Project Business, thereby affecting our sales and due to the strengthening of the Japanese Yen.

Purchases for EPC

Our purchases for EPC increased by Rs. 576.87 million, or 21.03%, to Rs. 3,320.24 million in Fiscal 2011 from Rs. 2,743.37 million in Fiscal 2010, due to the completion of payment milestones on our ongoing BTG island projects during Fiscal 2011. Expressed as a percentage of total income, purchases for EPC expenses increased to 37.96% in Fiscal 2011 from 36.80% in Fiscal 2010.

Operating and other expenses

Our operating and other expenses increased by Rs. 271.67 million, or 37.21%, to Rs. 1,001.80 million in Fiscal 2011 from Rs. 730.13 million in Fiscal 2010.

Personnel expenses through salaries, wages and bonuses increased by Rs. 96.05 million, or 45.97%, to Rs. 304.97 million in Fiscal 2011 from Rs. 208.92 million in Fiscal 2010 on account of an increase in number of employees both in our Company and our Subsidiary as well as an increase in general salary levels.Workmen and staff welfare expenses also increased by Rs. 23.81 million, or 57.27%, to Rs. 65.39 million in Fiscal 2011 from Rs. 41.58 million in Fiscal 2010.

Royalty charges increased by Rs. 19.22 million, or 321.19%, to Rs. 25.20 million in Fiscal 2011 from Rs. 5.98 million in Fiscal 2010 primarily due to the payments of royalty to Siemens Limited AG, Germany, Sicme Motori, Italy and TDK, Japan for use of their licence to manufacture generators.

Travelling charges increased by Rs. 23.51 million, or 31.79%, to Rs. 97.45 million in Fiscal 2011 from Rs. 73.95 million in Fiscal 2010.

Bank charges decreased by Rs. 7.22 million, or 13.31%, to Rs. 47.06 million in Fiscal 2011 from Rs. 54.28 million in Fiscal 2010 on account of increased volume of business.

Direction charges including other expenses increased by Rs. 25.26 million, or 27.89%, to Rs. 115.86 million in Fiscal 2011 from Rs. 90.60 million in Fiscal 2010 on account of increase in salary, commission, sitting fees and travelling expenses paid to our Directors. Technical consultancy and professional charges increased by Rs. 19.80 million, or 39.76%, to Rs. 69.60 million in Fiscal 2011 from Rs. 49.80 million in Fiscal 2010 including license fee paid to our technology providers. Power and fuel expenses increased by Rs. 28.53 million, or 61.50%, to Rs. 74.92 million in Fiscal 2011 from Rs. 46.39 million in Fiscal 2010 on account of an increase in production. Repair expenses on our machinery increased by Rs. 1.12 million, or 2.74%, to Rs. 42.02 million in Fiscal 2011 from Rs. 40.90 million in Fiscal 2010 on account of increased machinery installed.

Software expenses on ERP solutions decreased by Rs. 4.81 million, or 33.29%, to Rs. 9.64 million in Fiscal 2011 from Rs. 14.45 million in Fiscal 2010 on account of the successful completion of the ERP installation in Fiscal 2011 and no further expenditure being incurred on this in Fiscal 2011. Rates and taxes decreased by Rs. 2.57 million, or 26.66% to Rs. 7.07 million in Fiscal 2011 from Rs. 9.64 million in Fiscal 2010 as no rates and taxes were payable in Japan in Fiscal 2011.

The above decreases were partly set off by an increase in repair expenses on others by Rs. 5.52 million, or 108.45%, to Rs. 10.61 million in Fiscal 2011 from Rs. 5.09 million in Fiscal 2010 and an increase in the selling expenses by Rs. 0.05 million, or 0.21%, to Rs. 23.87 million in Fiscal 2011 from Rs. 23.82 million in Fiscal 2010, on account of increase in marketing activity and corresponding increase in sales.

Expressed as a percentage of total income, operating and other expenses increased to 11.45% in Fiscal 2011 from 9.80% in Fiscal 2010.

Interest and finance charges

Our interest and finance charges increased by Rs. 24.61 million, or 58.25%, to Rs. 66.87 million in Fiscal 2011 from Rs. 42.25 million in Fiscal 2010, primarily due to an increase in interest charges on other accounts by Rs. 13.25 million, or 48.50%, to Rs. 40.57 million in Fiscal 2011 from Rs. 27.32 million in Fiscal 2010 and an increase in the interest on bank loans by Rs. 11.37 million, or 76.16%, to Rs. 26.30 million in Fiscal 2011 from Rs. 14.93 million in Fiscal 2010.

Loss on sale of fixed assets

Loss on the sale of fixed assets increased by Rs. 0.09 million, or 33.33%, to Rs. 0.36 million on Fiscal 2011 from Rs. 0.27 million in Fiscal 2010, due to scrapping of old computers assets and motor vehicle

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense increased by Rs. 23.97 million, or 42.42%, to Rs. 80.48 million in Fiscal 2011 from Rs. 56.51 million in Fiscal 2010, primarily due to an increase in capitalisation of fixed assets and depreciation thereon.

Profit before tax and extraordinary items

Profit before tax and extraordinary items increased by Rs. 165.03 million, or 23.89%, to Rs. 855.87 million in Fiscal 2011 from Rs. 690.84 million in Fiscal 2010.

Taxation

Our tax expense increased by Rs. 33.58 million, or 13.13%, to Rs. 289.31 million in Fiscal 2011 from Rs. 255.73 million in Fiscal 2010. The increase was primarily due to tax on increased profits.

Profit/(loss) after tax as restated

Consequently, our profit after tax increased by Rs. 131.44 million, or 30.21%, to Rs. 566.55 million in Fiscal 2011 from Rs. 435.11 million in Fiscal 2010.

Fiscal 2010 compared to Fiscal 2009

Income

Total income increased by Rs. 2,388.16 million, or 47.14%, to Rs. 7,453.85 million in Fiscal 2010 from Rs. 5,065.69 million in Fiscal 2009, primarily due to an increase in gross sales.

Net sales

Net sales increased by Rs. 2,421.47 million, or 48.81%, to Rs.7,382.21 million in Fiscal 2010 from Rs. 4,960.74 million in Fiscal 2009, primarily due to an increase in sales from our manufacturing and EPC business.

Net sales from our manufacturing business increased by Rs. 398.94 million, or 18.52%, to Rs. 2,553.04 million in Fiscal 2010 from Rs. 2,154.10 million in Fiscal 2009, primarily due to increase in volume growth. We sold 281 number of AC Generators during Fiscal 2010 as compared to 245 number of AC Generators during Fiscal 2009. Net sales of our manufacturing business contributed 34.25% and 42.52% of our total income in Fiscal 2010 and 2009, respectively.

Net sales from our Project Business decreased by Rs. 751.22 million, or 29.64%, to Rs. 1,782.85 million in Fiscal 2010 from Rs. 2,534.07 million in Fiscal 2009, primarily due to the weakening of global macroeconomic environment, many of our customers reduced their orders for our Projects Business, thereby negatively affecting our sales. Net sales of our Project Business contributed 23.92% and 50.02% and of our total income in Fiscal 2010 and 2009, respectively.

Net Sales from EPC Business increased by Rs. 2,773.75 million, or 1,017.64%, to Rs. 3, 046.32 million in Fiscal 2010 from Rs. 272.57 million in Fiscal 2009. Due to Fiscal 2010 being the first full year of operations for our Subsidiary during which period we commenced the execution of two BTG island projects and the completion of one BTG island project. Net sales of our EPC business contributed 40.87% and 5.38% of our total income in 2010 and Fiscal 2009, respectively.

Expressed as a percentage of total income, net sales increased to 99.04% in Fiscal 2010 from 97.93% in Fiscal 2009.

Other income

Other income decreased by Rs. 33.31 million, or 31.74%, to Rs. 71.64 million in Fiscal 2010 from Rs. 104.95 million in Fiscal 2009, primarily due to a decrease in miscellaneous income by Rs. 21.89 million, or 50.40%, to Rs. 21.54 million in Fiscal 2010 from Rs. 43.43 million in Fiscal 2009, due to foreign fluctuation loss and a decrease in interest from banks on deposits by Rs. 11.41 million, or 18.56%, to Rs. 50.09 million in Fiscal 2010 from Rs. 61.50 million in Fiscal 2009 due to a decrease in the rate of interest.

Other income contributed 2.07% and 0.96% of our total income in Fiscal 2009 and 2010, respectively.

Expenditure

Total expenditure increased by Rs. 2,251.79 million, or 49.92%, to Rs. 6,763.01 million in Fiscal 2010 from Rs. 4,511.22 million in Fiscal 2009.

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores, spare parts and components expenses increased by Rs. 210.84 million, or 13.16%, to Rs. 1,812.88 million in Fiscal 2010 from Rs. 1,602.04 million in Fiscal 2009, primarily due to increased volumes. Closing stock (of work-in- progress and finished goods) increased by Rs. 73.81 million, or 43.3%, to Rs. 244.30 million in Fiscal 2010 from Rs. 170.49 million in Fiscal 2009 on account of an increase in production in our manufacturing business. Expressed as a percentage of total income, raw material consumed expenses decreased to 24.32% in Fiscal 2010 from 31.63% in Fiscal 2009.

Purchases for Project Business

Our purchases for Project Business decreased by Rs. 632.90 million, or 31.48%, to Rs. 1,377.60 million in Fiscal 2010 from Rs. 2,010.50 million in Fiscal 2009, due to the weakening of global macroeconomic environment, many of our customers reduced their orders in the Projects Business, thereby negatively affecting our sales.

Purchases for EPC

Our purchases for EPC increased by Rs. 2,479.95 million, or 941.44%, to Rs. 2,743.37 million in Fiscal 2010 from Rs. 263.42 million in Fiscal 2009, due to Fiscal 2010 being the first full year of operations for our Subsidiary during which period we commenced the execution of two BTG island projects and the completion of one BTG island project.

Expressed as a percentage of total income, purchases for EPC expenses increased to 36.80% in Fiscal 2010 from 5.20% in Fiscal 2009.

Operating and other expenses

Our operating and other expenses increased by Rs. 153.79 million, or 26.68%, to Rs. 730.13 million in Fiscal 2010 from Rs. 576.34 million in Fiscal 2009.

Personnel expenses through salaries, wages and bonuses increased by Rs. 73.63 million, or 54.43%, to Rs. 208.92 million in Fiscal 2010 from Rs. 135.29 million in Fiscal 2009 on account of an increase in number of employees both in our Company and our Subsidiary as well as an increase in general salary levels. Workmen and staff welfare expenses also increased by Rs. 12.52 million, or 43.09%, to Rs. 41.58 million in Fiscal 2010 from Rs. 29.06 million in Fiscal 2009.

Bank charges increased by Rs. 10.83 million, or 24.93%, to Rs. 54.28 million in Fiscal 2010 from Rs. 43.45 million in Fiscal 2009 on account of increased volume of business.

Direction charges including other expenses increased by Rs. 25.68 million, or 39.56%, to Rs. 90.60 million in Fiscal 2010 from Rs. 64.92 million in Fiscal 2009 on account of increase in salary, commission, sitting fees and travelling expenses paid to our Directors.Technical consultancy and professional charges increased by Rs. 19.49 million, or 64.29%, to Rs. 49.80 million in Fiscal 2010 from Rs. 30.31 million in Fiscal 2009 including license fee paid to our technology providers. Power and fuel expenses increased by Rs. 11.81 million, or 34.15%, to Rs. 46.39 million in Fiscal 2010 from Rs. 34.58 million in Fiscal 2009 on account of an increase in production. Repair expenses on our machinery increased by Rs. 14.67 million, or 55.91%, to Rs. 40.90 million in Fiscal 2010 from Rs. 26.23 million in Fiscal 2009 on account of increased machinery installed.

Software expenses on ERP solutions increased by Rs. 14.18 million to Rs. 14.45 million in Fiscal 2010from Rs. 0.27 million in Fiscal 2009. We installed an PLM Software in 2010 to assist us in functions such as marketing, engineering, planning and procurement, production, servicing. Rates and taxes increased by Rs. 8.70 million to Rs. 9.64 million in Fiscal 2010 from Rs. 0.94 million in Fiscal 2009 due to an increase in tax on additional land purchased and tax paid at branch office.

The above increases were partly set off by a decrease selling expenses by Rs. 34.24 million, or 58.97%, to Rs. 23.82 million in Fiscal 2010 from Rs. 58.06 million in Fiscal 2009, on account of reduction in sales commissions paid and a decrease in repair expenses on others by Rs. 22.01 million, or 81.19%, to Rs. 5.09 million in Fiscal 2010 from Rs. 27.10 million in Fiscal 2009.

Expressed as a percentage of total income, operating and other expenses decreased to 9.8% in Fiscal 2010 from 11. 38% in Fiscal 2009.

Interest and finance charges

Our interest and finance charges increased by Rs. 16.18 million, or 62.1%, to Rs. 42.25 million in Fiscal 2010 from Rs. 26.07 million in Fiscal 2009, primarily due to an increase in interest charges on other accounts by Rs. 19.28 million, or 239.8%, to Rs. 27.32 million in Fiscal 2010 from Rs. 8.04 million in Fiscal 2009, which was partly off set by a decrease in interest on bank loans by Rs. 3.10 million, or 17.2%, to Rs. 14.93 million in Fiscal 2010 as compared to Rs. 18.03 million in Fiscal 2009.

Loss on sale of fixed assets

Loss on the sale of fixed assets were Rs. 0.27 million in Fiscal 2010, due to scrapping of old computers assets. We did not incur such loss in Fiscal 2009.

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense increased by Rs. 23.66 million, or 72.00%, to Rs. 56.51 million in Fiscal 2010 from Rs. 32.85 million in Fiscal 2009, primarily due to an increase incapitalisation of fixed assets and depreciation thereon.

Profit before tax and extraordinary items

Profit before tax and extraordinary items increased by Rs. 136.37 million, or 24.6%, to Rs. 690.84 million in Fiscal 2010 from Rs. 554.47 million in Fiscal 2009.

Taxation

Our tax expense increased by Rs. 68.75 million, or 36.8%, to Rs. 255.73 million in Fiscal 2010 from Rs. 186.98 million in Fiscal 2009. The increase was primarily due to tax on increased profits. We also incurred fringe benefit tax of Rs. 4.05 million in Fiscal 2009, which has been discontinued from April 1, 2009.

Profit/(loss) after tax as restated

Consequently, our profit after tax increased by Rs. 64.84 million, or 17.5%, to Rs. 435.11 million in Fiscal 2010 from Rs. 370.27 million in Fiscal 2009.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements. To fund these costs, we have relied primarily on cash generated from operations and secured revolving credit lines from banks and financial institutions. As of March 31, 2011 our cash and bank balance was Rs. 2,078.03 million.

Cash Flows

The following table sets forth certain information relating to our cash flows for the periods indicated on a consolidated basis:

Particulars	Year ended March 31,		2009
	2011	2010	
Net cash from (used in) operating activities	596.83	592.85	626.21
Net cash used in investment activities	(24.52)	(557.81)	(108.35)
Net cash from financing activities	82.24	329.72	21.94
Net increase (decrease) in cash and cash equivalents	654.54	364.76	539.80

Operating activities

Net cash generated from operating activities in Fiscal 2009 was Rs. 626.21 million resulting from operating profit before working capital changes of Rs. 558.60 million, primarily as a result of net profit before tax and extraordinary items of Rs. 554.47 million, depreciation of Rs. 32.85 million, and interest payments of Rs. 26.07 million, which were partly off set by interest income of Rs. 61.50 million. Our working capital adjustments for Fiscal 2009 were on account of trade payables of Rs. 582.91 million and trade receivables of Rs. 422.98 million which were partly off set by other receivables of Rs. 580.14 million such as loans and advances and cash and bank balance and inventories of Rs. 175.11 million.

Net cash generated from operating activities in Fiscal 2010 was Rs. 592.85 million resulting from operating profit before working capital changes of Rs. 743.23 million, primarily as a result of net profit before tax and extraordinary items of Rs. 690.84 million, depreciation of Rs. 56.51 million, interest payments of Rs. 42.25 million, which were partly off set by interest income of Rs. 50.09 million. Our working capital adjustments for Fiscal 2010 were on account of trade payables of Rs. 1,167.43 million and future contracts of Rs. 305.27 million as required under Accounting Standard 7, which were partly off set by trade receivables of Rs. 1,172.10 million, other receivables of Rs. 183.03 million and inventories of Rs. 47.94 million.

Net cash from operating activities in Fiscal 2011 was Rs. 596.83 million resulting from operating profit before working capital changes of Rs. 928.58 million, primarily as a result of net profit before tax and extraordinary items of Rs. 855.87 million, depreciation of Rs. 80.48 million, and interest payments of Rs. 66.87 million, which were partly off- set by interest income of Rs. 103.45 million. Our working capital adjustments in Fiscal 2011 were on account of future contracts of Rs. 524.52 million which relates to the completion of ongoing contracts of our Subsidiary and other receivables of Rs. 326.43 million such as loans and advances and cash and bank balance, which were partly off-set by trade payables of Rs. 492.55 million and inventories of Rs. 403.85 million.

Investing Activities

Net cash used in investing activities in Fiscal 2009 was Rs. 108.35 million, resulting primarily from purchase of fixed assets of Rs. 133.51 million, which were partly off-set from interest received on our fixed deposits of Rs. 24.70 million and the sale of investments of Rs. 0.46 million.

Net cash used in investing activities in Fiscal 2010 was Rs. 557.81 million, resulting primarily from purchase of fixed assets of Rs. 632.53 million, which were partly off-set from interest received on our fixed deposits of Rs. 71.93 million and the sale of investments of Rs. 2.78 million.

Net cash used in investing activities in Fiscal 2011 was Rs. 24.52 million, resulting primarily from purchase of fixed assets of Rs. 131.81 million, which were partly off-set from interest received on our fixed deposits of Rs. 103.45 million and the sale of investments/fixed assets of Rs. 3.83 million.

Financing activities

Net cash generated from financing activities in Fiscal 2009 was Rs. 21.94 million, resulting from an increase of working capital borrowings of Rs. 57.86 million, long term borrowings of Rs. 7.50 million and refund on income tax of Rs. 4.69 million, which was partly off-set by interest paid on our borrowings of Rs. 27.08 million, dividend and tax on dividend paid of Rs. 14.88 million and unsecured loans and deposits of Rs. 8.57 million.

Net cash used in financing activities in Fiscal 2010 was Rs. 329.72 million, resulting from an increase in long term borrowings of Rs. 241.58 million, an increase of working capital borrowings of Rs. 164.86 million, share application money of Rs. 11.00 million, unsecured loans and deposits of Rs. 7.24 million and refund on income tax of Rs. 3.89 million, which was partly off-set by interest paid on our borrowings of Rs. 43.08 million, dividend and tax on dividend paid of Rs. 37.11 million and temporary borrowings of Rs. 18.64 million.

Net cash from financing activities in Fiscal 2011 was Rs. 82.24 million, resulting from an increase of unsecured loans and deposits of Rs. 249.60 million, proceeds from issue of share capital of Rs. 13.55 million, which was partly off-set by long term borrowings of Rs. 75.85 million, interest paid on our borrowings of Rs. 66.87 million, dividend and tax on dividend paid of Rs. 37.93 million.

Contractual obligations and Commitments

The following table provides certain information relating to our total indebtedness as of March 31, 2011:

Particulars	Total indebtedness as of March 31, 2011	Payment due by			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
	(Rs. in million)				

Secured – Term Loan	314.26	82.90	138.01	93.35
Secured – Vehicle Loan	7.63	4.24	3.39	-
Unsecured	250.00	250.00	Nil	Nil
Estimated interest payment	Nil	9.95	16.56	11.20

Most of our current financing arrangements are secured by our current assets, including a charge on our equipment and machinery. Some of our current financing agreements also include various conditions and covenants that require our Company to obtain lender consents prior to carrying out certain activities and entering into certain transactions, includingincurring additional debt, issuance of equity, changing the capital structure, increase or modify capital expenditure plans, undertake any expansion, provide additional guarantees, or merge with or acquire other companies whether or not there is any failure by such entities to comply with the other terms of such agreements. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities and/or acceleration of all amounts due under such facilities and may affect our ability to conduct our business and operations or implement our business plans.

We are in compliance with the terms and conditions of our current financing arrangements.

For further information, see “Financial Indebtedness” beginning on page 230.

Capital Expenditure

Capital expenditures represent the increase in the value of our fixed assets plus changes in capital work in progress (i.e., expenses incurred in relation to work in progress but not capitalized). Our capital expenditures in Fiscal 2009, 2010 and 2011 were Rs. 162.28 million, Rs. 641.11 million and Rs. 111.37 million, respectively. These capital expenditures were incurred primarily towards expanding our manufacturing facility, purchasing equipment and machinery and purchase of motor vehicles We expect to incur capital expenditures of approximately Rs. 1,027.36 million from the Net Proceeds of the Issue through Fiscal 2012 and 2013, primarily relating to further expanding our manufacturing facility by line balancing. We intend to meet our proposed capital expenditures primarily through proceeds of this Issue. For further information see “Objects of the Issue” on page 67.

We believe that our anticipated cash flows from operations, together with the Net Proceeds of this Issue, our existing cash and certain additional future borrowings will be sufficient to meet our working capital and capital expenditure requirements over the next 12 months.

Contingent Liabilities and Off Balance Sheet Arrangements

The following table sets forth the principal components of our contingent liabilities as of March 31, 2011:

Particulars	**Amount (Rs. in million)**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	78.92
Corporate Guarantee issued to Banker of the Subsidiary Company	3,790.00
Guarantees, counter guarantees given on Imports and sale contract (net of margins held by bank)	3,059.40
Corporate guarantee issued on behalf of Subsidiary Company	450.01
Bill discounted under letter of credit	81.58
Total	7,459.91

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Related Party Transactions

We have entered into and expect to enter into transactions with a number of related parties, including our Promoters and our Subsidiary. For further information regarding our related party transactions, see Schedule H6 of our restated consolidated financial statements on page 196.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. We are exposed to various types of market risk, including changes in foreign currency exchange rates, interest rates and commodity prices, in the ordinary course of business.

Exchange Rate Risk

Changes in currency exchange rates affect our results of operations. Although most of our income is denominated in Indian rupees, currently a small percentage of our income, relating to income from sales of our AC Generators outside India is denominated in U.S. dollars and Japanese Yen. We expect the percentage of income generated in currencies other than Indian rupees to increase in the future with the expansion of our manufacturing business. In addition, a portion of our expenditure, relating to purchase of raw materials, import of power plant equipment and turbines, freight costs and other operating expenses in connection with our overseas operations are denominated in U.S. dollars and Japanese Yen. We also expect our future capital expenditure in connection with our proposed manufacturing facilities to include expenditure in foreign currencies for imported equipment and machinery. Depreciation of the Indian rupee against the U.S. dollar and other relevant foreign currencies may adversely affect our results of operations by increasing the cost of procurement of mobile handsets imported by us for sale in India or any proposed capital expenditure in foreign currencies.

We selectively enter into foreign exchange forward contracts to hedge our exposure to fluctuations in foreign exchange rates. There can however be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar, Japanese Yen or other relevant foreign currencies.

Interest Rate Risk

Changes in interest rates could affect our financial condition and results of operations. As of March 31, 2011, all of our long-term borrowings were at floating rates of interest linked to the benchmark prime lending rate. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows.

Commodity Price Risk

Our revenue is exposed to the market risk of price fluctuations related to the price of our raw material and other components. Market forces generally determine prices for our raw materials and components which we use for the purposes of manufacturing our AC Generators, which in turn affects the price of our AC Generators. These prices may be influenced by factors such as global supply and demand global and Indian economic conditions and growth. Adverse changes in any of these factors may result in a decrease in the revenue that we earn from the sale of our products.

Unusual or infrequent events or transactions

Other than as described in this Prospectus, there have been no events or transactions which may be described as unusual or infrequent.

Known Trends or Uncertainties

Other than as described in the section titled "Risk Factors" on page 10, and this section, to the best of our knowledge, there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

New product or business segment

Other than as described in the section titled "Our Business" beginning on page 110, we do not have new products or business segments.

Dependence on a single or few suppliers or customers

We derive a significant portion of our net sales from a limited number of large customers. For the periods ended March 31, 2011, March 31, 2010 and March 31, 2009, our top ten customers accounted for 76.60%, 68.15% and 43.01%, respectively, of our restated consolidated net sales. The top ten customers contributed 66.03%, 45.77% and 39.69% of the restated net sales of our Company on a stand-alone basis for the periods ended March 31, 2011, March 31, 2010 and March 31, 2009 respectively. None of the above customers are/were related to the Promoters, Group Companies or Directors. While our top ten customers are not necessarily the same every year, these customers contribute a significant portion of our total income. In Fiscal 2011, our largest customer, Abhijeet Projects Limited contributed to 23.32% of our restated consolidated net sales. For further information, see section titled "Risk Factors", "Our Business" and "History and Corporate Structure" beginning on pages 10, 110 and 131, respectively.

Competitive Conditions

We expect competition in the generators manufacturing business and the Project Business from existing and potential competitors to continue. For further information, see section titled "Risk Factors", "Our Business" and "Industry Overview" beginning on pages 10, 110 and 100, respectively.

Future Relationship between Costs and Income

Other than as described in the sections titled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", beginning on pages 10 and 203, respectively, of this Prospectus, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Seasonality

We view our business as not affected by seasonality.

Significant developments after March 31, 2011 that may affect our future results of operation

Except as stated in this Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months. Our Company have availed certain short term working capital facilities, as a result of which there has been an increase in our secured borrowings. For further details, see section titled "Financial Indebtedness" beginning on page 230.

Effect of New Accounting Pronouncements

There are no recent accounting pronouncements that were not yet effective as of March 31, 2011 that will result in a change in our significant accounting policies.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with, the International Financial Reporting Standards, or IFRS, pursuant to which all public companies in India, such as us, will be required to prepare their annual and interim financial statements under IFRS beginning with financial year period commencing April 1, 2014. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially different under IFRS than under Indian GAAP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY ON A STAND-ALONE BASIS

The following discussion is based on our restated stand-alone financial statements as of and for the years ended March 31, 2011, 2010 and 2009, which have been prepared in accordance the Companies Act and Indian GAAP and restated in accordance with the SEBI Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Information" beginning on page 162 of this Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements, as restated.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" beginning on pages 10 and 9, respectively.

Our Restated Stand-alone Results of Operations

The following table sets forth information on our restated stand-alone financial statements as of and for the years ended March 31, 2011, 2010 and 2009:

Our stand-alone results of operations include our manufacturing business, and our Projects Business.

Particulars	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	(Rs. in million)	% of Total Income	(Rs. in million)	% of Total Income	(Rs. in million)	% of Total Income
Income:						
Net Sales	4,878.80	98.60	4,335.89	98.8	4,688.17	98.50
Other Income	69.43	1.40	52.11	1.2	71.40	1.50
Total Income	4,948.23	100.00	4388.00	100.0	4,759.57	100.0
Expenditure:						
Consumption of Raw Material, Stores, Spare parts and Components	2,273.90	45.95	1,812.88	41.3	1,602.04	33.7
Purchases for Project Business	1,146.91	23.18	1,377.60	31.4	2,010.50	42.2
Operating and Other Expenses	754.51	15.25	577.37	13.2	537.53	11.3
Interest and Finance Charges:				0.0		0.0
On Fixed Loans	26.30	0.53	14.93	0.3	18.03	0.4
On other Accounts	40.57	0.82	27.32	0.6	8.02	0.2
Loss on Sale of Fixed Assets	0.36	0.01	0.27	0.0	0	0.0
Depreciation Amortization of Technical Knowhow	78.91	1.59	55.81	1.3	32.67	0.7
Total Expenditure	4,321.46	87.33	3,866.18	88.1	4,208.75	88.4
Profit Before Tax and Extraordinary Items	626.77	12.67	521.82	11.9	550.83	11.6
Provision for Taxation	207.50	-	160.09	-	164.13	-
Provision for Wealth Tax	0.15					
Deferred Tax	2.72	-	31.49	-	17.37	-
Fringe Benefit Tax	0.00	-	0.00	-	3.40	-
Profit Before Extraordinary Items	**416.40**	**-**	**330.24**	**-**	**365.93**	-

Particulars	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	(Rs. in million)	% of Total Income	(Rs. in million)	% of Total Income	(Rs. in million)	% of Total Income
Extraordinary Items – Provision No longer required	0.00	-	0.00	-	3.90	-
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	0.00	-	0.00	-	1.11	-
Profit After Extraordinary Items	**416.40**	**-**	**330.24**	**-**	**368.72**	**-**
Profit/(Loss) After Tax	**416.40**	**-**	**330.24**	**-**	**368.72**	**-**

Fiscal 2011 compared to Fiscal 2010

Income

Total income increased by Rs. 560.23 million, or 12.77%, to Rs. 4,948.23 million in Fiscal 2011 from Rs. 4,388.00 million in Fiscal 2010, primarily due to an increase in net sales.

Net sales

Net sales increased by Rs. 542.91 million, or 12.52%, to Rs. 4,878.80 million in Fiscal 2011 from Rs. 4,335.89 million in Fiscal 2010, primarily due to an increase in revenue from sales in our manufacturing business.

Net sales from our manufacturing business increased by Rs. 682.29 million, or 26.72%, to Rs. 3,235.33 million in Fiscal 2011 from Rs. 2,553.04 million in Fiscal 2010, primarily due to increase in volume growth. We sold 338 AC Generators during Fiscal 2011 as compared to 281 AC Generators during Fiscal 2010. Net sales of our manufacturing business contributed 65.38% and 58.18% of our total income in Fiscal 2011 and 2010, respectively.

Net sales from our Project Business decreased by Rs. 139.38 million, or 7.82%, to Rs. 1,643.47 million in Fiscal 2011 from Rs. 1,782.85 million in Fiscal 2010, primarily due to a continuation in the lack of demand owing to the global economic downturn as a result of which some of our customers reduced their orders in the Project Business thereby affecting our sales. and due to the strengthening of the Japanese Yen currency. Net sales of our Project Business contributed 33.21% and 40.63% and of our total income in Fiscal 2011 and 2010, respectively.

Expressed as a percentage of total income, net sales decreased from 98.80% in Fiscal 2010 to 98.60% in Fiscal 2011.

Other income

Other income increased by Rs. 17.32 million, or 33.24%, to Rs. 69.43 million in Fiscal 2011 from Rs. 52.11 million in Fiscal 2010, primarily due to an increase in miscellaneous income by Rs. 16.66 million, or 66.83%, to Rs. 41.59 million in Fiscal 2011 from Rs. 24.93 million in Fiscal 2010.

Other income contributed 1.40% and 1.20% of our total income in Fiscal 2011 and 2010, respectively.

Expenditure

Total expenditure increased by Rs. 455.28 million, or 11.78% to Rs. 4,321.46 million in Fiscal 2011 from Rs. 3,866.18 million in Fiscal 2010.

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores, spare parts and components expenses increased by Rs. 461.02million, or 25.43%, to Rs. 2,273.90 million in Fiscal 2011 from Rs. 1,812.88 million in Fiscal 2010, primarily due to an increase in the number of AC generators manufactured and an increase in the cost of raw materials. Closing stock (of work-in- progress and finished goods) increased by Rs. 304.83 million, or 124.78%, to Rs. 549.13 million in Fiscal 2011 from Rs. 244.30 million in Fiscal 2010 on account of an increase in production in our manufacturing business. Expressed as a percentage of total income, raw material consumed expenses increased to 45.95 % in Fiscal 2011 from 41.31% in Fiscal 2010.

Purchases for Project Business

Our purchases for Project Business decreased by Rs. 230.69 million, or 16.75%, to Rs. 1,146.91 million in Fiscal 2011 from Rs. 1,377.60 million in Fiscal 2010, on account of reduced turnover due to a continuation in the lack of demand owing to the global economic downturn as a result of which some of our customers reduced their orders in the Project Business, thereby affecting our sales and due to the strengthening of the Japanese Yen. Expressed as a percentage of total income, purchases for Project Business decreased to 23.18% in Fiscal 2011 from 31.39% in Fiscal 2010.

Operating and other expenses

Our operating and other expenses increased by Rs. 177.14 million, or 30.68% to Rs. 754.51 million in Fiscal 2011 from Rs. 577.37 million in Fiscal 2010.

Power and fuel consumption costs increased by Rs. 28.19 million, or 61.98% to Rs. 73.67 million in Fiscal 2011 from Rs. 45.48 million in Fiscal 2010 on account of increase in production at our manufacturing facility which resulted in an increase in power and fuel consumption**.**

Personnel expenses through salaries, wages and bonuses increased by Rs. 56.53 million, or 39.18% to Rs. 200.83 million in Fiscal 2011 from Rs. 144.30 million in Fiscal 2010 on account of increase in number of employees as well as an increase in general salary levels.

Travelling expenses increased by Rs. 6.74 million, or 12.27% to Rs. 61.68 million in Fiscal 2011 from Rs. 54.93 million in Fiscal 2010 on account of increase travelling for training of our employees.

Royalty charges increased by Rs. 19.22 million, or 321.19%, to Rs. 25.20 million in Fiscal 2011 from Rs. 5.98 million in Fiscal 2010 primarily due to the payments of royalty to Siemens Limited AG, Germany, Sicme Motori, Italy and TDK, Japan for use of their licence to manufacture generators.

Direction charges including other expenses increased by Rs. 19.08 million, or 26.73%, to Rs. 90.47 million in Fiscal 2011 from Rs. 71.39 million in Fiscal 2010 on account of increase in salary, commission, sitting fees and travelling expenses. Technical consultancy and professional charges increased by Rs. 2.19 million, or 4.56% to Rs. 50.17 million in Fiscal 2011 from Rs. 47.98 million in Fiscal 2010 including license fee paid to our technology providers. Repair expenses on other assets increased by Rs. 1.79 million, or 59.19%, to Rs. 4.83 million in Fiscal 2011 from Rs. 3.03 million in Fiscal 2010 on account of increased machinery installed.

Software expenses on ERP solutions decreased by Rs. 4.81 million, or 33.29%, to Rs. 9.64 million in Fiscal 21011 from Rs. 14.45 million in Fiscal 2010. Rates and taxes decreased by Rs. 2.63 million to Rs. 6.56 million in Fiscal 2011 from Rs. 9.19 million in Fiscal 2010, due to the successful completion of the ERP installation in Fiscal 2011 and no further expenditure being incurred on this in Fiscal 2011**.** Selling expenses decreased by Rs. 0.89 million, or 3.76%, to Rs. 22.78 million in Fiscal 2011 from Rs. 23.67 million in Fiscal 2010 due to decrease in freight (outward) charges as most of the export orders were on FOB basis and due to no payment of sales commission. The above decreases were partly set off by an increase in repair expenses on others by Rs. 1.8 million, or 59.41%, to Rs. 4.83 million in Fiscal 2011 from Rs. 3.03 million in Fiscal 2010 on account of increase in the expenditure incurred on gardening activities at our factory premises at Unit II.

Bank charges increased by Rs. 5.26 million, or 21.41% to Rs. 29.83 million in Fiscal 2011 from Rs. 24.57 million in Fiscal 2010 on account of increase in volume of business.

Expressed as a percentage of total income, operating and other expenses marginally increased to 15.25% in Fiscal 2011 from 13.16% in Fiscal 2010.

Interest and finance charges

Our interest and finance charges increased by Rs. 24.61 million, or 58.25%, to Rs. 66.87 million in Fiscal 2011 from Rs. 42.25 million in Fiscal 2010, primarily due to higher borrowings and increase in interest charges on other accounts by Rs. 13.25 million, or 48.50%, to Rs. 40.57 million in Fiscal 2011 to Rs. 27.32 million in Fiscal 2010, and an increase in interest on bank loans by Rs. 11.37 million, or 76.14%, to Rs. 26.30 million in Fiscal 2011 from Rs. 14.93 million in Fiscal 2010.

Loss on sale of fixed assets

Loss on the sale of fixed assets increased by Rs. 0.09 million, or 33.33%, to Rs. 0.36 million in Fiscal 2011 from Rs. 0.27 million in Fiscal 2010 due to scrapping of old computers assets.

Depreciation and amortization of technical know-how

Our depreciation expense increased by Rs. 23.10 million, or 41.39% to Rs. 78.91 million in Fiscal 2011 from Rs. 55.81 million in Fiscal 2010, primarily due to an increase in capitalisation of fixed assets and depreciation thereon.

Profit before tax and extraordinary items

Profit before tax and extraordinary items increased by Rs. 104.95 million, or 20.11% to Rs. 626.77 million in Fiscal 2011 from Rs. 521.82 million in Fiscal 2010.

Taxation

Our tax expense increased by Rs. 18.79 million, or 9.80% to Rs. 210.37 million in Fiscal 2011 from Rs. 191.58 million in Fiscal 2010. The increase was primarily due to tax on increased profits.

Profit/(loss) after tax as restated

Consequently, our profit after tax increased by Rs. 86.17 million, or 26.09% to Rs. 416.40 million in Fiscal 2010 from Rs. 330.24 million in Fiscal 2010.

Fiscal 2010 compared to Fiscal 2009

Income

Total income decreased by Rs. 371.57 million, or 7.81%, to Rs. 4,388.00 million in Fiscal 2010 from Rs. 4,759.57 million in Fiscal 2009, primarily due to a decrease in gross sales.

Net sales

Net sales decreased by Rs. 352.29 million, or 7.51%, to Rs. 4,335.89 million in Fiscal 2010 from Rs. 4,688.17 million in Fiscal 2009, primarily due to a decrease in revenue from sales in our Project Business.

Net sales from our manufacturing business increased by Rs. 398.94 million, or 18.52%, to Rs. 2,553.04 million in Fiscal 2010 from Rs. 2,154.10 million in Fiscal 2009, primarily due to increase in volume growth. We sold 281 AC Generators during Fiscal 2010 as compared to 245 AC Generators during Fiscal 2009. Net sales of our manufacturing business contributed 58.18% and 45.26% of our total income in Fiscal 2010 and 2009, respectively.

Net sales from our Project Business decreased by Rs. 751.22 million, or 29.64%, to Rs. 1,782.85 million in Fiscal 2010 from Rs. 2,534.07 million in Fiscal 2009, primarily due to the weakening of global macroeconomic environment, many of our customers reduced their orders in the Projects Business, thereby negatively affecting our sales. Net sales of our Project Business contributed 40.63% and 53.24% and of our total income in Fiscal 2010 and 2009, respectively.

Expressed as a percentage of total income, net sales increased from 98.5% in Fiscal 2009 to 98.8% in Fiscal 2010.

Other income

Other income decreased by Rs. 19.29 million, or 27.02%, to Rs. 52.11 million in Fiscal 2010 from Rs. 71.40 million in Fiscal 2009, primarily due to a decrease in interest from bank deposits by Rs. 15.45 million, or 36.26%, to Rs. 27.17 million in Fiscal 2010 from Rs. 42.62 million in Fiscal 2009, due to reduction in interest earned on deposits.

Other income contributed 1.19% and 1.50% of our total income in Fiscal 2010 and 2009, respectively.

Expenditure

Total expenditure decreased by Rs. 342.57 million, or 8.14% to Rs. 3,866.18 million in Fiscal 2010 from Rs. 4,208.75 million in Fiscal 2009.

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores, spare parts and components expenses increased by Rs. 210.84 million, or 13.16%, to Rs. 1,812.88 million in Fiscal 2010 from Rs. 1,602.04 million in Fiscal 2009, primarily due to increased volumes. Closing stock (of work-in- progress and finished goods) increased by Rs. 73.81 million, or 43.3%, to Rs. 244.30 million in Fiscal 2010 from Rs. 170.49 million in Fiscal 2009 on account of step up of production. Opening stock (of work-in- progress and finished goods) increased by Rs. 79.50 million, or 87.4% to Rs. 170.49 million in Fiscal 2010 from Rs. 90.99 million in Fiscal 2009 on account of an increase in production. Expressed as a percentage of total income, raw material consumed expenses increased to 41.31% in Fiscal 2010 from 33.66% in Fiscal 2009.

Purchases for Project Business

Our purchases for Project Business decreased by Rs. 632.89 million, or 31.48%, to Rs. 1,377.60 million in Fiscal 2010 from Rs. 2,010.50 million in Fiscal 2009, on account of reduced turnover due to due to the weakening of global macroeconomic environment. Expressed as a percentage of total income, purchases for Project Business decreased to 31.39% in Fiscal 2010 from 42.24% in Fiscal 2009.

Operating and other expenses

Our operating and other expenses increased by Rs. 39.87 million, or 7.42% to Rs. 577.37 million from Rs. 537.50 million in Fiscal 2009 in Fiscal 2010.

Power and fuel consumption costs increased by Rs. 11.11 million to Rs. 45.48 million in Fiscal 2010 from Rs. 34.37 million in Fiscal 2009 on account of increase in production at our manufacturing facility which resulted in an increase in power and fuel consumption.

Personnel expenses through salaries, wages and bonuses increased by Rs. 22.64 million, or 18.61% to Rs. 144.30 million in Fiscal 2010 from Rs. 121.66 million in Fiscal 2009 on account of increase in number of employees as well as an increase in general salary levels.

Direction charges including other expenses increased by Rs. 6.47 million, or 9.97%, to Rs. 71.39 million in Fiscal 2010 from Rs. 64.92 million in Fiscal 2009 on account of increase in salary, commission, sitting fees and travelling expenses. Technical consultancy and professional charges increased by Rs. 17.76 million, or 58.78% to Rs. 47.98 million in Fiscal 2010 from Rs. 30.22 million in Fiscal 2009 including license fee paid to our technology providers. Repair expenses on our machinery increased by Rs. 14.84 million, or 56.93%, to Rs. 40.90 million in Fiscal 2010 from Rs. 26.06 million in Fiscal 2009 on account of increased machinery installed.

Software expenses on ERP solutions increased by Rs. 14.45 million in Fiscal 2010 with no expenditure being recorded under this line item in Fiscal 2009. We installed PLM Software in 2010 to assist us in functions such as marketing, engineering, planning and procurement, production, servicing. Rates and taxes increased by Rs. 8.28 million to Rs. 9.19 million in Fiscal 2010 from Rs. 0.91 million in Fiscal 2009, on account of increase in tax on additional land purchased and tax paid at branch office.

The above increases were partly set off by a decrease selling expenses by Rs. 34.37 million, or 59.22%, to Rs.

23.67 million in Fiscal 2010 from Rs. 58.04 million in Fiscal 2009, on account of reduction in sales commissions paid and repair expenses on others decreased by Rs. 23.38 million, or 88.52%, to Rs. 3.03 million in Fiscal 2010 from Rs. 26.41 million in Fiscal 2009 on account of reduced expenses relating to interiors at city office.

Bank charges reduced by Rs. 9.55 million, or 27.98% to Rs. 24.57 million in Fiscal 2010 from Rs. 34.12 million in Fiscal 2009 on account of concession on charges.

Expressed as a percentage of total income, operating and other expenses marginally increased to 13.16 % in Fiscal 2010 from 11.29% in Fiscal 2009.

Interest and finance charges

Our interest and finance charges increased by Rs. 16.20 million, or 62.22%, from Rs. 26.05 million in Fiscal 2009 to Rs. 42.25 million in Fiscal 2010, primarily due to higher borrowings and increase in interest charges on other accounts by Rs. 19.30 million, or 240.83%, from Rs. 8.02 million in Fiscal 2009 to Rs. 27.32 million in Fiscal 2010, which was partly off set by a decrease in interest on bank loans by Rs. 3.10 million, or 17.19%, to Rs. 14.93 million in Fiscal 2010 as compared to Rs. 18.03 million in Fiscal 2009.

Loss on sale of fixed assets

Loss on the sale of fixed assets were Rs. 0.27 million in Fiscal 2010, due to scrapping of old computers assets. We did not incur such loss in Fiscal 2009.

Depreciation and amortization of technical know-how

Our depreciation expense increased by Rs. 23.15 million, or 70.86% to Rs. 55.81 million in Fiscal 2010 from Rs. 32.67 million in Fiscal 2009, primarily due to an increase in capitalisation of fixed assets and depreciation thereon.

Profit before tax and extraordinary items

Profit before tax and extraordinary items decreased by Rs. 29.01 million, or 5.27% to Rs. 521.82 million in Fiscal 2010 from Rs. 550.83 million in Fiscal 2009.

Taxation

Our tax expense increased by Rs. 6.68 million, or 3.61% to Rs. 191.58 million in Fiscal 2010 from Rs. 184.90 million in Fiscal 2009. The increase was primarily due to tax on increased profits. We also incurred fringe benefit tax of Rs. 3.4 million in Fiscal 2009, which has been discontinued from April 1, 2009.

Profit/(loss) after tax as restated

Consequently, our profit after tax increased by Rs. 35.70 million, or 9.76% to Rs. 330.24 million in Fiscal 2010 from Rs. 365.93 million in Fiscal 2009.

FINANCIAL INDEBTEDNESS

As on June 30, 2011, the aggregate outstanding borrowings of our Company based on our stand-alone financial statements were as follows:

(Rs. in million)

Sl. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	302.00
2.	Secured Borrowings – Working Capital	174.87
3.	Secured Borrowings – Trade Bills	331.06
4.	Unsecured Borrowings	250.00

Secured Loans

I Loan taken by our Company from Bank of Baroda

Sanction Letter dated January 4, 2011

(Rs. in million)

Sanctioned amount	Amount outstanding as on June 30, 2011	Rate of Interest*	Repayment/Security	Purpose of Loan unless otherwise specified
2,230.00	302.00 174.87	• Term Loan III of Rs. 80.00 million: Base Rate plus 2.75% • Term Loan IV of Rs. 120.00 million: Base Rate plus 3.50% • Term Loan V of Rs. 300.00 million: Base Rate plus 2.50% • Cash credit of Rs. 300 million: (i) Base Rate plus 3.00% for sub-limit of Rs. 50 million (clean bill discounting); (ii) Base Rate plus 2.00% for sub-limit of Rs. 300 million (cash credit) • Bank guarantee limit of Rs. 1,080 million: NA • Inland/import letter of credit of Rs. 350 million: NA	**Prime Security:** First charge on fixed assets and current assets of our Company; **Collateral Security:** (i) Equitable mortgage of immovable property situated at Plot No.s 27, 28, 29 and 30A (Part 1) KIADB Industrial Area Dabaspet, Nelamangala Taluk, Bangalore 562 111; (ii) Personal guarantees of Nikhil Kumar and Hitoshi Matsuo	• Term Loan III of Rs. 80.00 million: To meet expense on expansion project • Term Loan IV of Rs. 120.00 million: To meet expense on expansion project • Term Loan V of Rs. 300.00 million: To meet expense on expansion project • Cash credit of Rs. 300 million: (i) sub-limit of Rs. 50 million (clean bill discounting): For discounting pre-accepted clean bills drawn on approved drawers; (ii) sub-limit of Rs. 300 million (cash credit): Working Capital; • Bank guarantee limit of Rs. 1,080 million: To issue guarantees • Inland/import letter of credit of Rs. 350 million: For opening of letters of credit for purchase of machinery/import of raw material/ consumables/spares

**Base Rate shall mean the rate of interest specified by Bank of Baroda to be the then applicable base rate of interest.*

Under the terms of the above loan, some of the corporate and other actions for which we need the prior written consent of Bank of Baroda include the following:

- Incurring capital expenditure for major expansion/diversification/modernization;
- Permitting promoters to disinvest/transfer their shareholdings;
- Entering into any borrowing arrangements with other banks, financial institutions and/or any other parties;

- Taking up any new project or any large scale expansion;
- Making investment in or granting loans to subordinates, associate concerns, individuals or other parties;
- Effecting mergers and acquisitions;
- Paying dividends/making withdrawals other than out of current year's earnings after making due provisions;
- Giving guarantees on behalf of third parties;
- Premature repayment of loans and discharge of other liabilities;
- Effecting any change in the constitution/composition of the partnership/reconstitution of the Board of Directors of our Company; and
- Creating any further charges on all or any of the assets or properties of our Company.

In addition to the above, Nikhil Kumar and Hitoshi Matsuo have given personal undertakings not to transfer, assign, dispose of, pledge, charge or create any lien or encumbrance of their shareholding in our Company without obtaining the prior written approval of Bank of Baroda.

II Loan taken by our Company from ICICI Bank

We have entered into four arrangements with ICICI Bank for vehicle loans for the purposes of financing purchase of motor vehicles for the Company. The total sanctioned amount is Rs. 11.47 million and the total amount outstanding as on June 30, 2011 is Rs. 7.17 million. The rate of interest for the above vehicle loans vary from 7.00% to 7.75% and are repayable within 35 monthly instalments. The vehicles acquired pursuant to the loans have been hypothecated. Under the terms of the above loan, some of the corporate and other actions for which we need the prior written consent of ICICI Bank prior to undertake or permitting any merger, demerger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction including creating of any subsidiary or permit any company to become its subsidiary.

III Trade bill discounting facility availed by our Company from the Bank of Tokyo – Mitsubishi UFJ Limited

We have availed a trade bill discounting facility from Bank of Tokyo – Mitsubishi UFJ Limited of Rs. 331.06 million as of June 30, 2011. This is secured by goods pending shipment.

Unsecured Loan

I Loan taken by our Company from Bank of Baroda

Sanction Letter dated March 28, 2011

(Rs. in million)

Sanctioned amount	Amount outstanding as on June 30, 2011	Rate of Interest*	Repayment/Security	Purpose of Loan
250.00	250.00	Base Rate plus 2.00%	Repayable at the due date upon completion of tenure of 6 months	• To meet the short term working capital mismatch

**Base Rate shall mean the rate of interest specified by Bank of Baroda to be the then applicable base rate of interest.*

Under the terms of the above loan, the company has agreed to the following conditions:

- Undertaking from the Company to create charge on its fixed and current assets to secure the short term loan as and when required by Bank of Baroda
- Undertaking from the Company that adequate draw power will maintained during the tenure of the loan
- Company to utilize the cash credit limit fully before availing the proposed short loan.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, Group Entities, our Subsidiary and there are no defaults, non- payment of statutory dues, overdues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits or arrears on preference shares issued by our Company, our Directors, our Promoters, Group Entities, our Subsidiary, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Act) other than unclaimed liabilities of our Company, our Directors, our Promoters, Group Entities, our Subsidiary and no disciplinary action has been taken by SEBI or any stock exchanges against Company, our Directors, our Promoters, Group Entities, our Subsidiary that would result in a material adverse effect on our consolidated business taken as a whole.

Further, except as disclosed hereunder Company, our Directors, our Promoters, Group Entities, our Subsidiary have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them. Further, there are no criminal proceedings against our Company, Promoter, Group Entities and Directors.

For details of contingent liabilities of our Company and our Subsidiary, please refer to the stand-alone and consolidated financial statements of our Company on pages 162 and 183.

Cases involving our Company

Cases filed against our Company

1. The office of the Additional Commissioner of Central Excise, Bangalore had issued a show cause notice bearing No. 574/CE/17/2004/TEIL/TDPS/1799 dated October 28, 2004 to our Company. The notice stated that the excise duty exemption availed by our Company under Notification No. 108/95-CE from payment of excise duty in relation to certain goods supplied to Triveni Engineering and Industries Limited was not available to our Company on the grounds that the certificate on the basis of which our Company had availed the exemption was invalid. The notice further required our Company to show cause why Rs. 2.61 million along with penalty and interest should not be recovered from our Company. Our Company had filed its interim responses dated December 2, 2004, December 28, 2004 and February 26, 2005. Triveni Engineering and Industries Limited has deposited the claimed amount and the matter has been posted for adjudication before the Commissioner, Central Excise (Adjudication), New Delhi. The matter is currently pending.

2. The office of the Additional Commissioner of Central Excise & Service Tax, Large Taxpayers Unit, Bangalore has issued a show cause notice bearing No. GLT4/ADCCE/ST075/2009 dated December 4, 2009 to our Company. The notice stated that the service tax CENVAT credit of Rs. 0.99 million availed by our Company on canteen services were not eligible for any input services for our Company's business and the notice further required our Company to show cause why the same should not be recovered from our Company. Our Company has filed its response December 30, 2009 and has requested for a hearing in person. The matter is currently pending.

3. The office of the Additional Commissioner of Central Excise & Service Tax, Large Taxpayers Unit, Bangalore has issued a show cause notice bearing No. GLT4/ADCCE/ST089/2010 dated January 27, 2010 to our Company. The notice stated that the service tax CENVAT credit of Rs. 1.27 million availed by our Company on outward freight were not eligible for any input services for our Company's business and the notice further required our Company to show cause why the same should not be recovered from our Company. Our Company has filed its response February 25, 2010 and has requested for a hearing in person. The matter is currently pending.

4. The office of the Assistant Commissioner of Central Excise & Service Tax, Large Taxpayers Unit, Bangalore has issued a show cause notice bearing No. V/18/ST/358/2009/LTU/GLT4 dated August 19, 2010 to our Company. The notice stated that out of the rebate claim of Rs. 0.53 million sought by our

Company, only Rs. 0.23 million would be payable and the notice further required our Company to show cause why the claim for remaining amounts should not be rejected. Our Company has filed its response August 21, 2010 and has requested for a hearing in person. The matter was heard before the Commissioner of Central Excise & Service Tax, Large Taxpayers Unit, Bangalore. The Commissioner of Central Excise & Service Tax has through its order dated October 7, 2010 sanctioned a refund of Rs. 0.23 million. Our Company has filed an appeal dated December 6, 2010 praying for the order of the Commissioner of Central Excise & Service Tax to be set aside and for a full refund of Rs. 0.53 million.

5. The office of the Chief Commissioner of Customs, Large Taxpayers Unit, Bangalore has issued a show cause notice bearing No. V/15/ST/063/2010/LTU ADJN dated December 9, 2010 to our Company. The notice stated that our Company was not entitled to the service tax CENVAT credit of Rs. 8.07 million availed by our Company for expenses in relation to services and required our Company to show cause as to why the amount of Rs. 8.07 million claimed by our Company should not be disallowed along with interest and penalty for irregular credit. Our Company has filed a response dated December 22, 2010 stating that our Company had availed a credit of only Rs. 6.11 million and that our Company was entitled to claim such credit and has further requested for a hearing in person. The matter is currently pending.

6. The office of the Assistant Commissioner of Income Tax, Large Taxpayers Unit, Bangalore has issued an assessment order for the assessment year 2009-10 dated August 4, 2011, along with a notice of demand requiring our Company to pay an amount of Rs. 94.90 million, which was received by our Company on August 17, 2011. Our Company has filed an application for rectification dated August 17, 2011 contesting the order on the grounds that the advance tax paid by our Company and branch office and the tax credits by foreign customers of our Company were not recognized and requesting that the demand proceedings be dropped. The matter is currently pending.

7. Pursuant to notices of demand under Section 156 of the Income Tax Act, 1961 for the financial years 2006-07, 2007-08, 2008-09, issued by the Department of Income Tax (TDS Circle) requiring our Company to pay an aggregate amount of Rs. 31.52 million. Our Company has filed appeals dated April 18, 2011 contesting against the demand notice for an amount of Rs. 31.39 million.

8. Cicon Engineers Private Limited has filed a petition dated June 4, 2010 before the High Court of Karnataka claiming that it successfully bid for certain civil works undertaken for our Company for the expansion of the manufacturing facilities and had entered into an agreement for the same. Cicon Engineers Private Limited has claimed that works was stopped due to certain disputes relating to non performance of certain obligations by our Company regarding the release of certain designs and obtaining clearances and permissions for the expansion and have sought an order from the court to appoint an arbitrator to resolve the dispute. Pursuant to the petition, the High Court of Karnataka has appointed a sole arbitrator to resolve the dispute through its order dated September 2, 2010. The sole arbitrator has issued notice for hearing. Cicon Engineers Private Limited has filed a claim of Rs. 19.71 million payable by our Company together with further interest on part of the above amount and costs. Our Company has filed a counter-claim of Rs. 159.36 million alleging loss of profits, penalty and liquidated damages for breach of contract. The matter is currently pending before the sole arbitrator.

Cases filed by our Company

1. Our Company has filed a statutory appeal dated July 4, 2006 under the Central Excise Act, 1944 before the Supreme Court of India against the orders No. 876/2006 and 877/2006 passed by the Customs, Excise and Service Tax Appellate Tribunal, South Zonal Branch, Bangalore. By the above orders, the Customs, Excise and Service Tax Appellate Tribunal, South Zonal Branch, Bangalore had denied Rs. 4.29 million claimed by our Company as exemption under Notification 6/2002-CE dated March 1, 2002, from payment of duty on items manufactured by our Company. The matter is currently pending before the Supreme Court.

Cases involving our Subsidiary

Cases against our Subsidiary

Nil

Cases filed by our Subsidiary

Nil

Cases involving our Promoters

1. Nikhil Kumar

Cases against Nikhil Kumar

Nil

Cases filed by Nikhil Kumar

Nil

2. Hitoshi Matsuo

Cases against Hitoshi Matsuo

Nil

Cases filed by Hitoshi Matsuo

Nil

3. Mohib N. Khericha

Cases against Mohib Khericha

(i) The Department of Income Tax conducted a search on the residence of Mohib Khericha. Pursuant to the search, the Department of Income Tax has issued notices under Section 153A(1) dated June 23, 2011 requiring Mohib Khericha to refurnish its income tax returns for the assessment years 2004-05 to 2009-10. On June 30, 2011 a further notice was issued by the office of the Assistant Commissioner of Income Tax. recalling the notices dated June 23, 2011 on the grounds that these were issued without jurisdiction and that fresh notices would be issued once jurisdiction has been determined.

Cases filed by Mohib Khericha

(ii) An appeal bearing No. 37 of 2004 was filed before the Debt Recovery Tribunal at Ahmedabad by Mohib Khericha and six others under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 against the Textile Processors Co-operative Bank alleging that the action taken by the bank in taking possession of certain premises mortgaged in favour of the bank by Swarshilp Properties Limited claiming to be bonafide purchasers of the premises. On March 21, 2006, an order was passed requiring the bank to deliver possession to the appellants. A civil miscellaneous application dated June 19, 2006 was filed by the Textile Processors Co-operative Bank which was filed before the Debt Recovery Tribunal seeking that the order be quashed as the same was given ex-parte. The matter is currently pending before the Debt Recovery Tribunal.

(iii) An application was filed by Mohib Khericha before the Joint Commissioner of Police, Ahmedabad, Sector I against Sanjay Thakkar and Dipak Thakkar alleging criminal breach of trust. The application was dismissed by the police and no criminal case was registered. In anticipation of a litigation, Sanjay Thakkar, on behalf of Devarc (Jodhpur) Commercial Co-operative Society Limited has filed a caveat before the Court of Principal Senior Civil Judge, Ahmedabad Rural and Court of Board of Nominees, Ahmedabad in relation to the matter.

4. Saphire Finman Services Private Limited

Cases against Saphire Finman Services Private Limited

Nil

Cases filed by Saphire Finman Services Private Limited

Nil

Cases involving our Directors

Nil

Cases involving our Group Entities

1. Nilarya Trading and Developers Private Limited

Cases against Nilarya Trading and Developers Private Limited

Nil

Cases filed by Nilarya Trading and Developers Private Limited

Nil

2. Chartered Capital and Investment Limited

Cases against Chartered Capital and Investment Limited

(i) The Department of Income Tax conducted a search on the premises of Chartered Capital and Investment Limited and have seized cash to the extent of the Rs. 260,000. Pursuant to the search, the Department of Income Tax has issued a notice under Section 153A (1) dated August 18, 2010 requiring Chartered Capital and Investment Limited to refurnish its income tax returns for the assessment years 2004-05 to 2009-10.

(ii) A civil suit bearing SCA No. 8569 of 1998 was filed before the Ahmedabad High Court by R. L. Gandhi against Punjab National Bank and five others seeking an order requiring Punjab National Bank to pay a sum of Rs. 6,512,219 allegedly due to him by virtue of him having applied in the rights-cum-public issue of Renco Gears Limited. Chartered Capital and Investment Limited was included as the fourth respondent. No relief has been claimed against Chartered Capital and Investment Limited. On November 25, 2008, the High Court issued an order dismissing the matter without relief. An appeal bearing LPA No. 336 of 2009 was filed before the Division Bench of the High Court which directed Punjab National Bank to deposit Rs. 5,000,000 with the State Bank of India till disposal of the appeal through its orders dated August 12, 2009 and January 21, 2010. Punjab National Bank approached the Supreme Court through a special leave petition seeking that the orders of the High Court be vacated. The Supreme Court through its order dated July 4, 2011 dismissed the special leave petition without relief. The appeal is pending before the Division Bench of the High Court.

Cases filed by Chartered Capital and Investment Limited

Nil

3. Bangalore Beers and Wines

Cases against Bangalore Beers and Wines

Nil

Cases filed by Bangalore Beers and Wines

Nil

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

Approvals related to the Issue

1. In principle approval dated March 31, 2011 from the BSE.

2. In principle approval dated April 11, 2011 from the NSE.

3. Our Board of Directors has, pursuant to a resolution passed at its meeting held on February 10, 2011, authorised the Issue subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act, such other authorities as may be necessary.

4. The shareholders of our Company have pursuant to a resolution dated February 16, 2011, under Section 81(1A) of the Companies Act, authorised the Issue.

Approvals for the business

A. Approvals from the Reserve Bank of India ("RBI")

1. Letter from RBI bearing reference number BG No. 43/Exp II/08.10.141/98-99 dated June 28, 1999 for opening of branch office in Japan.

B. Acknowledgements by RBI

1. Letter bearing reference number FE.BG.FID.No.1669/21.05.688/2004-05 dated December 16, 2004 acknowledging receipt of Form FC GPR filed on November 18, 2004 with regard to issue of 110,000 equity shares to Hitoshi Matsuo and Yukinobu Teshima.

2. Letter bearing reference number FE.BG.FID.No.1112/21.05.688/2005-06 dated November 22, 2005 acknowledging receipt of Form FC GPR filed on November 2, 2005 with regard to issue of 78,682 equity shares to Hitoshi Matsuo, Yukinobu Teshima, Fumio Yamada and Tadao Miyanishi.

3. Letter bearing reference number FE.BG.FID.No.1342/21.05.688/2005-06 dated December 28, 2005 acknowledging receipt of Form FC GPR filed on December 2, 2005 with regard to issue of 200,000 equity shares to Toyo Denki.

4. Letter bearing reference number FE.BG.FID.No.1095/21.05.688/2009-10 dated August 20, 2009 acknowledging receipt of Form FC GPR filed on June 29, 2009 with regard to issue of 138,347 equity shares to Yukinobu Teshima, Fumio Yamada and Toyo Denki.

5. Letter bearing reference number FE.BG.FID.No.1745/21.05.688/2002-03 dated September 4, 2002 taking on record the issue of 236,045 compulsorily convertible preference shares to Hitoshi Matsuo, Yukinobu Teshima, Fumio Yamada and Tadao Miyanishi.

6. Letter bearing reference number FE.BG.FID.No.1172/21.05.688/2002-03 dated August 10, 2002 taking on record the issue of 5,600,000 compulsorily convertible preference shares to Hitoshi Matsuo and Yukinobu Teshima.

C. ***Company specific approvals***

1. Certificate of incorporation of our Company, issued by the Registrar of Companies, Karnataka, Bangalore bearing certificate number 08/25071 of 1999, certifying that TD Power Systems Private Limited was incorporated under the Act as a private limited company on April 16, 1999.

2. Fresh certificate of incorporation issued by the Registrar of Companies, Karnataka, Bangalore dated February 4, 2011 certifying the change of name consequent upon change of name from TD Power Systems Private Limited to TD Power Systems Private Limited" to "TD Power Systems Limited" on conversion from private limited company to a public limited company

3. Permanent Account Number (No. AABCT0360J) issued by The Income Tax Department to our Company.

4. Value Added Tax registration dated December 21, 2009 bearing TIN 29590066181 issued by the Commercial Taxes Department to our Company.

5. Registration under the Karnataka Tax Entry Goods Act, 1979 dated December 21, 2009 issued by the Commercial Taxes Department to our Company.

6. Service Tax Code (No. AABCT0360JST001) dated August 2, 2010 issued by the Service Tax Commissionerate, Bangalore.

7. Importer-Exporter Code (IEC No. 0799012220) dated January 17, 2001 issued by the Foreign Trade Development Officer, Bangalore.

8. Certificate of Recognition as Export House dated April 1, 2007 issued by the Office of the Joint Director General of Foreign Trade valid till March 31, 2012.

9. A central excise registration certificate bearing no. AABCT0360J-XM-001 dated December 5, 2001, has been issued by the Superintendent of Central Excise registering our Company as manufacturing of AC generators and parts of generators.

10. Registration under the Employees' State Insurance Act, 1948 dated June 25, 2007 bearing No. 53-24308-62 issued by the Employees' State Insurance Corporation.

11. Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 dated June 1, 2001 bearing No. 693/2001, issued by the Employees Provident Fund Organization.

12. Registration Certificate of Establishment dated April 8, 2009 bearing No. 3/78/1521 issued by the Department of Labour, Government of Karnataka valid till December 31, 2013 for the employment of 98 persons.

13. Certificate of Registration dated June 19, 2001 bearing No. ALC-II/CLA/P-4/2001-2002 issued by the Department of Labour, Government of Karnataka under the Contract Labour (Regulation and Abolition) Act, 1970 for the employment of 265 persons.

D. ***Business and Factory related approvals***

1. Letter from the Secretariat of Industrial Assistance, Department of Industrial Policy and Promotion bearing reference number No. 52(2009)/28(2009)/PAB-IL dated November 6, 2009 approving the application for foreign collaboration with Siemens Aktiengellschaft, and approval for amendment through letter bearing reference number No. 52(2009)/28(2009)/PAB-IL-Amendment dated December 23, 2009.

Factory premises of our Company at Plot No.27,28 & 29, KIADB Industrial Area, Nelamagala Taluk, Dabaspet, Bangalore 562 111, Karnataka, India

1. Factory License dated February 15, 2002 bearing No. 30795 of 2002 and renewal letter dated January 1, 2009 from Boilers Department, Karnataka Government, valid till December 31, 2011, for

employment of upto 490 employees and for use of 4674 KW of power and acknowledgements dated July 14, 2011 on half yearly returns indicating increased employment of up to 543 employees.

2. Certificates dated November 22, 2002 bearing No. APC/2002-2003/5857 and APC/2002-2003/5858 from the Karnataka State Pollution Control Board granting consent under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974 for the operation of the industrial plant and discharge of effluents at No. 27, 28 and 29, KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore 562 111, as renewed to September 30, 2011 by orders dated November 8, 2010 (Unit I) and November 10, 2010 (Unit II).

3. Authorisation for handling hazardous wastes dated March 30, 2009 bearing No. H/2144 under the Hazardous Waste (Management, Handling & Trans-boundary Movement) Rules, 2008, issued by the Karnataka State Pollution Control Board, valid till September 30, 2013.

4. License under the Petroleum Act, 1934 dated December 4, 2007 bearing No. P186102 and extension letter dated February 4, 2010 issued by the Chief Controller of Explosives to import and store petroleum, valid till December 31, 2012.

E. Pending Applications

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated February 10, 2011 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the extra-ordinary general meeting of the shareholders of our Company held on February 16, 2011.

Prohibition by SEBI

There is no prohibition on the Company, the Promoters, our Subsidiary, Promoter Group, Directors, Group Companies or on the natural persons behind our Corporate Promoter, from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been prohibited or debarred from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Except for Mohib N. Khericha (Promoter of Chartered Capital and Investment Limited), none of the Directors are associated in any manner with securities market. SEBI has not initiated any action against Mohib N. Khericha or Chartered Capital and Investment Limited.

Prohibition by RBI

Neither our Company, its Subsidiary, its Directors, Promoters, the relatives of Promoters (as defined under the Companies Act), Group Companies have been identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by any of them in the past or are pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue under Regulation 26(1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 30.00 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets (monetary assets is considered to be the sum of cash in hand, bank balance and fixed deposits with banks);

- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three out of the immediately preceding five years;

- Our Company has a net worth of at least Rs. 10.00 million in each of the three preceding full years (of 12 months each);

- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the Issue size is not expected to exceed five times the pre-Issue net worth of the Company; and

- Our Company has not changed its name in the last one year, except for change of name pursuant to conversion to a public limited company. However, there has not been any corresponding change in the business activities of the Company and more than 50% of the revenue for the preceding full one year has been earned by our Company from the activity indicated by the new name.

Our Company's distributable profits, net worth, net tangible assets and monetary assets derived from the Restated Financial Statements on a stand-alone basis included in this Prospectus as at, and for the last financial year on March 31, 2011, 2010, 2009, 2008 and 2007, as per the Restated Financial Statements of our Company are as under:

(Rs. in million)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net Tangible assets	1,775.14	1,240.95	947.82	616.21	255.48
Monetary assets	564.31	382.02	367.61	134.59	74.80
Distributable Profits	416.40	330.24	368.72	355.61	161.15
Net Worth	1,775.14	1,240.95	947.82	616.21	255.48
Monetary assets as a percentage of the net tangible assets	31.79%	30.78%	38.78%	21.84%	29.28%

Notes:

a) *Net tangible assets are defined as the sum of net assets of the Issuer excluding intangible assets as defined in Accounting Standard 26 -Intangible Assets as notified under the Companies Act, 1956.*
b) *Monetary assets constitute cash and bank balances after reducing trade advances and margin money.*
c) *Distributable profits are as defined under Section 205 of the Companies Act, 1956 and have been calculated from the Stand-alone Restated Financial Statements of the Company.*
d) *Net-worth is defined as the aggregate of paid up Share Capital, Share Premium Account and Reserves and Surplus (excluding revaluation reserve) as reduced by the aggregate of Miscellaneous Expenditure (to the extent not adjusted or written off), and the debit balance of the Profit and Loss Account, after making adjustments for restatement as per SEBI Regulations.*

Further, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e., persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company becomes liable to repay it, then our Company shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15.00% *per annum* on application money, as prescribed by applicable law.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED, THE BOOK RUNNING LEAD MANAGERS, ANTIQUE CAPITAL MARKETS PRIVATE LIMITED AND EQUIRUS CAPITAL PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS 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 AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER AND THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED, THE BOOK RUNNING LEAD MANAGERS, ANTIQUE CAPITAL MARKETS PRIVATE LIMITED AND EQUIRUS CAPITAL PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 22, 2011 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM 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 SEBI 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 OR 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 SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWITTERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE.</u>**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE 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 SEBI 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 THE 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/DRAFT 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. NOTED FOR COMPLIANCE.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE.**

    AS THE OFFER SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT MODE 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 SEBI 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 Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Global Co-ordinator and Book Running Lead Manager, the Book Running Lead Managers, any irregularities or lapses in the Prospectus.

All legal requirements pertaining to the Issue have been complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Karnataka at Bangalore in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Karnataka at Bangalore in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from our Company the GCBRLM and the BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Caution

Our Company, our Directors the GCBRLM and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.tdps.co.in or the website of our Subsidiary, would be doing so at his or her own risk.

The GCBRLM and the BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into amongst the GCBRLM, the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us the GCBRLM and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company, nor the GCBRLM and the BRLMs are liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The GCBRLM, the BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, the Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with the Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and 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), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, Insurance funds set up and managed by the Army, Navy or Air force of the Union of India or the

Department of Posts, Government of India, provident funds (subject to applicable law) with minimum corpus of Rs. 250.00 million and pension funds with minimum corpus of Rs. 250.00 million and the National Investment Fund, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs and their sub accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Karnataka, Bangalore, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to SEBI and the RoC. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in reliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where these offers and sales occur. Terms used in this paragraph have the meaning given to them by Regulation under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer clause of the BSE

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated March 31, 2011, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document 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:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSEILIST/163064-V dated April 11, 2011 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document 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 offer document 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 offer document; 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 this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this 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

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, situated at E' wing, 2nd floor, Kendriya Sadana, Koramangala, Bangalore 560 034, Karnataka, India.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15.00% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 working days of finalisation of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to our Company, the Bankers to the Issue, the Refund Banker; and (b) the Global Co-ordinator and Book Running Lead Manager and the Book Running Lead Managers, the Syndicate Members, the Registrar to the Issue and the IPO grading agency to act in their respective capacities, have been obtained and would be filed along with a copy of the Prospectus with the RoC as required under Section 60 and 60B of the Companies Act and confirmation that such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI Regulations, B.K. Ramadhyani & Co., our Company's Auditors have given their written consent to the inclusion of their report and statement of tax benefits in the form and context in which it appears in the Prospectus.

CARE, the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent to the inclusion of their report in the form and context in which it will appear in this Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange.

Expert Opinion

Except (a) the report of CARE in respect of the IPO grading of this Issue that will be annexed with this Prospectus; (b) the report of the Auditors on the Company's restated stand-alone and consolidated financial statements as included in this Prospectus; and (c) the Statement of Tax Benefits included in this Prospectus prepared by the Auditors, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as under:

Sl. No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size
1	Fees of the GCBRLM and the BRLMs including underwriting commission, brokerage and selling commission and SCSB commission and processing fees*	111.19	79.79%	4.90%
2	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	12.56	9.02%	0.55%
3	Registrar to the Issue	1.10	0.79%	0.05%
4	Other expenses (Grading Agency, Legal Advisors, Auditors and other Advisors, SEBI filing fees, bidding software expenses, depository, charges, listing fees, etc:)	14.49	10.40%	0.64%
	Total Estimated Issue Expenditure	**139.34**	**100.00%**	**6.14%**

** SCSBs would be entitled to a processing fee of Rs. 20 for processing the ASBA Bid cum Application Forms procured by members of the Syndicate and submitted to the SCSBs under the Syndicate ASBA process.*

Fees Payable to the Global Co-ordinator and Book Running Lead Manager, the Book Running Lead Managers and the Syndicate

The total fees payable to the Global Co-ordinator and Book Running Lead Manager, the Book Running Lead Managers and the Syndicate (including underwriting commission and selling commission) is stated in the engagement letter and the addendum thereto from our Company with the GCBRLM and the engagement letters from our Company to the BRLMs, copies of which are available for inspection at registered office of our Company.

In relation to ASBA Bid cum Application Forms of Syndicate ASBA Bidders submitted by the members of the Syndicate to the relevant branches of the SCSBs for processing, a processing fee of Rs. 20 will be payable per such ASBA Bid cum Application Form to the relevant SCSBs (the "Syndicate ASBA Processing Fee").

In case of ASBA Bid cum Application Forms procured directly by the SCSBs, the relevant SCSBs shall be entitled to the applicable Selling Commission payable to them only, and no Syndicate ASBA Processing Fee will be paid in such cases. No Selling Commission is payable to SCSBs in relation to ASBA Bid cum Application Forms submitted by QIBs, which will be submitted to the Syndicate only.

Fees Payable to the Registrar to the Issue

The fees payable 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 our Company, a copy of which is available for inspection at our Registered Office.

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 to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

IPO Grading

This Issue has been graded by Credit Analysis & Research Limited ("**CARE")** a SEBI-registered credit rating agency, as **4**, indicating above average fundamentals. The IPO grading is assigned on a five point scale from 1 to 5 with an IPO Grade 5 indicating strong fundamentals and an IPO Grade 1 indicating poor fundamentals. Pursuant to SEBI Regulations, the rationale/description furnished by the credit rating agency will be updated at the time of filing the Red Herring Prospectus with the RoC and will be available for inspection at our Registered Office from 10:00 am to 4:00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date. Attention is drawn to the disclaimer appearing in Annexure I.

Particulars regarding public or rights issues during the last Five Years

We have not made any public or rights issues during the last five years.

Previous issues of shares otherwise than for Cash

Equity Shares allotted for consideration other than Cash:

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Reason for Allotment	Persons to whom the Equity Shares were issued	Benefits to our Company
July 5, 2001	1,000,000	10	Bonus	Refer footnote 4 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Bonus Issue
July 21, 2004	110,000	10	Conversion of Preference Shares	Refer footnote 5 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Conversion of Preference Shares
December 16, 2004	1,000,000	10	Bonus	Refer footnote 6 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Bonus Issue
August 16, 2005	78,682	10	Conversion of Preference Shares	Refer footnote 9 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Conversion of Preference Shares
October 19, 2010	425,000	10	Issuance of equity shares for consideration other than cash	Refer footnote 18 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Acquisition of equity shares of our Subsidiary by our Company to enable full consolidation
January 11, 2011	16,246,934	10	Capitalisation of surplus in profit and loss account	Refer footnote 20 of Equity Share Capital History appearing as Note 1 (a) of the Notes to Capital Structure	Bonus Issue

Except as stated above, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Particulars regarding Public or Rights Issues by the listed Group Companies and subsidiary of the Company during the last three years

Other than as disclosed in the section "Group Entities", none of our Group Companies or Subsidiary is listed on any stock exchange and has not made any capital issue during the last three years.

Performance vis-à-vis objects-Public/Rights Issue of the Company and/or listed Group Companies and Subsidiary of the Company

Other than as disclosed in the section "Group Entities", none of our Group Companies or Subsidiary is listed on any stock exchange. None of our Group Companies or Subsidiary has made any capital issue during the last ten years.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares.

Stock Market Data of our Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Share Allotment, Transfers and Investor Grievance committee comprising Salil Baldev Taneja as the Chairman, Dr. Arjun Kalyanpur, Nandita Lakshmanan and Mohib N. Khericha as the members of the Committee. For details, please see section titled "Our Management" on page 138.

We have appointed N. Srivatsa, our Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

TD Power Systems Limited
#27, 28, 29 KIADB Industrial Area Dabaspet
Nelamangala Taluk, Bangalore 562 111
Karnataka, India
Tel: (91) (80) 22017800
Fax: (91) (80) 22017850
Email: srivatsa.n@tdps.co.in

Disposal of investor grievances by companies under the same management

Chartered Capital and Investment Limited, a group entity and listed company, has also constituted an investor grievance committee with the objective of redressing its investor's grievances pertaining to (i) transfer of shares, (ii) dividends, (iii) dematerialisation of shares, (iv) replacement of lost/stolen/mutilated share certificates, and (v) any other related issues. The committee comprises the following Directors namely: Ashok Kavdia (Chairman), A.L. Sanghvi (Member) and Mohib N. Khericha (Member).

The Compliance officer of Chartered Capital and Investment Limited is Manoj Kumar Ramrakhyani. During the last three years, no complaints were received by Chartered Capital and Investment Limited from investors, stock exchanges or from SEBI.

Changes in Auditors in the last three years

There have been no changes to the auditors in the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised our reserves or profits during the last five years, except as stated in section titled "Capital Structure" on page 54.

Revaluation of Assets

Our Company has not revalued its assets in the last five years.

SECTION VII- ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus and the Prospectus, Bid cum Application Form, ASBA Bid cum Application Form, the Revision Form, ASBA Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RoC, RBI and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allotees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see the section titled "Main Provisions of the Articles of Association" on page 293.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to its shareholders in accordance with the provisions of the Companies Act, the Articles and the provision of the Listing Agreement.

Face Value and Issue Price

The face value of the Equity Shares is Rs.10 each and the Issue Price is Rs. 256 per Equity Share. The Anchor Investor Issue Price is Rs. 256 per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

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

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/ or consolidation/ splitting, see the section titled "Main Provisions of the Articles of Association" on page 293.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Pursuant to the SEBI Regulations, the trading of Equity Shares shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this

Issue will be only in electronic form in multiples of one Equity Shares subject to a minimum Allotment of 25 Equity Shares.

The Price Band and the minimum Bid Lot size for the Issue was decided by our Company, in consultation with the GCBRLM and the BRLMs, and advertised by the Company in all editions of Financial Express in English language, in all editions of Jansatta in Hindi language and in all editions of Samyukta Karnataka in Kannada language at least two working days prior to the Bid/ Issue Opening Date.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/ authorities in Mumbai.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in reliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where these offers and sales occur. Terms used in this paragraph have the meaning given to them by Regulation under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ Corporate Office of our Company or to the Registrar and Transfer Agents of our Company.

Further, any person who becomes a nominee shall, upon the production of such evidence as may be required by the Board, elect either:

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90.00% of the Issue, including devolvement of Underwriters within 60 days from the Bid/ Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, our Company shall ensure that the number of prospective Allotees to whom Equity Shares will be Allotted shall not be less than 1,000.

Arrangement for disposal of Odd Lots

There is no arrangement for the disposal of odd lots.

Restriction on transfer of shares

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution and Anchor Investor Lock-in in the Issue as detailed in the section titled "Capital Structure" on page 54, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation/ splitting except as provided in the Articles of Association. For further details, please see the section titled "Main Provisions of the Articles of Association" on page 293.

ISSUE STRUCTURE

The present Issue of 8,867,187 Equity Shares of Rs. 10 each, at a price of Rs. 256 for cash aggregating Rs. 2,270 million is being made through the 100.00% Book Building Process. The Issue will constitute 26.68% of the fully diluted post Issue paid-up capital of our Company.

	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 4,433,592 Equity Shares	Not less than 1,330,079 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 3,103,516 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/allocation	Up to 50.00% of the Issue Size being allocated. However, 5.00% of the QIB Portion (excluding the Anchor Investor Portion, if any) shall be available for allocation proportionately to Mutual Funds only.	Not less than 15.00% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35.00% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 1,304,550 Equity Shares for allocation to Anchor Investor (b) 156,452 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (c) 3,129,042 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (b) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 200,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 200,000.	25 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs.200,000.
Mode of Bidding	Through ASBA only+	Through ASBA only	Through ASBA and non-ASBA
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	25 Equity Shares and in multiples of 25 Equity Shares thereafter.	25 Equity Shares and in multiples of 25 Equity Shares thereafter.	25 Equity Shares and in multiples of 25 Equity Shares

	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
			thereafter.
Allotment Lot	25 Equity Shares and in multiples of one Equity Share thereafter.	25 Equity Shares and in multiples of one Equity Share thereafter.	25 Equity Shares and in multiples of one Equity Share thereafter.
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 registered with SEBI, FIIs 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, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.250.00 million, pension funds with minimum corpus of Rs. 250.00 million in accordance with applicable law, National Investment Fund, insurance funds set up and managed by the army, navy or air force of the Union of India, and insurance funds set up and managed by the Department of Posts such as the Postal Life Insurance Fund and Rural Postal Life Insurance Fund	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals, Eligible NRIs and HUF (in the name of Karta)
Terms of Payment	Entire Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members. (including for Anchor Investors*#)##	Entire Amount shall be payable at the time of submission of Bid cum Application Form. ##	Entire Amount shall be payable at the time of submission of Bid cum Application Form.##

Our Company has allocated 1,304,550 Equity Shares to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, please see the section titled "Issue Procedure" on page 258.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

* *This is an Issue for at least 25.00% of the post-Issue capital in accordance with Rule 19(2)(b)(i) of the*

SCRR. This Issue is being made through the 100.00% Book Building Process wherein up to 50.00% of the Issue will be allocated on a proportionate basis to QIB. Out of the QIB Portion (excluding the Anchor Investor Portion) 5.00% 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 QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 156,452 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of our Company, in consultation with the GCBRLM, the BRLMs and the Designated Stock Exchange.

** *In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

*# *Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any, shall be paid within the two Working Days of the Bid/Issue Closing Date.*

+ *ASBA facility is not available for Anchor investors*

Withdrawal of the Issue

Our Company, in consultation with the GCBRLM and the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Bid/ Issue Programme

BID/ISSUE OPENED ON	**August 24, 2011**
BID/ISSUE CLOSED ON	**August 26, 2011**

The Anchor Investors Bidding Date was one day prior to the Bid/Issue Opening Date

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m**. (Indian Standard Time, "IST") during the Bid/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form and in the case of bids submitted through ASBA, the designated branches of SCSBs, except on Bid Issue Closing Date. On the Bid/ Issue Closing Date, the Bids (excluding the ASBA Bids) and any revision in the Bids shall be accepted only between 10.00 p.m. and 3.00 p.m. (IST) and uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIB Bidders and Non-Institutional Bidders, and (ii) until 5.00 p.m. (IST) or such extended time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the Book would be rejected. Bids by the Bidders applying through ASBA process shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges.

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 3.00 p.m. (IST) on the Bid/ Issue Closing Date. 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. Bids will be accepted only on Business Days, *i.e.*, Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the GCBRLM and the BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company, in consultation with the GCBRLM and the BRLMs, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120.00% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20.00% on the either side *i.e.* the floor price can move up or down to the extent of 20.00% of the floor price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the GCBRLM and the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, all Bidders other than Retail Individual Bidders i.e. QIBs (other than Anchor Investors) and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. ASBA Bidders should note that the ASBA process involves application procedures that may be different from the procedure applicable to the Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs at the time of bidding

Book Building Procedure

This Issue is being made through the 100.00% Book Building Process wherein up to 50.00% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5.00% 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 QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

QIBs and Non-Institutional Bidders can participate in this Issue only through the ASBA process while Retail Individual Bidders have the option to bid through the ASBA process. ASBA Bidders are required to submit their Bids to the members of the Syndicate at the Syndicate ASBA Centres (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) and that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html, or to the SCSBs. Bidders other than ASBA Bidders are required to submit their Bids to the members of the Syndicate.

In case of QIBs, other than Anchor Investors, who are Syndicate ASBA Bidders, the GCBRLM, the BRLMs, and the Syndicate Members, may reject Bids at the time of acceptance of the ASBA Bid cum Application Forms provided that the reasons for such rejection shall be disclosed to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids based on technical grounds only.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, PAN and client identification number of the beneficiary account, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	Blue border on white paper
Eligible NRIs applying on a repatriation basis	Blue border on blue paper
ASBA Bidders	Red border on white Paper#
Anchor Investors	white

*Bid cum Application forms for ASBA Bidders will also be available on the website of the NSE (www.nseindia.com) and BSE (*www.bseindia.com*) at least one day prior to Bid/Issue Opening Date. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the GCBRLM, BRLMs and the SCSBs. Same ASBA Bid cum Application Form applies to all ASBA Bids irrespective of whether they are submitted to the SCSBs or to the Syndicate ASBA Centres.*
 # Same Bid cum Application Form with a check box for Resident/Non-Resident ASBA Bidders

Bidders including Syndicate ASBA 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 the Red Herring Prospectus, unless they are using the ASBA Process directly *via* the SCSBs. Before being issued to the Bidders, the Bid-cum-Application Form shall be serially numbered. Such forms shall be issued in duplicate and signed by the Bidder. The Bid-cum-Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid for. 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.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revisions Form. However, the collection centre of the members of 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.

Upon filing the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to the Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised 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 Bidder or the ASBA Bidder.

ASBA Bidders shall submit an ASBA Bid-cum-Application Form either (i) in physical form to the Designated Branch of an SCSB which shall be stamped, at the relevant Designated Branch; (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the bank account ("**ASBA Account**") specified in the ASBA Bid cum Application Form used by ASBA Bidders; or (iii) in case of applications by Syndicate ASBA Bidders, the ASBA Bid cum-Application Form shall be submitted to the members of the Syndicate in physical form who shall submit the same to the respective SCSB, which shall be stamped, at the relevant Syndicate ASBA Centre. The ASBA Bid cum Application Form shall contain all relevant information, including as specified in the relevant regulations, and shall be uniform for all ASBA Bidders. ASBA Bidders shall use the ASBA Bid cum Application Form bearing the code of the Syndicate Members and/or the Designated Branch of an SCSB for the purpose of making a Bid in terms of the Red Herring Prospectus. The list of banks notified by SEBI to act as SCSBs for the ASBA process and details of Designated Branches of SCSBs collecting the ASBA Bid cum Application Forms are available at http://www.sebi.gov.in. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the ASBA Bidder at the time of submitting the Bid. The ASBA data shall thereafter be uploaded in the electronic bidding system of the Stock Exchanges.

The Bid Amount shall remain blocked in the ASBA Account until receipt of the basis of approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the requisite amount to the Public Issue Account. Upon completing and submitting the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorized: (i) the SCSBs to do all acts as are necessary to make an application in the Issue, including uploading his or her or its Bid, blocking or unblocking of funds in the ASBA Account and transfer funds to the Public Issue Account on receipt of instructions from the Registrar to the Issue after approval of the basis of Allotment by the Designated Stock Exchange; and (ii) the Registrar to the Issue to issue instructions to the Controlling Branch of the SCSBs to unblock the funds in the ASBA Account, upon approval of the basis of Allotment by the Designated Stock Exchange.

Further, upon completing and submitting the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid cum Application Forms as would be required for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder. In case of withdrawal or failure of the Issue, the Bid Amount shall be unblocked on receipt of such information from the Registrar.

To supplement the foregoing, the mode and manner of bidding is illustrated in the following chart.

Category of bidder	Permitted modes of bidding	Application form to be used for bidding	To whom the application form has to be submitted
Retail Individual Bidders	Either (i) ASBA or (ii) non-ASBA	(i) If bidding through ASBA, the ASBA Form (physical or electronic). (ii) If bidding through non-ASBA, the Bid cum Application Form	(i) If physical ASBA Form is being used, either to the members of the Syndicate only at Syndicate ASBA Centers* or to the Designated Branch of the SCSB where the ASBA Account is maintained; or (ii) If using electronic ASBA Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; or (iii) If using Bid cum Application Form, to the members of the Syndicate at the bidding centres.
Non-Institutional Bidders and QIBs	ASBA (*Kindly note that ASBA is mandatory for these categories of Bidders and no other mode of Bidding is permitted*)	ASBA Form (physical or electronic)	(i) If physical ASBA Form is being used, either to the members of the Syndicate only at Syndicate ASBA Centers or to the Designated Branch of the SCSB where the ASBA Account is maintained; or (ii) if electronic Bid cum Application Form is being used, to the SCSBs, electronically through internet banking facility.
Anchor Investors	Non ASBA	Bid cum Application Form	To the Syndicate

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;

- Indian nationals resident in India who are not minors and are competent to contract under the Indian Contract Act, 1872, as amended, in single or joint names (not more than three);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;

- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;

- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);

- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;

- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;

- Venture Capital Funds registered with SEBI;

- Foreign Venture Capital Funds registered with SEBI;

- Multilateral and bilateral development financial institutions;

- State Industrial Development Corporations;

- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorised under their respective constitutions to hold and invest in equity shares;

- Scientific and/ or industrial research organisations authorised to invest in equity shares;

- Insurance companies registered with Insurance Regulatory and Development Authority;

- Provident Funds with a minimum corpus of Rs. 250.00 million and who are authorised under their constitution to hold and invest in equity shares;

- Pension Funds with a minimum corpus of Rs. 250.00 million and who are authorised under their constitution to hold and invest in equity shares;

- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;

- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended;

- Insurance funds set up and managed by the army, navy or air force of the Union of India; and

- Insurance funds set up and managed by the Department of Posts, India

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates and affiliates of the GCBRLM, the BRLMs and the Syndicate Members

The GCBRLM, the BRLMs and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the GCBRLM and the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis.

The GCBRLM, the BRLMs and any persons related to the GCBRLM and the BRLMs or the Promoters and the Promoter Group cannot participate in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 156,452 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

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.

No Mutual Fund scheme shall invest more than 10.00% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10.00% 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 10.00% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Bid cum Application Forms and ASBA Bid cum Application Forms shall be made available for Eligible NRIs at the Registered Office of the Company and with the Syndicate. Eligible NRI applicants should note that only such Bid cum Application Forms that are accompanied by payment in free foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians. Bids by Eligible NRIs for a Bid Amount of up to Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10.00% of the total post-Issue paid up share capital (*i.e.* 10.00% of 33,237,588 Equity Shares of the Company). 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 10.00% of our Company's total paid up share capital or 5.00% of our Company's total paid up share capital in case such sub-account is a foreign corporate or a foreign individual. Pursuant to the Board and shareholders resolution dated February 10, 2011 and February 16, 2011, the maximum permissible aggregate FII investment in the Company has been raised from 24% to 49% of its total paid-up capital. Subsequent to listing, any additional increase in the limit of the FIIs will have to pursuant to a resolution passed by the Board followed by a special resolution to that effect by the shareholders and subject to the prior approval of the RBI.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in or hold, offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the Underwriters including the GCBRLM and the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such Offshore Derivative Instrument does not constitute any obligation or claim or an interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe the 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 25.00% of the corpus of the venture capital fund. Further, venture capital funds and foreign venture capital investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason.

Bids by Anchor Investors

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in SEBI Regulations are eligible to invest. The QIB Portion will be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

(i) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million and in multiples of 25 thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 100 million.

(ii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(iii) The Bidding for Anchor Investors will open one Working Day before the Bid/Issue Opening Date and will be completed on the same day.

(iv) Our Company in consultation with the GCBRLM and the BRLMs, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

- two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
- five, where the allocation under Anchor Investor Portion is over Rs. 2,500 million.

(v) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in public domain by the GCBRLM and the BRLMs before the Bid/Issue Opening Date.

(vi) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Bid. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.

(vii) If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be payable by the Anchor Investors. If the Issue Price is lower than the Anchor Investor Issue Price, Allotment to successful Anchor Investors will be at the higher price, *i.e.*, the Anchor Investor Issue Price.

(viii) The Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(ix) None of the GCBRLM or the BRLMs or any person related to the GCBRLM and the BRLMs or our Promoter or Promoter Group or any person related to them will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the GCBRLM and BRLMs and made available as part of the records of the GCBRLM and the BRLMs for inspection by SEBI.

(x) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered as multiple Bids.

(xi) For details of payment instructions, see "Payment into Escrow Account for Bidders other than ASBA Bidders" below.

(xii) Anchor Investors are not permitted to Bid in this Issue through the ASBA process.

Bids by Insurance Companies

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

(a) Equity shares of a company: the least of 10.00% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;

(b) The entire group of the investee company: the least of 10.00% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25.00% in case of Unit Linked Insurance Policies); and

(c) The industry sector in which the investee company operates: 10.00% of the insurer's total investment exposure to the industry sector (25.00% in case of Unit Linked Insurance Policies).

Further, w.e.f. August 1, 2008, no investment may be made in an initial public offer ("IPO") if the issue size, including offer for sale, is less than Rs. 2,000.00 million. In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, w.e.f. December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20.00%, provided that in case of equity investment, a dividend of not less than 4.00% including bonus should have been declared for at least five preceding years. In case of an IPO of a wholly owned subsidiary of a corporate or public sector enterprise, the above track record would be applied to the holding company. This limit of 20.00% would be combined for debt and equity taken together, without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50.00% of the exposure norms specified under the IRDA Investment Regulations.

Bids by Banking Companies

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid-up share capital of the investee company or 30.00% of the banks' own paid-up share capital and reserves, whichever is less (except in case of certain specified exceptions, such as setting up or investing in a subsidiary company, which requires RBI approval). Additionally, any investment by a bank in equity shares must be approved by such bank's investment committee set up to ensure compliance with the applicable prudential norms for classification, valuation and operation of investment portfolio of banks (currently reflected in the RBI Master Circular of July 1, 2011).

The above information is given for the benefit of the Bidders. Our Company, the GCBRLM and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and 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 Prospectus.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion only if the bidding was done though ASBA. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs excluding Anchor Investors):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of 25 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of the Bid. QIBs (other than Anchor Investors) and Non Institutional Bidders are mandatorily required to submit their Bid through the ASBA process.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount at least Rs. 100.00 million and in multiples of 25 Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30.00% of the QIB Portion under the Anchor Investor Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the entire Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice.**

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to make independent enquiries and 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 Prospectus.

Information for the Bidders:

(a) Our Company the GCBRLM and the BRLMs shall declare the Bid/ Issue Opening Date and Bid/ Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers, one each in an English national daily (all editions of Financial Express) and a Hindi national daily (all editions of Jansatta) and in one Kannada newspaper (all editions of Samyukta Karnataka); with wide circulation (in the place where the Registered Office is situated). This advertisement shall be in the prescribed format.

(b) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.

(c) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.

(d) Copies of ASBA Bid cum Application Forms will be available for downloading and printing, from website of the Stock Exchanges (which provide electronic interface for ASBA facility). A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the GCBRLM and BRLMs.

(e) Any eligible Bidder who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office of our Company.

(f) Eligible Bidders who are interested in subscribing for the Equity Shares should approach the GCBRLM and the BRLMs or the Syndicate Members or their authorised agent(s) to register their Bids. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs or members of the Syndicate (only in Syndicate ASBA Centres) to register their Bids.

(g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms and the ASBA Bid cum Application Forms, which are submitted by the Syndicate ASBA Bidders, should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by Syndicate ASBA Bidders shall be accepted by the Syndicate who shall in turn forward the same to the SCSBs, in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bids by ASBA Bidders apart from Syndicate ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Such Bids should be submitted on the ASBA Bid cum Application Forms bearing the stamp of the relevant SCSB, otherwise they will be rejected. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to (i) submit the ASBA Bid cum Application Form through SCSBs including submitting the same in electronic form (if provided by SCSBs);.

(h) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid. In the event a Bid is submitted to a member of the Syndicate and upon sending a request to the relevant SCSB, such SCSB is not able to block the Bid Amount due to insufficiency of funds, our Company has the right to reject such Bids.

(i) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid-cum-Application Form.

(j) The Price Band and the minimum bid lot size will be decided by our Company in consultation with the GCBRLM and the BRLMs and will be advertised by our Company at least two Working Days prior to the Bid/ Issue Opening Date.

(k) The Bidders can Bid at any price within the price Band, in multiples of 25 Equity Shares.

(l) More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

(m) Except for Bids submitted on behalf of the Central Government or the State Government or officials appointed by a court and Bidders resident in the state of Sikkim who may be exempt from specifying their PAN for transacting in the securities market, all Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act. In case of Bids submitted on behalf of the Central Government or the State Government or officials appointed by a court, such Bidders shall provide sufficient documentary evidence in support of the fact that such Bids have been submitted on behalf of the Central Government or the State Government or officials appointed by a court. Residents of Sikkim shall provide sufficient documentary evidence in support of their address as provided in the SEBI MRD circular MRD/DOP/Dep/cir-29/2004 dated August 24, 2004.

(n) The beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled "suspended for credit" by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

The applicants should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with PAN, the DP ID and Client ID available in the settlement depository database of Depositories, the application is liable to be rejected.

Based on the information provided by the Depositories, the Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship)

Additional information specific to ASBA Bidders

a) ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. Further, the SCSBs will ensure that the abridged Red Herring Prospectus is made available on their websites.

b) SCSBs 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 ASBA Account. Eligible ASBA Bidders may also approach the Designated Branches to register their Bids through the ASBA process.

c) SCSBs shall accept Bids only during the Bidding/Issue Period and only from ASBA Bidders. SCSBs shall not accept any ASBA Bid cum Application Forms after the closing time for acceptance of Bids on the Bid/Issue Closing Date.

d) Each ASBA Bid cum Application Form shall bear the stamp of the Designated Branch or the members of the Syndicate (in case of Bids by Syndicate ASBA Bidders), if not, the same shall be rejected.

Method and Process of Bidding

(a) Our Company, in consultation with the GCBRLM and the BRLMs, will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised by the Company in two national newspapers, one each in an English (all editions of Financial Express) and a Hindi (all editions of Jansatta) and in one Kannada newspaper (all editions of Samyukta Karnataka); with wide circulation at least two working days prior to the Bid/ Issue Opening Date. The members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.

(b) The Bid/ Issue Period shall be for a minimum of three working days and shall not exceed 10 working days. The Bid/ Issue Period may be extended, if required, by an additional three working days, subject to the total Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers, one each in an English (all editions of Financial Express) and a Hindi (all editions of Jansatta) and one Kannada newspaper (all editions of Samyukta Karnataka); with wide circulation and also by indicating the change on the websites of the GCBRLM and the BRLMs and at the terminals of the members of the Syndicate.

(c) During the Bid/ Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. Bids by QIBs and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. The Syndicate shall accept Bids from all Bidders including Syndicate ASBA Bidders (in Syndicate ASBA Centres) and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders (other than Syndicate ASBA Bidders) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids".

(f) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate/ the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. With respect to the ASBA Bid cum Application Forms collected by any member of the Syndicate, the Syndicate Members will issue an acknowledgement by giving the counter foil of the ASBA Bid cum Application Form to the ASBA Bidder.

(g) The GCBRLM and the BRLMs shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one working day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in the section titled "Issue Procedure - Escrow Mechanism, terms of payment and payment into the Escrow Accounts" on page 269.

(i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode (if provided by SCSBs), 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 Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(j) 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.

(k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

(l) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalised, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

(a) Our Company, in consultation with the GCBRLM and the BRLMs, and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120.00% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20.00% on the either side *i.e.* the Floor Price can move up or down to the extent of 20.00% of the Floor Price disclosed at least two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

(b) Our Company, in consultation with the GCBRLM and the BRLMs, will finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

(c) Our Company, in consultation with the GCBRLM and the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band, without the prior approval of, or intimation, to the Anchor Investors.

(d) Our Company, in consultation with the GCBRLM and the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the application value is within the range of Rs. 5,000 to Rs. 7,000.

(e) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/ demand draft for the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders submitting the Bids either to the member of the Syndicate or to the SCSBs, shall instruct the SCSBs to block an amount based on the Cap Price.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, see "Issue Procedure – Payment Instructions" in this section.

Electronic Registration of Bids

(a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

(b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

(c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted.

(d) The Syndicate shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate, (ii) the Bids uploaded by the Syndicate or (iii) the Bids accepted but not uploaded by the Syndicate.

(e) The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs and (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the full Bid Amount has been blocked in the relevant ASBA Account.

(f) In case of apparent data entry error by either the members of the Syndicate or the collecting bank in entering the Bid cum Application Form number in their respective schedules, other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).

(g) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Working Days.

(h) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the members of the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that 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 Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the GCBRLM and the BRLMs on a regular basis.

(i) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.

(j) At the time of registering each Bid other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidders in the on-line system:

- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Bid cum Application Form number;
- Investor Category and sub-category;
- PAN (of the first Bidder, in case of more than one Bidder);
- DP ID and client identification number of the beneficiary account of the Bidder;
- Numbers of Equity Shares Bid for;
- Bid Price per Equity Share
- Bid Amount;
- Cheque Amount; and
- Cheque Details.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the members of the Syndicate/SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- Name of the ASBA Bidder(s);
- ASBA Bid cum Application Form number;
- PAN (of first ASBA Bidder, in case of more than one ASBA Bidder);
- Investor Category and sub category;
- DP ID and client identification number of the beneficiary account of the Bidder;
- Number of Equity Shares Bid for;
- Bid Price per Equity Share
- Bid Amount;
- Bank account number;
- Bank code for the SCSB where the ASBA Account is maintained (In case of Bids submitted to members of the Syndicate)
- Location of Syndicate ASBA Bidding Location (in case of Bids submitted to members of the Syndicate)

(k) TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the Syndicate or our Company.

(l) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(m) In case of QIB Bidders, only the GCBRLM, the BRLMs and the Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

(n) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the GCBRLM and the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(o) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records.

(p) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges.

Build up of the book and revision of Bids

(a) Bids received from various Bidders (except Anchor Investors) through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the GCBRLM and the BRLMs at the end of the Bid/Issue Period.

(c) During the Bid/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.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bid/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 or the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) 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) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion if applied through ASBA in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) 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.

(h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the Bidders. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

(i) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS request for a revised TRS from the Syndicate or the SCSB, as proof of his or her having revised the previous Bid. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(j) If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form during the Bidding/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB or to the members of the Syndicate, as the case may be, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

(k) If an ASBA Bidder, excluding QIBs, wants to withdraw the ASBA Bid-cum-Application Form after the Bid/Issue Closing Date, such ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of 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 once the basis of Allotment has been approved by the Designated Stock Exchange.

(l) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Price Discovery and Allocation

(a) Based on the demand generated at various price levels, our Company in consultation with the GCBRLM and the BRLMs, shall finalise the Issue Price and the Anchor Investor Issue Price.

(b) Under-subscription, if any, in any category, 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 GCBRLM and the BRLMs and the Designated Stock Exchange.

(c) Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(d) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the GCBRLM and the BRLMs, subject to compliance with the SEBI Regulations.

(e) Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the SCSBs will be given up to one Working Day after the Bid/Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

(f) In case no corresponding record is available with the Depositories, which matches with any of the three parameters, namely, DP ID, Client ID and PAN, then such Bids are liable to be rejected.

(g) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Further, the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/Issue Period.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the GCBRLM, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper (all editions of Financial Express), one Hindi language national daily newspaper (all editions of Jansatta) and one Kannada language daily newspaper (all editions of Samyukta Karnataka); each with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company 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 and the Anchor Investor 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 Allotment Note ("CAN")

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the members of the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders (including Anchor Investors) may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the Allotment of the Equity Shares is done within 12 Working Days of the Bid/Issue Closing Date. Bidder should also note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in the Issue shall be given on the same or the next date as the date of Allotment.

(b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

(c) The Issuance of CAN is subject to "Notice to Anchor Investors: Allotment Reconciliation and CANs" as set forth under section titled "Issue Procedure" on page 258.

Notice to Anchor Investors: Allotment Reconciliation and CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company in consultation with the GCBRLM and the BRLMs, selected Anchor Investors will be sent an Anchor Investor Allocation Notice and, if required, a Revised Anchor Investor Allocation Notice. All Anchor Investors will be sent Anchor Investor Allocation Notice post Anchor Investor Bid/ Issue Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a Revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the Revised Anchor Investor Allocation Notice within the pay-in date no later than two days after the Bid Closing Date, as referred to in the Revised Anchor Investor Allocation Notice. The Revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment of Equity Shares:

(a) Our Company will ensure that: (i) the Allotment of Equity Shares; and (ii) dispatch of instructions for credit to the successful Bidder's depositary account will be completed within 12 Working Days of the Bid/ Issue Closing Date.

(b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply having regard to applicable laws, regulations and approvals and the terms of the Red Herring Prospectus;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Bid cum Application Form;

(d) Ensure that the details about the PAN, Depository Participant and the Client ID are correct and the account is active as Allotment of Equity Shares will be in the dematerialised form only;

(e) Ensure that the bank account details are entered only in the space provided specifically for this purpose. Bids submitted which do not have the bank details are liable to be rejected;

(f) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted to a Syndicate (only in the case of Syndicate ASBA Bidders) or at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;

(g) With respect to Bids by ASBA Bidders ensure that the ASBA Bid cum Application 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 number in the ASBA Bid cum Application Form;

(h) Ensure that you request for and receive a TRS for all your Bid options;

(i) QIBs (other than Anchor Investors) and Non Institutional Bidders should submit their Bids through the ASBA process only;

(j) Ensure that full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through SCSBs;

(k) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;

(l) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(m) Submit revised Bids to the same member of the Syndicate/ SCSB through whom the original Bid was placed and obtain a revised TRS;

(n) Except for Bids submitted on behalf of the Central Government or the State Government, residents of Sikkim and the officials appointed by the courts, all Bidders should mention their PAN allotted under the Income Tax Act;

(o) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(p) 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; and

(q) Ensure that DP ID, the client identification number and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected.

(r) In addition, ASBA Bidders should ensure that:

a. the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;
b. the correct bank account numbers have been mentioned in the ASBA Bid cum Application Form;
c. the authorization box in the ASBA Bid-cum-Application Form has been correctly checked, or an authorization to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form in the ASBA Account maintained with a branch of the concerned SCSB; and
d. an acknowledgement from the Designated Branch of the concerned SCSB or from members of Syndicate in case of ASBA Syndicate Bidders for the submission of the ASBA Bid-cum- Application Form has been obtained.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the SCSBs, as applicable;

(d) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs, only;

(f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(g) Do not Bid via any mode other than ASBA (for QIBs, Non-Institutional Bidders;

(h) Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);

(i) Do not submit more than five ASBA Bid-cum-Application Forms per ASBA Account for the Issue;

(j) 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;

(k) Do not submit the Bid cum Application Form to Escrow Collection Bank(s);

(l) Do not submit the Bid cum Application Form to Escrow Collection Bank(s);

(m) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

(n) Do not Bid for allotment of Equity Shares in physical form;

(o) Do not submit the Bids without the full Bid Amount;

(p) Do not submit incorrect details of the DP ID, the client identification number of the beneficiary account and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

(q) Do not submit Bids on plain paper or incomplete or illegible Bid cum Application Forms/ASBA Bid cum Application Forms, or on Bid cum Application Forms in a colour prescribed for another category of Bidder; and

(r) Do not submit the Bids without a guardian in the case of Bids by minors.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained 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. Bidders should note that the members of the Syndicate and/ or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

(c) Information provided by the Bidders will be uploaded on to the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

(d) For Retail Individual Bidders, the Bid must be for a minimum of 25 Equity Shares and in multiples of 25 thereafter subject to a maximum Bid Amount of Rs. 200,000.

(e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 200,000 and in multiples of 25 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations. Bids must be submitted through the ASBA process only.

(f) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100 million and in multiples of 25 Equity Shares thereafter.

(g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and client ID provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. In case the Depository Participant's identification number, client identification number and PAN mentioned in the Bid-cum-Application Form and entered into the electronic Bidding system of the Stock Exchanges by the Syndicate or the SCSBs do not match with the Depository Participant's identification number, client Identification number and PAN available in the Depository's database, the Bid is liable to be rejected. 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 or unblocking of ASBA Account at the Bidders sole risk and neither the GCBRLM and the BRLMs nor the Registrar nor the Escrow Collection Banks nor the SCSBs nor our Company 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 CLIENT ID IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders may note that in case the DP ID, BAN and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic Bidding system of the stock exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, BAN and PAN available in the Depository database, the application Bid cum Application Form or the ASBA Form, as the case may be is liable to be rejected and our Company and the members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ 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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. In case of refunds through electronic modes as detailed in this Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete. Please note that any such delay shall be at such Bidder's sole risk and neither our Company, the Escrow Collection Banks, the Registrar, the GCBRLM, the BRLMs or the Syndicate Members shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the two parameters, namely, PAN of the Bidder and the DP ID/Client ID, then such Bids are liable to be rejected.

Bids by Non-Residents including Eligible NRIs and FIIs on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

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

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 250.00 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250.00 million, 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 thereof.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company may deem fit.

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, the GCBRLM and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders (other than ASBA Bidders) shall make out the cheque or demand draft in respect of his or her Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA 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 unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. 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 Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bid by the ASBA Bidder, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Please note that payment into Escrow Account is applicable only to Retail Individual Bidders Bidding through Bid cum Application Form and Anchor Investors.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

3. The Bidder may also provide the Bid Amount by way of an electronic transfer of funds through the RTGS mechanism. Each Anchor Investor shall provide their Bid Amount only to a GCBRLM or the BRLMs. The entire Bid Amount has to be paid at the time of submission of the Bid cum Application Form. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Accounts, as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account on the Designated Date. If the payment is not made favouring the Escrow Accounts as stipulated above, the Bid of such a Bidder is liable to be rejected.

4. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   (a) In case of Resident Retail Bidders: “Escrow Account-TDPSL IPO-R”

   (b) In case of Non-Resident Retail Bidders: “Escrow Account-TDPSL IPO-NR”

5. Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

6. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "Escrow Account-TDPSL IPO- Anchor Investor-R"

(b) In case of non-resident Anchor Investors: " Escrow Account-TDPSL IPO- Anchor Investor-NR"

7. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

8. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in 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.

9. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

10. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

11. Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.

12. Bidders are advised to mention the number of their Bid cum Application Form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

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

In case of a mutual fund, a separate Bid may be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and the QIB Portion (excluding Anchor Investor Portion) will not be treated as multiple Bids.

After submitting a Bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted either a member of the Syndicate or to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another member of the Syndicate or the Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would 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 the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in section titled "Issue Procedure – Build up of the Book and Revision of Bids" on page 271.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

Our Company, in consultation with the GCBRLM and the BRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories, In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

2. For Bids from Mutual Funds and FII sub-accounts which were submitted under the same PAN as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim for which submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and client identification number of the beneficiary account. In case applications bear the same DP ID and client identification number of the beneficiary account, these will be treated as multiple applications.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim may be exempted from specifying their PAN for transacting in securities market. 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**.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of the Bidders for whom PAN details have not been verified will be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

QIBs cannot withdraw their ASBA Bids after the Bid/Issue Closing Date.

ASBA Bidders can withdraw their Bids during the Bidding/Issue Period by submitting such a request to the concerned SCSB or the concerned member of the Syndicate, as applicable, who shall take appropriate action, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic Bidding system of the Stock Exchanges. Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded to it the ASBA Bid Cum Application Form during the Bidding/Issue Period.

In case an ASBA Bidder (other than a QIB) wishes to withdraw its Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the basis of Allotment. The Registrar to the Issue shall give appropriate instructions to the SCSB for unblocking the ASBA Account after approval of the Basis of Allotment.

REJECTION OF BIDS

In case of QIB Bidders, our Company, in consultation with the GCBRLM and the BRLMs, may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders 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 RTGS/ NEFT/ NES/ Direct Credit/ cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders 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. Further, in case any DP ID, Client ID or PAN mentioned in the Bid cum Application Form or ASBA Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue. Subsequent to the acceptance of the Bids made by ASBA Bidders by the SCSB, our Company would have a right to reject the Bids by ASBA Bidders only on technical grounds.

Grounds for Technical Rejections

Bidders should note that incomplete Bid cum Application Forms and Bid cum Application Forms that are not legible will be rejected by the members of the Syndicate or the SCSBs. 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. With respect to Bids by ASBA Bidders, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

- Bids through the non-ASBA process submitted by Retail Individual Bidders, wherein the Bid Amount exceeds Rs. 200,000 upon revision of Bids;

- In case of partnership firms (other than a limited liability partnership), Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors (without guardian), insane persons;

- PAN not mentioned in the Bid cum Application Form(except for Bids from Central or State Government or officials appointed by a court or residents of Sikkim);

- 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 the Floor Price;

- Bids at a price more than the Cap Price ;

- Signature of sole and/ or joint Bidders missing; With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders
- Bids by Non-Institutional and QIB Bidders other than through ASBA;
- Bids for number of Equity Shares which are not in multiples of 25;
- Category not indicated;
- Multiple Bids as defined in this Prospectus;
- In case of Bids 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;
- Bid cum Application Form does not have the stamp of the GCBRLM, the BRLMs or Syndicate Members or the SCSB (except for electronic ASBA Bids);
- Bid cum Application Form does not have the Bidder's depository account details;
- Bids by Bidders whose demat accounts have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Bid cum Application Form does not have the stamp of the Lead Managers or Syndicate Members or the SCSB;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the Depositary Participant's identity (DP ID), Client ID and PAN;
- With respect to Bids by the ASBA Bidders, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process;
- Bids by OCBs;
- Bids by U.S. person other than in reliance of Regulation S under the Securities Act;
- Bids by any person inside or outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges; and

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

BIDDERS SHOULD NOTE THAT IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE APPLICATION IS LIABLE TO BE REJECTED.

For Bid cum Application Forms from non-ASBA Bidders, the basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010. The Registrar to the Issue will undertake technical rejections based on the electronic bid details and the depository database. In case of any discrepancy between the electronic Bid data and the depository records, the Issuer reserves the right to proceed as per the depository records or treat such Bid as rejected. In terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, for ASBA Bid cum Application Forms, the Registrar to the Issue will reconcile the compiled data received from the stock exchanges and all SCSBs, and match the same with the depository database for correctness of DP ID, Client ID and PAN. In cases where any DP ID, Client ID and PAN mentioned in the Bid file for an ASBA Bidder does not match the one available in the depository database the Issuer reserves the right to proceed as per the depository records on, such ASBA Bids or treat such ASBA Bids as rejected. The Registrar to the Issue will reject multiple ASBA Bids based on common PAN.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

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

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar:

- Agreement dated August 10, 2011 among NSDL, our Company and the Registrar;

- Agreement dated August 5, 2011, among CDSL, our Company and the Registrar.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of our Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

(i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branches of the SCSBs.

All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the Bidder’s DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders’ bank account details, including the nine digit Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf to make refunds. On the Designated Date and no later than 12 Working Days from the Bid/ Issue Closing Date, the Refund Banker shall despatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/ Allotment to such Bidders.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where clearing houses are managed by the RBI, except where the applicant is eligible and opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker, as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Banker for the same would be borne by our Company.

3. RTGS – Applicants having a bank account at any of the centres where clearing houses are managed by the RBI and whose refund amount exceeds Rs. 200,000 will be considered to receive refund through RTGS. For such eligible applicants, IFSC code will be derived based on the MICR code of the Bidder

as per depository records/RBI master. In the event the same is not available as per depository records/RBI master, refund shall be made through NECS. Charges, if any, levied by the Refund Banker for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through speed post/Registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/ Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of allotment advice, refund orders (except for Bidders who receive Refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days of the date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be dispatched to the Bidders receiving refunds through this mode within 12 Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/ Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/ Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/ Issue Closing Date; and

- Our Company shall pay interest at 15.00% per annum for any delay beyond 15 days or 12 Working Days from the Bid/ Issue Closing Date, whichever is later, 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 an 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 12 Working Days prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

IMPERSONATION

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

"*Any person who:*

(a) ***makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

(b) ***otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,***

***shall be punishable with imprisonment for a term which may extend to five years.*"**

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 3,103,516 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 3,103,516 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 25 Equity Shares. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal 1,330,079 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 1,330,079 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 25 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate Basis of Allotment refer below.

C. For QIBs (other than Anchor Investors)

- 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 successful QIB Bidders will be made at the Issue Price.

- The QIB Portion will be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5.00% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:

    (i) In the event that Bids by Mutual Fund exceeds 5.00% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5.00% of the QIB Portion (excluding Anchor Investor Portion).

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5.00% of the QIB Portion (excluding Anchor Investor 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 will be available for Allotment to all QIB Bidders as set out in (b) below.

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    (i) In the event that the oversubscription in the QIB Portion, (excluding Anchor Investor Portion), all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95.00% 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 (excluding Anchor Investor Portion).

    (iii) Under-subscription below 5.00% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment (other than spill over in case of under-subscription in other categories) to QIB Bidders shall be up to 3,129,042 Equity Shares.

D. For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company in consultation with the GCBRLM and the BRLMs, subject to compliance with the following requirements:

  (a). not more than 30.00% of the QIB Portion will be allocated to Anchor Investors;

  (b). one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

(c). allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 2,500.00 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500.00 million.

- The number of Equity Shares allocated to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the GCBRLM and the BRLMs before the Bid/ Issue Opening Date by intimating the same to the Stock Exchanges.

Method of Proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the GCBRLM and the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 25 Equity Shares per Bidder, the Allotment shall be made as follows:

    - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

    - Each successful Bidder shall be Allotted a minimum of 25 Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than 25 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that 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 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 Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the GCBRLM and the BRLMs.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Our Company shall credit the Allotted Equity Shares to the beneficiary account with Depository Participants within 12 Working Days from the Bid/ Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/ Issue Closing Date. Bidders 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 12 Working Days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/ Issue Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar

Our Company agrees that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidders' depositary accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15.00% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days or 12 Working Days from the Bid/ Issue Closing Date, whichever is later.

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

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Banker 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.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- 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 within 12 Working Days of the Bid/ Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the Promoters' contribution in full has already been brought in;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- That, other than as disclosed in this Prospectus, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

Our Company shall not have recourse to the proceeds of the Issue until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

Withdrawal of the Issue

Our Company, in consultation with the GCBRLM and the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date but before the Allotment of Equity Shares. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

- All monies received out of the Issue 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;

- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- The utilisation of monies received under Promoters' contribution shall be disclosed, and continue to be disclosed until the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

The details of all unutilised monies out of the funds received under Promoters' contribution shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100 per cent under automatic route in the Company.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), issued Circular 1 of 2011 ("**Circular 1 of 2011**"), which with effect from April 1, 2011, consolidates and rescinds all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on March 31, 2011. The Government proposes to update the consolidated circular on FDI policy once every six months and therefore, Circular 1 of 2011 will be valid until the DIPP issues an updated circular (expected on September 30, 2011 and effective from October 1, 2011).

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, **provided that** (i) the activities of the investee company are under the automatic route under the foreign direct investment ("**FDI**") Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The 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 and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

INTERPRETATION

1. The marginal notes hereto shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith:

"The Act" means "The Companies Act, 1956" or any statutory modification or re-enactment thereof for the time being in force.

"Beneficial Owner" shall mean the beneficial owner as defined in the Depository Act, 1996

"Capital" means the share capital for the time being raised or authorised to be raised, for the purpose of the Company.

"The Company" means **TD POWER SYSTEMS LIMITED**.

"Directors" means the Directors for the time being.

"Dividend" includes bonus.

"Managing Director" means the Managing Director(s) or Whole Time Director.

"Office" means the Registered Office for the time being of the Company.

"Proxy" includes Attorney duly constituted under a Power of Attorney.

"**Register of Members**" means the Register of Members to be kept pursuant to the provisions of the Act.

"**Registrar**" means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situated.

"Secretary" means the Company Secretary for the time being.

"Seal" means the common seal for the time being of the Company.

"Special Resolution" shall have the same meaning assigned thereto by the Act.

"Written" and **"In Writing"** include printing, lithography and other modes of representing or reproducing words in a visible form.

References to Section numbers of the Act, shall be deemed to include any additions, amendments or alternations thereof as may be made from time to time.

Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

Words importing the masculine gender also include the feminine gender.

Words importing persons include corporations.

2. Save as reproduced herein, the regulations contained in Table "A" (in the First Schedule to the Act), shall not apply to the Company.

CAPITAL INCREASE AND REDUCTION OF CAPITAL

3. The authorised Capital of the Company shall be such as given in Clause V of the Memorandum of Association or as altered from time to time, payable in the manner as may be determined by the Board, subject to these Articles.

4. The Company in General Meeting may, from time to time, increase the Capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts, as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original of increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company, and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by 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 payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares, which are convertible into Equity Shares or are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner terms and conditions of conversion/redemption.

7. On the issue of Redeemable Preference Shares, the following provisions shall take effect.

   (a) No such shares be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;

   (b) No such shares shall be redeemed unless they are fully paid;

   (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the shares are redeemed;

   (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.

8. The Company may (subject to the provisions of Sections 78, 80,100 to 105 inclusive, of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. The Article is not to derogate from any power the Company would have if it were omitted.

9. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate all its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over other shares, or as the case may be, and the Company in General Meeting may also cancel shares which 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.

10. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the

provision of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by Agreement between the Company and any person purporting to contact on behalf of that class, provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class.

11. If, owing to any inequality in the number of new shares to be issued and number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any such shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in General Meeting, be determined by the Directors.

12. Subject to the provisions of Sections 100 to 104 (inclusive) of the Act the Directors may accept from any member the surrender of shares on such terms and conditions as shall be agreed of all or any of his shares.

SWEAT EQUITY

13. The Company shall have power to issue Equity Shares subject to the provision of Section 79A of the Act at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions by whatever name called.

SHARES AND OTHER SECURITIES

14. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in the State or Country.

15. The shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned, no share be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

16. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, 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) Such offer 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 and 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 them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the persons to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner, and to such person(s) as they may think, most beneficial to the Company.

(2) Notwithstanding anything contained in the preceding sub-clause, the Company may:-

(a) By a Special Resolution; or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including he casting vote, if any, of the Chairman) by members who being entitled so to do, vote in person or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting 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, offer further shares to any person or persons and whether or not such person or persons are holders of the equity shares of the Company at the date of the offer.

(3) Nothing in sub-clause (c) of clause (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 decline to take the shares comprised in the renunciation.

(4) Notwithstanding anything contained in sub-clause (1) above, but subject however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of any option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or 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 the debentures or the raising of the loans or is in conformity with Rules, if any, made by the Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

17. Subject to the provisions of these Articles and of the Act, the shares (including any increased Capital of the Company) shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions, and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

18. In addition and without derogating from the powers conferred on the Board under Articles 15 and 16, the Company in General Meeting may subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or any increased capital of the Company) shall be offered to such person(s) (whether members or not) in such proportions and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether member or not) the option to call for or be allotted shares of any class of the Company, either (subject to the compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting; or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

19. Any application signed by or on behalf of an applicant for shares in Company, followed by an allotment of 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 these Articles, be a Member.

20. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

21. Every member or his heirs, executors or administrators, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

22. (a) Every member or allottee of shares shall be entitled, without payment, to receive a certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and amount paid up thereon. Such certificate shall be issued in pursuance of a resolution passed by the Board within three months after the date of either allotment and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, (save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares) or within two months of the receipt of the application for registration of a transfer of any of its shares. Every such certificate shall be issued under a seal of the Company, which shall be affixed in the presence of two Directors, or persons acting on behalf of the Directors under a duly registered power of attorney, and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits it, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole Time Director. Particulars of every share certificate issued shall be entered in the Register of Members, against the name of the person to whom it has been issued, indicating the date of issue.

(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One.

(c) Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment of other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director or Secretary shall be responsible for the safe custody of such machine, equipment, or other material used for the purpose.

(d) **DEMATERIALISATION/ REMATERIALISATION OF SECURITIES**

Definitions for the purpose of this Article.

"**DEPOSITORIES ACT"** means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

"**DEPOSITORY"** means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992.

"**SEBI"** means 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.

"**MEMBER"** means the duly registered holder from time to time of the securities of the Company and includes every person whose name is entered as a 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.

"**REGISTERED OWNER"** means a Depository whose name is entered as such in the record of the Company.

"**BENEFICIAL OWNER"** means a person whose name is recorded as such with a Depository.

"**RECORD"** includes records maintained in the 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 Depositories Act.

"BYE LAWS" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

"**REGULATIONS"** means the regulations made by the SEBI.

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 or Securities Contract (Regulation) Act, 1956 or Securities and Exchange Board of India Act, 1992 shall have the same meaning respectively assigned to them in those Acts.

(i) Either the Company or the investor may exercise the option to issue, deal or hold the securities (including shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialised, 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, as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

(ii) Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the depositories and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

(iii) Every person subscribing to or holding securities of the Company shall have the option either to receive the security certificates or hold securities with a Depository. Where a person opts to hold a security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information the Depository shall enter in its records the name of the allottee as the beneficial owner of that security.

(iv) All securities held by a depository shall be dematerialized and shall be in fungible form. No certificates shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(v) 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 holder of any shares or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound the 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 provide) 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 express or implied notice thereof, but the board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

(vi) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. 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 the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

(vii) The Company shall cause to be kept a Register and Index of Members with the details of shares and debentures, if any, held in material 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 shall be deemed to be a Register and Index of members for the purpose of this Act. The Company shall have power to keep in any state or country outside India a branch Register of Members resident in that state or country.

(viii)Upon receipt of certificate of Securities on surrender by a person who has entered into any agreement with the Depository through a Participant, the Company shall forthwith cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

(ix) Notwithstanding anything contained in the Act or these Articles, to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or disc, etc.

(x) Where the securities are dealt with in a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(xi) 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.

(xii) The Shares in the capital shall be numbered progressively according to their several denomination, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

(xiii)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.

(xiv) 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 the bye laws and the Company in that behalf.

(xv) 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 the receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within thirty days of the receipt of information 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.

(xvi) Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents.

(e) **NOMINATION FACILITY**

(i) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in or debentures of, the Company shall vest in the event of his death.

(ii) Where the shares in or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall on the death of the shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

(iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint in the prescribed manner any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.

(v) Any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either.

(a) to be registered himself as holder of the share or debenture, as the case may be; or

(b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

(vi) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

(vii) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer where a transfer signed by that shareholder or debenture holder, as the case may be.

(viii) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debentures, until the requirements of the notice have been complied with.

23. (a) No Certificate of any share of shares shall be issued either in exchange for those which are subdivided or consolidated or in replacement of those which are subdivided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the

reverse for recording transfers have been duly utilized, unless the certificate in lieu of which it is issued is surrendered to the Company.

(b) When a new share certificate has been issued in pursuance of clause (a) of this Articles, it shall state on the face of it and against the stub or counter-foil to the effect that it is "issued in lieu of share certificate No. ____ subdivided / replaced / on consolidation of shares."

(c) If a share certificate is lost or destroyed a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms if any, as to evidence and indemnity as to the payment of out -of pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

(d) For every certificate issued under the last preceding Article there shall be paid to the Company the sum of Rs.2 or such lesser sum as the Directors may determine, provided however that no charge shall be made for certificates issued in replacement of those which are old, decrepit or worn out, or where the cages on the reverse of the share certificate for recording transfers have been fully utilized.

(e) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No.". The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

(f) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of renewed and Duplicate Certificate indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.

(g) All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose; and the secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(h) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservant on and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-Article (1).

(i) All books referred to in sub-Article (g) shall be preserved in good order permanently.

24. If any share stands in the names of two or more persons, the persons first named in the register shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally, as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

25. Except as ordered by a Court of competent jurisdiction, or as by law required, the Company shall not be bound to recognise any share, or (except only as is by these Articles otherwise expressly provide) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

26. Subject to the Provisions of Section 77A and any other applicable provisions of the Act, for the time being in force, the Company shall be empowered to purchase its own securities in any manner provided by the Act.

UNDERWRITING AND BROKERAGE

27. 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 absolutely or conditionally) for any shares in, or debentures of the Company or procuring, or agreeing to procure subscriptions, whether absolute or conditional, for any shares in or debentures of the Company, but such commission shall not exceed in the case of share five percent of the price at which the shares are issued, and in the case of debenture, two and a half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

28. The Company may pay a reasonable sum of brokerage.

INTEREST OUT OF CAPITAL

29. Where any share are issued for the purpose of raising money to defray the expenses of the construction of any works or building, or the provision of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

30. The Board may, from time to time; subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the share held by them respectively; and each member shall pay the amount of every call so made on him at the times and places appointed by the Board. A call may be made payable by installments, as the Board thinks fit.

    Explanations: For the purpose of this clause, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same clause.

31. Fifteen days' notice at the least in writing of any call shall be given by the Company to the members, specifying the time and place of payment, the amount called and the person or persons to whom such call shall be paid.

32. A call shall be deemed to have been made when the resolution authorizing such call was passed at a meeting of the Board.

33. A call may be revoked or postponed at the discretion of the Board.

34. The joint-holders of the share shall be jointly and severally liable to pay all calls in respect thereof.

35. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time to all or any of the members as the Board may deem fairly entitled to such extension, but no member shall be entitled save as a matter of grace and favour.

36. If any member falls to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 18 percent per annum, but nothing in this article shall render it obligatory for the Board to demand or recover any interest from any such member.

37. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply against any member or his representatives for the recovery of any money claimed as if such sum had become payable by virtue of a call duly made and notified.

38. On the trial or hearing of any action or suit brought by the Company for the money due to the company in respect of its shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the register of Members as the holder on or before the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minutes Book; and that the resolution making the call is duly recorded in the Minutes Book ; and that notice of such call was duly given to the member or his representatives in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

39. Neither the receipt be, the company of the portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein after provided.

40. Any money due from the company to a shareholder may without the consent of such shareholder, be applied by the Company in or towards payment of any money due from time to the Company for calls or otherwise.

41. (a) The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of respective shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may at any time repay the amount so advanced upon giving to the member not less than three months notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.

(b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

LIEN

42. The Company shall have a first and paramount lien upon all the shares / debentures (other than fully paid up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares / debentures. 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. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this clause.

43. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it shall think fit, but no sale shall be made until such time for payment shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after such notice.

44. The nett proceeds of any such sale shall be applied in or towards satisfaction of the debts, liabilities or engagements of such member, and the residue (if any) paid to such member, his executors, administrators, committee, curator or other representatives.

FORFEITURE OF SHARES

45 If any member fails to pay any call, 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 may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

46. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid 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 call was made or installment in payable, will be liable to be forfeited.

47. If the requirement of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

48. 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 of Members, but no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

49. Any share so forfeited shall be deemed to be the properly if the Company, and may be sold, re-allotted, 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 shall think fit.

50. Any member whose shares 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 the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board may determine, and the Board may enforce the payment thereof, if it thinks fit.

51. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in all the claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

52. A declaration in writing that the declarant is a director or secretary of the Company and that share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

53. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchasers' name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

54. In the case of the sales of a share under Article 49 or the sale or re-allotment of a forfeited share, or the sale of a share to enforce or realize the benefit of a lien of the Company under Article 42, a certificate in writing signed by a Director, or the Secretary of the Company, or by any other person or persons who may be appointed by the Directors for the purpose, stating that the share has been duly sold or re-allotted

in accordance with the Regulations of the Company, shall be sufficient evidence of the facts therein stated, as against all persons theretofore entitled to such share, and such certificate, and the receipt of the Company for the price of such share, shall constitute a good title to such share and the purchaser or allottee shall be registered in respect thereof, and thereupon shall be deemed the holder of the share, and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity in the proceedings in reference to such sale or allotment and the remedy of any person aggrieved by the sale or re-allotment shall be in damages only and against the Company exclusively.

55. Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificates thereof have not been delivered up to the Company by the former holder of the said shares, the Directors may issue new certificates for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

56. Upon any sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the relative shares shall stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue duplicate certificates in respect of the said shares to the person or persons entitled thereto.

57. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

58. The Company shall keep a “Register of Transfers” and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

59. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfers of shares / debentures and the registration thereof.

60. The instrument of transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to Transfer the Shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of the transfer, the certificate or certificates of the shares must be delivered to the Company.

61. The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in Bangalore, close the Transfer Books, the Register of Member or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

62. Subject to the provisions of Section 111 of the Companies Act, and to any other law for the time being in force, the Board may refuse to register any transfer of, or the transmission by operation of law, of the right to any shares or interest of a member in the Company.

Provided, however, that the registration of transfer of shares shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on the share.

Provided, further that in the event of the refusal to register any such transfer of, or the transmission of the right to any shares / debentures or interest of a member / debentureholder in the Company, the Company shall, within two months from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of such refusal to the transmission, as the case may be, giving reasons for such refusal.

63. Where, in the case of partly paid shares, an application for registration of transfer is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

64. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of the deceased joint holder from any liability on shares held by him jointly with any other person.

65. The executors or administrators or holders of a Succession Certificate or the legal representative of a deceased member (not being one or two or more joint-holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors administrators or legal representatives shall have first obtained probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India having jurisdiction in that behalf. Provided nevertheless that, in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 62 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

66. No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind.

67. If any member of the Company dies and the Company through any of its principal officers within the meaning of the Estate Duty Act, 1953, has knowledge of the death, it shall not be lawful for the Company to register the transfer of any share standing in the name of the deceased member unless the Company is satisfied that the transferee has acquired such shares for valuable consideration or there is produced to it a certificate from the Controller or Assistant Controller of Estate Duty that either the Estate Duty in respect thereof has been paid or will be paid or none is due as the case may be. Where the Company has come to know through any of its principal officers of the death of any member, the Company shall within three months of the receipt of such knowledge, furnish to the Assistant Controller or the Deputy Controller of Estate Duty who is exercising the function of the Income Tax Officer under the Income -Tax Act in relation to the Company, such particulars as may be prescribed by the Estate Duty Rules, 1953.

68. Subject to the provisions of the Act and Articles 64 to 67any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee, registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so shall not be free from any liability in respect of the shares.

69. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge for, any dividends or other moneys payable in respect of the share.

70. 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.

71. The Directors may, by such means as they shall deem expedient, authorize the registration of the transferees as shareholders without the necessity of any meeting of the Directors for that purpose.

72. All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.

73. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred to it in any book or attended or given effect to any notice which may have been given to it of any equitable right, title or interest or be under any liability, whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect there to if the Directors shall so think fit.

SHARE WARRANTS

74. The Company with respect to fully paid-up shares may issue warrants (hereinafter called "Share Warrants") stating that the bearer is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of future dividends on the shares included in such share warrants.

75. The Directors may determine and from time to time vary the conditions upon which share warrants shall be issued and in particular upon which a new share warrant or coupon will be issued in the place of one worn out, defaced, lost or destroyed, upon which the bearer of a share warrant shall be entitled to attend and vote at General Meetings and upon which a share warrant may be surrendered and the name of the holder entered in the Register in respect of the shares therein specified. Subject to such conditions and to these presents the bearer of a share warrant shall be subject to the conditions for the time being in force whether made before or after the issue of such warrant.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

76. Copies of Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days on payment of the sum of Rupee One for each copy.

BORROWING POWERS

77. Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time, at its discretion by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting.

78. Subject to the provisions of Article 68 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution shall prescribe, including by the issue of debentures or debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

79. Any debenture stock and other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privilege conditions as to redemption, surrender, drawings, allotment of shares and attending (but not voting) at General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

80. The Board shall cause proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they are required to be complied by the Board.

81. The Company shall, if any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country outside India branch Register of Debenture holders' resident in that State or Country.

82. Every register of holders of debentures of the Company may be closed for any period not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time. Subject as aforesaid every such register shall be open to the inspection of the registered holder of any such debentures and of any member. But the Company may in General meeting impose any reasonable restrictions so that at least two hours in each day when such register is open are appointed for inspection.

83. If the Directors refuse to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

84. The Company shall comply with the provisions of Section 144 of the Act as to allowing inspection of copies of instruments creating charges kept at the Office in pursuance of Section 136 of the Act, and as to allowing inspection of the Register of Charges to be kept at the Office in pursuance of Section 143 of the Act.

85. The Company shall comply with the provisions of Section 118 of the Act as to supplying copies of any register of holders of debentures or of any trust deed for securing any issue of debentures.

86. Trustees for debenture-holders shall have the same right to receive and inspect the Balance Sheets and Profit and Loss Accounts of the Company and the Report of the Auditors and other reports as is possessed by the holders of Equity Shares in the Company.

87. If any uncalled capital of the Company be included in or charged by any mortgage or other security, the Directors may, by instrument under the Company's seal, authorize the person in whose favour such mortgage or security is executed, or any other person in trust for him, to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to calls shall, mutatis mutandis, apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Director's power or otherwise and shall be assignable if expressed so to be.

MEETINGS OF MEMBERS

88. The Company shall in each year hold General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than the Annual General Meeting shall be called Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions, of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday and shall be held at the Office of the Company or at some other place within the city in which the office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company, there will be laid on the table the Directors' Report and Audited Statement of Accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts), the proxy Register with Proxies and the Register of Directors' shareholding, which shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared Annual list of Members, summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161, and 220 of the Act.

89. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

90. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office, provided that such requisitions may consist of several documents in like form, each signed by one or more requisitionists.

91. Upon the receipt of any such requisition, the Board shall forthwith call an Extra Ordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as representing either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting but in either case, any meeting so called shall be held within three months from the date of delivery of the requisition as aforesaid.

92. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

93. A requisition by joint-holders of shares must be signed by all such holders.

94. Twenty-one days notice at least of every General Meeting, Annual or Extra Ordinary, and by whomsoever called, specifying the day, place and hour of meeting and general nature of business to be transacted there at, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to vote there at and in case of any other meeting, with the consent of members holding not less than 95 percent or such part of the paid up share capital of the Company as gives a right to vote at the meeting. A meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors, (ii) to elect Directors (iii) the declaration of dividend (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted and in the case of any other meeting, in any event, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such items of business, including in particular, the nature of the concern or interest, if any, therein of every Director and the Manager (if any). Where any such item of special business relates to or affects any other company, the extent of shareholding interest in other Company of every Director and Manager if any, shall also be disclosed. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

95. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

96. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

97. Five members present in person shall be quorum for a General Meeting.

98. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

99. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the Meeting, if convened by or upon the requisition of Members shall stand dissolved, but in any other case, the Meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such time and place in the city or town in which office of the Company is for the time being situate as the Board may determine, and if at such adjourned Meeting a quorum is not present at expiration of half an hour from the time appointed for holding, the members present shall be quorum, and may transact the business for which the meeting was called.

100. The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board, of if at any Meeting he is not been present within fifteen minutes of the time appointed for holding such Meeting, or if he shall be unable or unwilling to take the Chair, then the Vice-Chairman shall be entitled to take the Chair and failing him the Directors present may chose one of their Members to be Chairman of the Meeting. If no Director be present or if all the Directors are present decline to take the Chair, then the Members present shall elect one of their Member to be Chairman.

101. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business.

102. The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than the business left unfinished at the meeting from which the adjournment took place.

103. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

104. At any General Meeting, resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result on a show of hands) ordered to be taken by the Chairman of the Meeting of his own motion or ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company, which concern the power to vote on the resolution in question not being less than that one tenth of the total voting power in respect of such resolution or on which an aggregate sum of not less than Rs.50,000 has been paid up and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands been carried or carried unanimously or by a particular majority and any entry to that effect in the Minutes Book of the Company shall be conclusive evidence of the fact, with the proof of the number or proportion of the votes recorded in favour of or against the resolution.

105. In the case of any equality of votes, whether on a show of hands or a poll, Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote.

106. If a poll is demanded as aforesaid the same shall, subject to Article 90, be taken at, to be such time (not later than forty eight hours from the time when the demand was made) and the place in the city or town in which office of the Company is for the time being is situated either by open voting or by ballot, as the Chairman shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

107. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove the scrutinizer from office and fill vacancies in the office of scrutinizer arising from such removal or any other cause.

108. If a poll is demanded on the election of a Chairman if shall be taken forthwith in accordance with the provisions of the Act, and the Chairman elected on a show of hands, shall exercise all the powers of the Chairman. If some other person is elected Chairman as a result of such poll, he shall be the Chairman for the rest of the meeting.

109. The demand for a poll except on the questions of the election of the Chairman of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

110. Where by any provision contained in the Act or in these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is moved, exclusive of the day on which the notice is served

or deemed to be served and the day of the meeting. The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give to its members notice of the resolution in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice thereof by an advertisement in a newspaper having an appropriate circulation not less than seven days before the meeting.

VOTES OF MEMBERS

111. No member shall be entitled to vote, either personally or by proxy, at any General Meeting or Meeting of class of shareholders, either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him, have not been paid or in regard to which the Company has exercised any right of lien.

112. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares and for the time being forming part of the capital of the Company every member, not disqualified by the last preceding Articles shall be entitled to be present and to speak and vote at such meeting and on a show of hands, every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company provided however, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of section 87 he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares.

113. On a poll taken at a Meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not if he votes, use all his votes or cast in the same way all the votes he uses.

114. A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian; and any such committee of guardian may, on a poll, vote by proxy, if any member be minor, the vote in respect of his share of shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

115. Any person entitled under the Transmission Clause to transfer any shares shall not be entitled to be present or to vote at any meeting, either personally or by proxy, in respect of such shares, unless before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall have satisfied the Company of his right to transfer such shares (as to which the opinion of the Board shall be final) or unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

116. If there be joint registered holders of any shares, any one of such persons may vote at any Meeting or may appoint another person (whether members or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxies so appointed shall not have any right to speak at the Meeting and if more than one of such joint-holders be present at any Meeting, that one of the said persons so present whose name stands higher on the register shall alone be entitled to speak and to vote in respect of such shares, but other joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stands for the purpose of these Articles be deemed joint holders thereof.

117. Subject to the provisions of these Articles, votes may be cast either personality or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of body corporate which he represents as that body could exercise if it were individual members.

118. Any person entitled to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares provided at least forty eight hours before the time of holding the meeting or adjourned meeting, as he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

119. Every proxy (whether a member or not) shall be appointed in writing under the hand of appointer or his attorney or if such appointer is a corporation under the common seal of such corporation or be signed by an officer or any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

120. An instrument of proxy may appoint a proxy either for a purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment of every such meeting.

121. A member present by proxy shall be entitled to vote only on a poll.

122. No person shall be allowed to vote or act as a proxy at any meeting unless the instrument appointing him as a proxy and the power of attorney (if any) under which it is signed shall have been deposited at the Office at least forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and, in default thereof, the instrument of proxy shall not be treated as valid and shall be rejected at the discretion of the Board. Any instrument appointing a proxy permanently or for a certain period may be registered with the Company once and for all, and need not be again registered before each successive meeting, and shall be in force until notice of revocation thereof shall have been received by the Company at any time before the hour fixed for the meeting.

123. All the instruments of proxy shall remain in the custody of the Company permanently, or for such time as the Board may determine.

124. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of proxy or of any power of attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given, provided on intimation in writing of the death or insanity, revocation, or transfer shall have been received at the office before the commencement of the meeting or the adjourned meeting at which the proxy is used.

125. No objection shall be made to the validity of any vote, except at any meeting or a poll at which such vote shall be tendered and every vote whether given personally or by a proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

126. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

127. (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialed or signed and the last page of the record of the proceedings of each meeting on such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of death or inability of the Chairman within the period, by a Director duly authorised by the Board for the purpose.

(3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.

(6) Nothing herein contained shall require or deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:-

i) is or could reasonable be regarded as, defamatory of any person or any person, or

ii) is irrelevant or immaterial to the proceedings or

iii) is detrimental to the interests of the Company.

(7) Any minutes shall be evidence of the proceedings recorded therein.

(8) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during the business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

DIRECTORS

128. Until otherwise determined by the General Meeting of the Company and subject to the provisions of Section 252 of the Act, the maximum number of Directors (excluding Debenture and Alternate Directors) shall not exceed twelve and the minimum number of Directors shall not be less than there.

129. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have the power to nominate a Director of the Company, person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and other Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation and shall not be bound to hold any qualification shares. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

130. So long as any moneys be owing by the Company to any Finance Corporation or Credit Corporation or to any Financing Company or Body and/or so long as any Finance Corporation or Credit Corporation or any Financing Company or body holds the shares in the Company acquired as a result of underwriting (which Corporation or Body is hereinafter in this Article referred to as "the Corporation"), the Directors may authorize such Corporation to appoint, from time to time, any one or more person(s) as Director(s) of the Company (which Director(s) is hereinafter referred to as "Corporation Director") and the Corporation Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director.

The Corporation may at any time and from time to time remove any such Corporation Director or Directors appointed by it and may, at the time of such removal and also in the case of death or resignation of the person(s) so appointed at any time, appoint another or others in his or their place, and also fill in any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatever. Such appointment or removal shall be made in writing signed by the Chairman of the Corporation or any person or Director thereof authorised in this behalf and shall be delivered to the Company at its registered office.

Every Corporation entitled to appoint a Director under this Article may appoint one or more such person(s) as Director(s)

131. In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the Directors may authorize such company, corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint, from time to time, any person as a Director of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however that such Special Director shall hold office so long as such collaboration arrangement remains in force, unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter.

The Collaborator may at time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at anytime, appoint any other person as a Special Director in his place and appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.

It is clarified that every Collaborator entitled to appoint a Director under this Article may appoint one such person as a Director and so that if more than one Collaborator is so entitled there may be at any time as many Special Directors as the Collaborators eligible to make the appointment.

132. The number of such Directors appointed under the provisions of Articles 129,130,131 subject to the provisions of Section 255 of the Act shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

133. The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the Meeting of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic re-appointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

134. Subject to the provisions of Section 260 and 264 the Board shall have power at any time and from time to time appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed a maximum fixed under Article128. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

135. Subject to the provisions of the Section 264 and 284 (6), the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

136. A Director need not hold any shares in the Company qualify him for the office of Directors of the Company.

137. (1) Subject to the provisions of the Act, a Managing Director or a Director who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by the other or by any other mode not prohibited by the Act.

(2) Subject to the provisions of the Act, a Director, who is neither in the whole time employment nor a Managing Director, may be paid a remuneration either.

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or

(ii) by way of commission if the Company by a special resolution authorise such payment.

(iii) The remuneration of a Director (including a Corporation Director) for his services for attending a Board Meeting shall be such sum as may be determined by the Board subject to the maximum as may be prescribed by the Central Government from time to time, under the relevant provisions of the Act, for each meeting attended by him provided that the Directors may accept a lower sum from time to time.

Provided further that in the case of Corporation Director, if so desired by the Corporation appointing him, no sitting fees shall be paid to him. Such sitting fees may, however, be paid to the appointing Corporation if so desired by it.

138. The Board may allow and pay to any Director, who is not a bona-fide resident of the place where the Meetings of Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director

be called upon to go or reside out of the ordinary place of his residence for the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.

Provided that if so desired by the Corporation appointing a Corporation Directors, the Company may instead reimburse the corporation appointing such Directors any sums that may be paid by it to that Director in respect of his attendance at the meeting of the Board.

139. The continuing Directors may act notwithstanding any vacancy in their body, if and so long as their number is reduced below the minimum number fixed by Section 252 of the Act, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a General Meeting, but for no other purpose.

140. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 274 of the Act.

141. (1) Subject to Section 283(2) and 314 to the Act, the office of the Director shall become vacant if:

(a) He is found to be of unsound mind by a court of competent jurisdiction; or

(b) He applies to be adjudicated an insolvent; or

(c) He is adjudged an insolvent; or

(d) He fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(e) He absents himself from these consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board, or

(f) He becomes disqualified by an order of the court under Section 203 of the Act; or

(g) He is removed in pursuance of Section 284; or

(h) He (whether for himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is director accepts a loan, or any guarantee or security for loan, from the Company in contravention of Section 295 of the Act; or

(i) He is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months ; or

(j) Having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(k) He resigns his office by a notice in writing addressed to the Company.

(l) he acts in contravention of Section 299 of the Act.

(2) Notwithstanding anything in sub-clauses (c), (f) and (i) of clause (1), the disqualification referred to in those sub-clauses shall not take effect:

(a) for thirty days from the date of the adjudication, sentence or order;

(b) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of, or

(c) Where within the seven days aforesaid any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification until such further appeal or petition is disposed of.

142. (1) A Director or his relative or a firm in which such Director or relative is a partner, or any other partner in such firm or private Company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials, or services or for underwriting the subscription of any shares in, or debentures of the Company, provided that the sanction of the Board is obtained before or within three months of the date on which the contract is entered into in accordance with Section 297 of the Act.

(2) No sanction shall, however, be necessary for:-

(a) any purchase of goods and materials from the Company or the sale of goods or materials to the Company by any such Director, relative, firm, partner or Private Company as aforesaid for cash at prevailing market prices; or

(b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services which either the company or the Directors, relative, firm, partner or private company, as the case may be, regularly trade or does business or where the value of the goods and the materials or the cost of such services does not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or Private Company as aforesaid may without obtaining the consent of the Board enter into any such contact with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

143. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act, provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other Company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid up capital in any such other Company.

144. A General Notice given to the Board by a Director, to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such General Notice shall expire at the end of the financial year in which it is given, but may be renewed for a further period of one financial year at a time, by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof, shall be of effect unless it is brought up and read at the first meeting of the Board after it is given.

145. No Director shall, as a Director take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in anyway, whether directly, or indirectly, concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote; and if he does vote, his vote shall be void; provided however, that nothing herein contained shall apply to:

(a) Any contract of indemnity against any loss which the Directors or anyone or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.

(b) any contract or arrangement entered into or to be entered into with a public company, or a private company which is a subsidiary of a public company, in which the interest of the Director consists solely,

(i) in his being

(a) a Director of such company, and

(b) the holder of not more than such number or value of shares therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company or

(ii) in his being a member holding not more than 2% of its paid –up share capital:

146. The Company shall keep a Register in accordance with Section 301(1) and shall within the time specified in Section 301(2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under Article 121. The Register shall be kept at the office of the Company and shall be open to inspection at such office and extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner and on payment of the same fee, as in the case of the Register of Members of the Company and provisions of Section 163 of the Act shall apply accordingly.

147. A Director may be or become Director of any company promoted by the Company or in which it may be interested as a vendor, shareholder, or otherwise, and no. such Director shall be accountable for any benefits received as Director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

148. Not less than two-third of the total number of Directors shall (a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

The remaining Directors shall in default of and subject to any regulations in the Articles also be appointed by the Company in General Meeting.

149. At every Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple or three, the number nearest no one third shall retire from office.

150. Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 148 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

151. At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up vacancy by appointing the retiring Director or some other person thereto.

152. Subject to Sections 258 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing persons thereto.

153. (a) If the place of retiring Directors is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned until the same day in the next work, at the same time and place.

(b) If at the adjourning meeting also, the place of the retiring Directors is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless -

(i) at that meeting or at the previous meeting the resolution for the re-appointment of such Director has been put to the meeting and lost;

(ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed.

(iii) he is not qualified or is disqualified for appointment.

(iv) a resolution whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act.

(v) the provision in sub-section(2) of Section 263 of the Act, is applicable to the case.

154. Subject to the Section 259 of the Act, the Company may, by Ordinary Resolution, from time to time increase or decrease the number of Directors and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as a Director in whose place he is appointed would have held the same if he had not been removed.

155. (1) A person who is not a retiring Director shall, subject to the provisions of this Act, be eligible for appointment to the office of Director at any General Meeting, if he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of five hundred rupees which shall be refunded to such member, if the person gets elected as a Director.

The Company shall inform its members of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the meeting.

(2) Every person (other than a Director retiring by rotation or otherwise, or a person who has left at the office of the Company a notice under section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director, shall sign and file with the Company, his consent in writing to act as a Director if appointed.

(3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director, under Section 262 of the Act, appointed as a Director or re-appointed as an Additional Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.

156. (a) The Company shall keep at its office a Register containing the particulars of its Directors, Managers, Secretaries and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said section in all respects.

(b) The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respects.

157. (a) Every Director (including a person deemed to be a Director by virtue of the explanation to subsection (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company, shall within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and section 308 of the Act.

158. Any Director or other person referred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company in accordance with the provisions of Section 314 of the Act.

159. The provisions of Section 295 of the Act shall be observed and complied with in cases of loans to or guarantees to or by or providing of any security in connection with a loan to or by persons and under the circumstances and cases mentioned in that section so far as the same may be applicable.

160. If any Director, being willing, shall be called upon to perform extra services or to take any special exertions for any of the purpose of the Company, the Company may, subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 309 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration provided under these presents.

MANAGING DIRECTOR

161. Subject to the provisions of the Act and approval of the Central Government, the Directors may, from time to time, appoint one or more of their body to be Managing Director or Joint Managing Directors as the case may be, of the Company for a fixed term not exceeding five years at a time for which he or they, is or are to hold office and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. A retiring Managing Director or Joint Managing Directors may be re-appointed subject to the provisions of the Act. The Managing Director or Joint Managing Directors, as the case may be, shall not while he or they continues or continue to hold that office, be subject to retirement by rotation and shall not be reckoned as Director/s for the purpose of determining the number of Directors to retire by rotation. But he or they shall IPSO-FACTO ceases to be Managing Director or Joint Managing Directors, as the case may be, if he or they ceases or cease to hold the office of Director/s from any cause.

162. (a) Subject to the provisions of sections 198, 309 and other applicable provision of the Act for the time being in force, the Board of Directors may determine the remuneration payable to the Managing Director or the Joint Managing Directors as the case may be in any manner they may deem fit. The remuneration may be in the form of a monthly salary or a commission based on profits or partly in one way and partly in another as the Board may deem fit.

(b) The Directors may, in addition to the remuneration referred to in the preceding clause, provide to the Managing Director or Joint Managing Directors as the case may be such allowances, amenities, benefits and facilities as they may deem fit from time to time with such sanction as may be necessary.

(c) The Managing Director or the Joint Managing Directors, as the case may be, shall be entitled to be reimbursed for all his or their out-of pocket expenses incurred by him or them in connection with the business of the Company.

163. Subject to the provisions of the Act, the Directors may from time to time entrust to and confer upon a Managing Director, for the time being, such of the powers exercisable under these presents by the Directors as they may think, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors, in that behalf, and may from time to time revoke, withdraw alter or vary all or any of such powers.

164. The Company shall not appoint or employ or continue the appointment or employment of a person as its Managing or Whole-Time Director who-

(a) is an undischarged insolvent, or has at any time been adjudged an insolvent.

(b) suspends, or has at any time suspended, payment to his creditors, or makes or has at any time made, a composition with them; or

(c) is or has at any time been convicted by a Court of any offense involving moral turpitude.

165. A Managing Director shall not while he continues to hold that office be subject to retirement by rotation, in accordance with Article 148. If he ceases to hold the office of Director, he shall IPSO-FACTO and immediately cease to be Managing Director.

All the provisions of the aforesaid articles relating to Managing Director(s) shall also apply to Whole-Time Directors, if appointed by the Board of Directors.

PROCEEDINGS OF THE BOARD OF DIRECTORS

166. The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

167. "Seven Days" notice of every meeting of the Board shall be given by a letter, cable, email, sms or telex to every Director for the time being in India, and at his usual address in India to every other Director, provided that a meeting of the Board may be called after giving shorter notice than that specified above, if consent is accorded thereto by all the Directors by a letter, cable or telex. Notice to or consent of any Alternate Director shall be deemed notice to or consent of the original Director, for whom he is an alternate and no separate notice to or consent of the original Director for whom an alternate is appointed shall be necessary.

168. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.

169. If a meeting of the Board could not be held for want of quorum, the meeting shall automatically stand adjourned to such other date, time (if any) as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.

170. The Secretary shall, as and when directed by the Directors to do so, convene a meeting of the Board by giving a notice in writing to every other Director.

171. The Board shall from amongst its members elect the Chairman and Vice Chairman of the Board of Directors and determine the period of office and remuneration, if any, payable to them. The Chairman shall preside at all the meetings of the Board of Directors. In the absence of the Chairman, the Vice Chairman shall preside at the meetings of the board. If at any meeting of the Board, the Chairman as well as the Vice Chairman are absent at the time appointed for holding the meeting or if both are present, but are not willing to reside over the meeting, then the Directors present may choose one of their members to be the Chairman of the meeting.

172. Questions arising at any meeting of the Board shall be decided by a majority of votes and in the case of any equality of votes, the Chairman shall have a second or casting vote.

173. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

174. (a) Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of such Members or Members of its body as it think fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(b) The Committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within 5 minutes after the time appointed for holding the meeting the members present may choose one of their members to be Chairman of meeting.

175. The meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto.

176. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the Members of the Committee, then in India (not being less in number than quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or Members of the Committee, at their usual address in India and has been approved by such of the Directors or Members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

177. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or person acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

178. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initiated or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting of the Chairman of the next succeeding meeting.

(3) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any meetings aforesaid shall be included in the minutes of the meeting.

(6) The minutes shall also contain:

(a) The names of the Directors present at the meeting; and

(b) In the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in the resolution.

(7) Nothing contained in sub/clause (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the chairman of the meeting:

(a) is, or would reasonably by regarded as defamatory of any person:

(b) is irrelevant or immaterial to the proceeding: or

(c) is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

(8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

179. (1) The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company, required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting shall validate any prior Act of the Board which would have been valid if the regulations had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting:

(a) sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment, any debt by a Director;

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose.

Provided further that the powers specified in Section 292 of the Act shall, subject to these Articles, be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act, during the three financial years immediately preceding, whichever is greater.

(2) Nothing contained in sub clause (a) of Clause (1) shall affect:

(a) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause, in good faith and after exercising due care and caution, or

(b) the selling or leasing of any property of the Company where the Ordinary business of the Company consists of, or comprises such selling or leasing.

(3) Any resolution passed by the Company permitting any transaction such as is referred to in sun-clause(a)of Clause (1) may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorize the Company to effect any reduction in its Capital except in accordance with the provisions contained in that behalf in the Act.

(4) No debt incurred by the Company in excess of the limit imposed by sub-clause (d) of Clause (1) shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

180. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:-

(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;

(2) To pay and charge to the capital account of the Company a commission or interest lawfully payable thereat under the provisions of Section 76 and 208 of the Act;

(3) Subject to the Sections 292 and 297 of the Act to purchase or otherwise acquire for the Company any property rights, or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

(4) To acquire by purchase, lease or in exchange or otherwise, lands, buildings, hereditaments, machinery, rights, privileges, or properties movable or immovable;

(5) To erect, construct, enlarge, improve, alter, maintain, pull down, rebuild or reconstruct any buildings, factories, offices, work-shops or other structures necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;

(6) To let, mortgage, charge, sell or otherwise dispose off, subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

(7) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services, rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages and other securities may either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

(8) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

(9) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

(10) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;

(11) To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof, as they think fit;

(12) To accept from any member, as far as may be permissible by law, a surrender of his shares or stock or any part thereof, on such terms and conditions as shall be agreed;

(13) To appoint any person or persons (whether incorporate or not) to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;

(14) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of debts due, and of any claim or demands by or against the

Company and to refer any difference to arbitration, and observe and perform any awards made thereon;

(15) To act on behalf of the Company in all matters pertaining to bankrupts and insolvents;

(16) To make and give receipts, release, and other discharges for moneys payable to the Company and for the claims and demands of the Company;

(17) Subject to the provision of Sections 292, 295, 370 and 372 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of the Company) or without security and in such manner as they think fit, and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;

(18) To execute in the names and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;

(19) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;

(20) To distribute by way of bonus amongst the Staff of the Company, share or shares in the profits of the Company, and to give to any Officer or other person employed by the Company a commission on the profits or any particular business or transaction; and to charge such bonus or commission as part of the working expense of the Company;

(21) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families of the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating, and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

(22) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any Special Fund to meet contingencies or to repay redeemable preference shares, debentures or debenture-stock, or for special dividends or for equalizing dividends or for requiring, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as require to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board, in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same

with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;

(23) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and require security in such instances and such amount as they may think fit. Also, from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and provisions contained in the four next-following sub clauses shall be without prejudice to the general powers conferred by this sub-clause;

(24) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any person who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary company, or who are or were at any time Directors or Officers of the Company, or of any such other Company as aforesaid, and the wives, widows, families and dependents of any such persons, and also establish and subsidise and subscribe to any institutions.

(25) To comply with the requirements of any local law which in their opinion it shall, in the interests of the Company, be necessary or expedient to comply with.

(26) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in specified locality in India or elsewhere and to appoint any person to be members of such Local Boards, and to fix their remuneration;

(27) Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed, any of the powers, authorities and discretions for the time being vested in the Board other than their power to make calls or to make loans or borrow moneys, and to authorize the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any persons so appointed, and may annul or vary any such delegation;

(28) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorized by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board thinks fit) be made in favour of the members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

(29) Subject to the provisions of the Act, generally and from time to time and at any time to authorize, empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company all or any of the powers, authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any, as the Directors may think proper;

(30) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;

(31) From time to time to make, vary and repeal by laws for the regulation of the business of the Company, its Officers and Servants.

THE SECRETARY

181. The Board may appoint a Secretary to the Company on such terms and impose on him such regulations as may seem expedient and may remove any Secretary so appointed and may fill up any vacancy in the office of Secretary. The Secretary shall exercise such powers and carry out such duties as the Board may from time to time determine.

THE SEAL

182. (a) The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being.

(b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

183. The Common Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors, and in the presence of a Director or Secretary (if any) and such other person as the Directors may appoint for the purpose; and that Director or Secretary (if any) and other person as aforesaid shall sign every Deed or other instrument to which the Seal of the Company is so affixed in their presence.

DIVIDENDS

184. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

185. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

186. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act, or out of the profits of the Company remaining undistributed or out of both, provided that;

(a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provides for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

(b) If the Company has incurred any loss in any previous financial year or years, the amounts of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

187. The Board may subject to provisions of the Act, from time to time, pay to the members, such interim dividend as in their judgment the position of the Company justifies;

188. Where capital is paid in advance of call, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits or voting rights.

189. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such shares shall rank for dividend accordingly.

190. The Board may retain the dividends payable upon shares in respect of which any person is under Article 69 entitled to become a Member or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.

191. Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus or other moneys payable in respect of such shares.

192. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares, or otherwise, howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of the money so due from him to the Company.

193. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

194. Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holders. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission; or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means.

195. Any dividend unclaimed or unpaid will not be forfeited and in case of unclaimed or unpaid dividend, the Company shall comply with all the provisions of Section 205A of the Companies Act, 1956.

196. Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged, between the Company and the member, be set off against the calls.

197. Notice of the declaration of any dividend, whether interim, or otherwise shall be given to the members in the manner hereinafter provided.

198. The Directors may, if they think fit, call upon members, when applying for dividends, to produce their share certificates to any person appointed in this behalf by the Company.

199. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of "TD Power Systems Limited" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of section 205 C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

BUY BACK

200. The Company may, from time to time, buyback the shares, subject to the provisions of Section 77A of the Companies Act and in accordance with any other applicable law or regulation for the time being in force.

CAPITALIZATION

201. (a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part or the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, 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 capitalized, distributed among such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled there to as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such a premium as the resolution may provide, any un-issued shares or debentures or debenture stock of the Company which shall be distributed accordingly in or towards payment of the uncalled liability on any issued shares 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 capitalized sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying of any un-issued shares to be issued to members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus moneys arising from the realization 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 be distributed among the members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs.10/- 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 person entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the registrar for registration in accordance with the provisions of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

ACCOUNTS

202. (1) The Company shall keep at the office or at such other place in India as the Board thinks fit proper books of Account in accordance with Section 209 of the Act with respect to-

(a) the paid-up capital for the time being of the Company

(b) all sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place;

(c) all sales and purchases of goods by the Company;

(d) the assets and liabilities of the Company.

(2) Where the Board decide to keep all or any of the Books of Account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a Notice in writing giving the full address of that other place.

(3) The Company shall preserve in good order the Books of Account relating to period of not less than eight years preceding the current years together with the vouchers relevant to any entry in such Books of Account.

(4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the Branch office are kept at the branch office and proper summarized returns, made upto date at intervals

of not more than three months, are sent by the branch office to the Company at its office or other place in India at which the Company's Books of Accounts are kept as aforesaid.

(5) The Books of Accounts shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be and explain its transactions. The Books of Accounts and other books and papers shall be open to inspection by any Directors during business hours.

203. The Board shall from time to time determine whether and to what extent at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorized by the Board.

204. The Directors shall from time to time, in accordance with sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and laid before the Company in General Meeting such Balance Sheets, Profit and Loss Accounts and Report as are required by these Sections.

205. A copy of every such Profit and Loss Accounts and Balance Sheet (including the Auditors Report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty-one days before the meeting at which same are to be laid before the members, be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which EX-FACIE are payable to the bearer thereof), to trustees for the holders of such debentures and all persons entitled to receive notice of General Meeting of the Company.

206. Notwithstanding anything contained in Article 205, and in accordance with the provisions of Section 219 of the Act, as amended by the Companies (Amendment) Act, 1988:

i) A copy of every Balance Sheet, Profit and Loss Account, Auditors Report and every document required by law to be annexed or attached to the Balance Sheet and which is to be laid before a General Meeting of the Company shall be made available for inspection at its Registered Office during working hours for a period of twenty one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form shall be sent to every member of the Company and to every trustee for the holders of any debentures issued by the Company not less than twenty one days before the date of the meeting.

ii) Any member or holder of debentures and any person from whom the Company has accepted a sum of money by way of deposit, shall, on demand, be entitled to be furnished free of cost, with a copy of the last balance sheet of the Company and of every document required by law to be annexed or attached thereto, including the Profit and Loss Account and the Auditors' Report.

207. (1) At all Ordinary Meetings the Directors shall lay before the Company a Balance Sheet and Profit and Loss Account since the preceding account, made up to a date not earlier than the date of meeting by more than six months or if the Company is carrying on business or has interests outside India by more than twelve months subject in either case to the right of the Registrar to extend the period for any special reason by a period not exceeding three months under Section 210 of the Act.

(2) The said Balance Sheet shall be in the form marked Part I of Schedule VI to the Act, or as near thereto as circumstances admit.

(3) The Profit and Loss Account shall in addition to the matters referred to in sub-section (2) of Section 211 of the Act, show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and amount of gross expenditure, distinguishing the expenses, of the establishment, salaries and other like matters. Every items of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting, and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.

Provided always that the provisions of this Articles shall be deemed to require that a statement of the reasons why, of the whole amount of any item of expenditure which may in fairness be distributed over several years, only a portion thereof is charged against the income of the year, shall be shown in the Profit and Loss Account, unless the Company in General Meeting shall determine otherwise.

(4) The Auditors' Report (to be prepared in accordance with the provisions of Article 19(2) hereof) shall be attached to the Balance Sheet and Profit and Loss Account or there shall be inserted at the foot thereof a reference to the Report, and the Report shall be read before the Company in General Meeting and shall be open to inspection by any shareholder.

AUDIT

208. Once at least in every year the Accounts of the Company shall be examined and the correctness of the Balance Sheet and Profit and Loss Account ascertained by one or more Auditor or Auditors.

209. The Company at the first Ordinary Meeting in each year shall appoint an Auditor or Auditors to hold office until the first Ordinary Meeting in the following year and the following provisions shall have effect, that is to say:-

(1) If an appointment of Auditor is not made as aforesaid the Central Government may on the application of any member of the Company appoint an Auditor for the Current year and fix the remuneration to be paid to him by the Company for his services.

(2) A Director or Officer of the Company or a partner of such Director or Officer or any person in the employ of such Director or Officer or any person indebted to the Company shall not be capable of being appointed an Auditor of the Company. And if any person after being appointed an Auditor becomes indebted to the Company his appointment shall thereupon be terminated.

(3) A person, other than a retiring Auditor, shall not be capable of being appointed Auditor at an Ordinary Meeting unless notice of an intention to nominate that person to the office of Auditor had been given by a shareholder to the Company not less than fourteen days before the meeting and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the Shareholders either by advertisement or in any other mode allowed by the Articles not less than seven days before the meeting. Provided that if after notice of the intention to nominate an Auditor has been so given an Ordinary Meeting is called for a date fourteen days or less after the notice has been given, the notice though not given within the time required by this provision shall be deemed to have been properly given for the purposes thereof and the notice to be sent or given by the Company may, instead of being sent or given within the time required by this provision, be sent or given at the same time as the notice of the Ordinary Meeting.

(4) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues, other than a vacancy arising under Sub-clause (2) hereof, the surviving or continuing Auditor or Auditors (if any) may act.

210. The Remuneration of the Auditors shall be fixed by the Company in General Meeting except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

211. (1) Every Auditor of the Company shall have a right of access at all times to the books of accounts and vouchers of the Company and shall be entitled to require from the Directors of the Company such information and explanation as may be necessary for the performances of the duties of the Auditors.

(2) Auditors shall make a Report to the shareholders on the accounts examined by them and on every Balance Sheet and Profit and Loss Account laid before the Company in General Meeting during their tenure of office and the Report shall state:

(a) Whether or not they have obtained all the information and explanations they have required; and

(b) Whether or not in their opinion the Balance Sheet and Profit and Loss Account referred to in the Report are drawn up in conformity with the law; and

(c) Whether or not such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the Company; and

(d) Whether in their opinion books of accounts have been kept by the Company as required by Section 209 of the Act.

(3) The Auditors shall be entitled to receive notice of and to attend any General Meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and may make any statement or render any explanation they desire with respect to the accounts.

212. Every account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.

DOCUMENT AND NOTICES

213. (1) A document or notice may be served or given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for serving documents or notices on him.

(2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice provided that where a member has intimated to the Company in advance that the documents or notice should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and, such service shall be deemed to have been effected in the cases of a Notice of a Meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

214. A document or notice advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears, on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

215. A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or by giving the document or notice on or to the joint-holder named first in the register of Members in respect of the share.

216. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by persons claiming to be so entitled or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

217. Document or notices of every General Meeting shall be served or given in a manner herein before authorized on or to (a) member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.

218. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given if given advertisement.

219 . Any notice required to be or which may be given by advertisement shall be advertised atleast in one newspaper circulating in the city, town or village where the Office is situated.

220. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.

221. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.

222. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall, notwithstanding such member be then deceased and whether not the Company have notice of his or her death be deemed to have been duly served in respect of any registered share whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.

223. Any document or notice may be served or given by the Company may be signed by a Director or some person duly authorized by the Board of Directors for such purpose and the signatures may be written, printed or lithographed.

224. In the event of a winding-up of the Company every member of the Company who is not for the time being in the city, town or village where the office is situated shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some house-holder residing in the city, town or village where the Office is situated upon whom all summons, notices, processes, order and judgements in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee whether appointed by the member or the liquidator shall be deemed to be good personal service on such member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed give notice thereof to such member by advertisement in some daily newspaper circulating in the city, town or village where the Office is situated or by a registered letter sent through the post and addressed to such member at his address as mentioned in the register of members of the Company, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted. The provisions of this Articles shall not prejudice the right of the Liquidator of the Company to serve any notice or other document in any other manner prescribed by the regulations of the Company.

225. All documents or notice to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to Company or Officer at the office by the post under a certificate of posting or by registered post or by leaving it at the office.

RECONSTRUCTION

226. On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding-up may, if authorized by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profit of the Company permit) or the Liquidators (in winding-up), may distribute such shares, or securities, or any other property of the Company amongst the members without reservation, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for valuation of any such securities or property at such price and in such manner as the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation of any such securities or property at such price and in such manner as the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these presents.

WINDING UP

227. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the Capital paid-up or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital at the commencement of the winding-up, paid-up or which ought to have been paid up on the shares held by the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

228. The liquidator on any winding up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

229. Every officer or agent for the time being of the Company shall be indemnified out of the asset of the Company against all liabilities incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.

SECRECY CLAUSES

230. (a) Every Director, Manager, Auditor, Treasurer, Trustee, member of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors, or by Law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No member shall be entitled to visit or inspect any work of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret or secret, mystery of trade secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, Karnataka for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Engagement Letter and the addendum thereto to the GCBRLM and the Engagement Letters to the BRLMs from our Company appointing them as the GCBRLM and BRLMs.

2. Issue Agreement dated February 19, 2011 amongst our Company, the GCBRLM and the BRLMs.

3. Agreement dated February 19, 2011 between our Company and Registrar to the Issue.

4. Syndicate Agreement dated August 18, 2011 amongst our Company and the Syndicate.

5. Escrow Agreement dated August 18, 2011 amongst our Company, the Registrar, the GCBRLM, the BRLMs, the Syndicate Members, Escrow Collection Bank(s) and Refund Banker.

6. Underwriting Agreement dated August 29, 2011 amongst our Company and the Underwriters.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Our Certificate of Incorporation.

3. Fresh certificate of incorporation consequent on change of name on conversion of Company from private to public limited company.

4. Board resolutions in relation to the Issue.

5. Shareholders' resolutions in relation to the Issue.

6. Auditors report dated July 29, 2011 on Restated Financial Statements.

7. Statement of Tax Benefits dated August 5, 2011.

8. Copies of annual reports of our Company for the last five financial years.

9. Consent of B.K. Ramadhyani & Co., for inclusion of their reports on the Restated Financial Statements as at and for the Fiscal 2011, 2010, 2009, 2008 and 2007.

10. The Architect Certificate dated June 30, 2011 from InForm Architects Private Limited, the chartered accountant certificates dated August 8, 2011 from B.K. Ramadhyani & Co and the Report dated February 10, 2011 prepared by Shekhar K. Soman, Chartered Engineer in relation to Objects of the Issue.

11. Consents of Bankers to our Company, GCBRLM, BRLMs, IPO Grading Agency, Registrar to the Issue, Escrow Collection Bank(s), Refund Banker, Syndicate Members, Domestic Legal Counsel to our Company, Directors of our Company, CRISIL Research, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

12. Agreement between our Company and Nikhil Kumar dated May 30, 2011.

13. Agreement between our Company and Hitoshi Matsuo dated April 1, 2002 (as amended on March 25, 2008 pursuant to a letter) and June 25, 2011.

14. Letters dated July 2, 2009 and August 2, 2010 issued by our Company to Tadao Kuwashima.

15. In-principle listing approval dated March 31, 2011 and April 11, 2011, from BSE and NSE respectively.

16. Tripartite Agreement among NSDL, our Company and the Registrar to the Issue dated August 10, 2011.

17. Tripartite Agreement among CDSL, our Company and the Registrar to the Issue dated August 5, 2011.

18. Due diligence certificate dated February 22, 2011 to SEBI from the GCBRLM and the BRLMs.

19. Valuation report dated September 3, 2010 provided by B.K. Ramadhyani & Co.

20. Certificate dated August 6, 2011 provided by B.K. Ramadhyani & Co in relation to purpose, utilization, terms and conditions of the term loan.

21. Memorandum for use of Trademark with Toyo Denki dated September 13, 2005.

22. Product Development Cooperation and Manufacturing Agreement with VOITH Hydro dated May 12, 2009, as amended by the amendment dated May 7, 2010.

23. Manufacturing Agreement with Toshiba Mitsubishi-Electrical Industrial Systems Corporation dated March 31, 2010.

24. Production Technology Transfer Agreement with Sicme Motori SrL dated July 23, 2007.

25. Technology License and Technical Assistance Agreement with General Electric Company dated July 11, 2007.

26. Purchase Framework Agreement with Siemens AG dated September 4, 2008.

27. License Agreement with Siemens AG dated September 4, 2008, as amended by the amendment agreement dated September 4, 2008

28. Observation Letter no. CFD/DIL/ISSUES/SK/RA/OW/24088/2011 dated July 26, 2011 issued by SEBI.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of our Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by Securities and Exchange Board of India, applicable as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Prospectus are true and correct.

Signed by the Directors of our Company

Mohib N. Khericha

Hitoshi Matsuo

Nikhil Kumar

Tadao Kuwashima

Salil Baldev Taneja

Nandita Lakshmanan

Arjun Kalyanpur

Nitin Bagmane

Signed by the Company Secretary and Compliance Officer

N. Srivatsa

Signed by the Chief Financial Officer

K.G. Prabhakar

Date: 29 AUG 2011

Place: Bangalore

ANNEXURE I - IPO GRADING RATIONALE

CARE Ratings
Professional Risk Opinion

Grading Rationale

TD POWER SYSTEMS LTD. (TDPS)

Grading

Particulars	Amount	Grading[1]	Remarks
IPO Grade	Rs.250 crore	'CARE IPO Grade 4' [Four]	Assigned

CARE has assigned a **'CARE IPO Grade 4'** to the proposed Initial Public Offer of TD Power Systems Ltd. (TDPS). **'CARE IPO Grade 4'** indicates **Above Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

TDPS proposes an initial public offering of equity shares of face value of Rs.10 each aggregating Rs.250 crore through 100% book building route.

Grading Rationale

The grading takes into account TDPS' leading position in domestic market for AC generators up to 52 Mega Watt (MW), its strong technology tie-up with leading global generator manufacturers, demonstrated ability of technology absorption and experienced & qualified promoters. The grading is also supported by strong financial risk profile, long standing relationship with customers characterized by a significant number of repeat orders for generators and robust business model with established manufacturing facilities. The grading is constrained by the competitive nature of industry mainly in projects and EPC business, volatile prices of major raw materials and exposure to foreign exchange fluctuation risk.

Background

Incorporated in 1999, Bengaluru based TDPS was promoted by technocrats Mr. Hitoshi Matsuo, (Managing Director) and Mr. Nikhil Kumar (Jt. Managing Director). The technocrats were subsequently joined by Mr. Mohib Khericha, an experienced investment banker, in 2001 who is now its non executive chairman.

[1] *Complete definitions of the grading assigned are available at www.careratings.com and in other CARE publications*

Mr. Hitoshi Matsuo has over 44 years of related work experience including with Toyo Denki, Japan. He is responsible for managing the Japan branch's operations of TDPS. Mr. Nikhil Kumar has over 20 years of related work experience. He is responsible for overall management of TDPS' operations, planning, technology, alliances and marketing.

TDPS sourced its initial technology from Toyo Denki, Japan. TDPS started manufacturing AC generators upto 30 MW under license from Toyo Denki Seizo K.K. (Toyo Denki). Presently, the company owns this technology and has further developed in-house capability to manufacture generators upto 40MW. Apart from this TDPS over the years, has entered into technical tie-ups with various reputed generator manufacturers. In 2007, TDPS has entered into a license agreement with Siemens AG to manufacture generators in the range of 20MW to 52MW. Subsequently it signed a production technology agreement with Sicme Motori SrL (in 2008) for manufacturing generators for wind mills up to 1 MW, Voith Hydro (in 2009) for jointly developing electric hydro generators, Toshiba Mitsubishi (in 2010) for manufacture of high voltage and medium capacity motors.

TDPS had installed manufacturing capacity of 360 generators per annum (p.a.) as on March 31, 2011. The company has well developed vendor/ ancillary base around Bengaluru for supply of key input material mainly copper, fabrications units, electrical panels and stampings and procures forged products mainly from China.

Operations

TDPS operates under three divisions. **First** is the manufacturing division under which company manufactures AC Generators with output capacity upto 52 MW *(comprising 37% of total income for FY11)*, **second** is the projects division under which it executes 'Turbine Generator' island projects for steam turbine power plants with capacity upto 52 MW. TDPS combines its own generators with turbines sourced from Japan and also does design, assembly, installation and commissioning *(comprising 19% of total income for FY11)* and **third** is the EPC division (Engineering, Procurement and Construction) for power plants with capacity from 52 MW to 150 MW comprising installation and commissioning of Boiler-Turbine-Generator (BTG) (excluding civil construction) which are sourced from various original equipment manufacturers (OEM) worldwide *(comprising 44% of total income for FY11)*. The EPC business is undertaken by its 99.99% subsidiary, DF Power Systems Pvt. Ltd. (DFPS), which was incorporated in February 2007 and became fully owned subsidiary of TDPS from October 2010.

As on June 30, 2011, TDPS manufactured a total of 1,538 nos. generators with an aggregate capacity of 12,657 MW and executed 92 TG island projects with an aggregate capacity of 1,799 MW & two BTG projects with an aggregate capacity of 111.5 MW since inception. The company had a total order book of Rs.1,095 crore as on June 30, 2011 spread across all three divisions (1.25x of total income for FY11).

The manufacturing division had fairly diversified order book of Rs.381 crore which were mainly from OEMs with most of it being repeat orders. This is mainly due to TDPS' ability to manufacture custom-built generators with various applications to service customers from diverse industries and sectors. TDPS' manufacturing division is mainly exposed to raw material price fluctuation risk, however, key raw material like copper is purchased with a back to back arrangement which largely mitigates the price volatility risk.

Projects division had an order backlog of Rs.183 crore mainly from companies having enough waste heat recovered from their operations to feed co-generation turbine-generator sets. This includes companies from sugar, cement and steel sector.

The EPC division had an order book of Rs.531 crore mostly from end use industries viz. power and steel sectors. The projects and EPC division have limited number of customers owing to the big ticket size of orders.

All the divisions are exposed to forex risk, though the same is largely mitigated with a partial natural hedge. This is evident from the fact that during the past three years there has been no major impact on the profitability of the company due to input price volatility or forex fluctuations.

Corporate Governance

TDPS has complied with the clause 49 of the listing agreement in respect of the constitution of board and committees. The company's board has eight directors consisting of one non-executive Chairman, who is also one of the individual promoters, Managing Director and Joint Managing Director (both of them being the individual promoters), one executive director and four independent directors.

The promoters' holding would be approximately 75% of the post issue capital.

Object of the issue

The object of the proposed IPO issue of approximately Rs.250 crore is to finance the expansion of the existing manufacturing plant at Dabaspet, near Bengaluru for around

Rs.100 crore, to increase the manufacturing capacity of generators from 360 generators p.a. to 600 generators p.a.

Further, TDPS plans to construct office building for its 'Projects' and EPC business division in Bengaluru city for a cost of around Rs.29 crore. From the balance portion, TDPS proposes to prepay term debt of around Rs.33 crore, fund working capital requirement of around Rs.40 crore and fund other general corporate purposes.

Financial Analysis (Consolidated)

TDPS registered growth of 49% in total income during FY10 over FY09 on the commencement of EPC division under its subsidiary DFPS. Further, during FY11, TDPS registered growth of 14% in total income on account of good orders in manufacturing and EPC division on the back of good demand from end use industry.

PBILDT margin dipped in FY10, mainly owing to dip in profitability in projects division due to economic slowdown and increase in income share of projects and EPC division *(with inherently lower profitability as compared to manufacturing)* to 65% in FY10 as compared to 57% in FY09. However, PBILDT margin improved during FY11 mainly due to improvement in profitability in projects division and increase in income share of manufacturing division with favourable industry scenario.

The debt-equity and overall gearing ratio increased marginally as on March 31, 2010, as compared to previous year end, on account of disbursement of new term loans for expansion and increase in bank borrowings due to increase in scale of operations. However, the same improved as on March 31, 2011 on the back of repayment, accretion of profits and infusion of capital by the promoters.

Interest coverage remained healthy over the past three years till FY10, though there was marginal decline during FY10 due to higher interest cost on the back of increased bank borrowings and disbursement of new term loans but the same improved during FY11 with improvement in profitability.

The liquidity position of the company was comfortable with stable current ratio on the back of largely stable operating cycle and comfortable average fund based working capital utilisation of 64% for the 12 month period ended March 31, 2011.

Both EPS and book value per share declined during FY11 due to issue of fresh equity and capitalisation of reserves resulting into increase in equity base. This also resulted into marginal decline in RONW during FY11.

Industry Analysis

India has a total power generation capacity of 167.3 GW as on October 31, 2010, with coal based generation (53.7%) being the major contributor followed by generation from hydel (22.3%), gas (10.5%) and other (nuclear, biomass, liquid fuels, solar and wind) energy sources. Power sector is monitored and controlled by GoI and regulatory bodies as it is an important sector facilitating the accelerated industrial growth of the country.

GoI had set a target to add 78.7 GW capacity during 11th Five Year Plan (2007-12) out of which only 34.4% was achieved by FY10. In December 2010, keeping in view the shortfall in achievement of targets, GoI has reduced the target of capacity addition to 58.0 GW.

The average per capita consumption of electricity in India was 733.4 kWh during 2008-09, which is fairly low when compared to that of some of the developed and emerging nations. During April-November, 2010, all-India energy demand deficit was 8.9% and peak demand deficit was 10.2%.

GoI has initiated several reform measures to create a favourable environment for addition of new generating capacities in the country. It is estimated that around 115 GW of capacity would be added during 2011-15 (CAGR of 12%) led by contribution mainly from private sector players and supported by central & state level utilities.

Power capacity addition in the country is hindered by inadequate supply of power equipment as BHEL is the only major player, with a market share of nearly 65-70%. BHEL has a total capacity of 15MW, which would be insufficient to meet the huge capacity additions as planned by GoI. The generator industry in India caters to the power requirements of large and small units, commercial establishments and the domestic sector as a whole. The production of AC generator grew at 15% YOY in year 2007-08, but was flat in 2008-09 due to the economic slowdown. In 2009-10, production grew at meager rate of 1.2% as a number of projects were delayed. The demand for generator is expected to grow with incremental power capacity in India growing at CAGR of 15% over the next five years till FY15.

Prospects

The prospects of TDPS in the medium to long-term would be governed by its ability to increase its scale of operations and leverage on technology tie-up opportunities for generators of higher ratings that is available through its EPC division & source more orders in projects and EPC division. TDPS' ability to protect its margins on the back increase in competition would also be crucial.

Financial Performance (Consolidated)

(Rs. crore)

Y.E. / As on	31/03/09 Audited	31/03/10 Audited	31/03/11 Audited
Working Results			
Income from Operations	512.26	764.19	874.07
PBILDT	61.34	82.26	104.49
Depreciation	3.29	5.65	8.05
PBIT	58.06	76.61	96.44
Interest	6.99	9.91	11.39
PBT	55.84	69.08	85.62
PAT (After def Tax)	37.14	43.51	56.69
Gross Cash Accruals	42.08	52.38	64.90
Financial Position			
Equity Share capital	6.34	6.34	24.37
Tangible Net Worth	98.86	143.28	194.47
Key Ratios			
Profitability (%)			
PBILDT / Total OI	11.98	10.76	11.95
APAT / Total OI	7.25	5.69	6.49
ROCE	58.27	46.44	39.46
RONW	45.71	35.94	33.57
EPS (Rs)	58.55	68.59	23.26
Book-value per share (Rs.)	155.85	225.85	79.80
Solvency(times)			
Debt Equity Ratio	0.17	0.28	0.17
Overall Gearing	0.29	0.48	0.44
Interest coverage	8.82	8.52	9.17
Term Debt/GCA *(Years)*	0.40	0.76	0.50
Total Debt /GCA *(Years)*	0.68	1.30	1.32
Liquidity (times)			
Current ratio	1.20	1.13	1.22
Quick ratio	1.07	1.04	1.05
Avg. Collection Period (days)	75	68	85
Avg. Inventory (days)	19	19	27
Avg. Creditors (days)	66	53	60
Op. cycle (days)	28	34	51

DISCLAIMER

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