



A PROMISE FOR POWER

POWERICA LIMITED

DRAFT RED HERRING PROSPECTUS

Please read section 60B of the Companies Act, 1956

Dated : March 9, 2011

(This Draft Red Herring Prospectus will be updated upon filing with the RoC)

Book Building Issue

Our Company was incorporated as Consolidated Power Systems Private Limited on May 4, 1984 as a private limited company in Mumbai under the Companies Act, 1956, as amended (the "Companies Act"). With effect from June 15, 1988, the status of our Company was changed to a public limited company by virtue of amendments to the Companies Act in 1988 and consequently the name of our Company was changed to Consolidated Power Systems Limited. Subsequently, the name of our Company was changed from Consolidated Power Systems Limited to Powerica Limited, pursuant to which a fresh certificate of incorporation dated October 5, 1989 was issued by the RoC. For details of changes in the Registered Office of our Company, see the chapter "History and Certain Corporate Matters" beginning on page 130 of this Draft Red Herring Prospectus.

Registered Office: 74, A Wing, Mittal Court, Nariman Point, Mumbai 400 021. **Contact Person:** Kety P. Mistry, Company Secretary and Compliance Officer
Tel: (91 22) 4001 2910/ 4001 2925; **Fax:** (91 22) 2204 3782; **Email:** company.secretary@powericaltd.com; **Website:** www.powericaltd.com

Promoters of our Company: Naresh Chander Oberoi and Kharati Ram Puri	
PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH OF POWERICA LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] MILLION CONSISTING OF A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UP TO ₹ 6,500.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 4,100,000 EQUITY SHARES BY THE SELLING SHAREHOLDERS (AS DEFINED IN THE CHAPTER "DEFINITIONS AND ABBREVIATIONS") (THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "ISSUE"). THE ISSUE WILL CONSTITUTE [●]% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.	
THE FACE VALUE OF EQUITY SHARES IS ₹ 2 EACH.	
THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs") AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.	
In case of any revision to the Price Band, the Bid/Issue Period will be extended by three additional Working Days after such 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 Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the other members of the Syndicate.	
Our Company is undertaking this Issue under Rule 19(2)(b)(ii) of the Securities Contracts Regulations Rules, 1957 ("SCRR") and shall comply with the requirements thereunder. The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% 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. Our Company and the Selling Shareholders may allocate up to 30% of the QIB portion, to Anchor Investors, on a discretionary basis ("Anchor Investor Portion") out of which one-third shall be reserved for the domestic Mutual Funds. Potential investors other than Anchor Investors may participate in this 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") to the extent of the Bid Amount for the same. For details, see the chapter "Issue Procedure" beginning on page 327 of this Draft Red Herring Prospectus.	
RISK IN RELATION TO THE FIRST ISSUE	
This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 2 and the Issue Price is [●] times of the face value and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined and justified by our Company in consultation with the Selling Shareholders and the BRLMs as stated in the chapter "Basis for Issue Price" beginning on page 82 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.	
IPO GRADING	
CRISIL Limited has been appointed for grading the Issue. The details of grades obtained will be disclosed in the Red Herring Prospectus.	
GENERAL RISKS	
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.	
ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY	
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Selling Shareholders accept responsibility that this Draft Red Herring Prospectus contains all information about them as Selling Shareholders which is material in the context of the Offer for Sale.	
LISTING	
The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received an 'in-principle' approval from each of the BSE and the NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●].	

BOOK RUNNING LEAD MANAGERS		
 JM Financial Consultants Private Limited 141, Maker Chamber-III Nariman Point, Mumbai 400 021 Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 E-mail: powerica.ipo@jmfincial.in Investor Grievance Email: grievance.ibd@jmfincial.in Website: www.jmfincial.in Contact Person: Lakshmi Lakshmanan SEBI Registration No.: INM000010361		 Citigroup Global Markets India Private Limited 12th floor, Bakhtawar Nariman Point, Mumbai 400 021 Tel: (91 22) 6631 9890 Fax: (91 22) 3919 7814 E-mail: powerica.ipo@citi.com Investor Grievance Email: investors.cgmb@citi.com Website: http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Contact Person: Priyanka Kataruka SEBI Registration No.: INM000010718
BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
 IDFC Capital Limited 2nd Floor, Naman Chambers C - 32, G Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Tel: (91 22) 6622 2600 Fax: (91 22) 6622 2501 E-mail: powerica.ipo@idfc.com Investor Grievance Email: complaints@idfc.com Website: www.idfccapital.com Contact Person: Rahul Bahri SEBI Registration No.: INM000011336	 Kotak Mahindra Capital Company Limited 1st Floor, Bakhtawar 229, Nariman Point Mumbai 400 021 Tel: (91 22) 6634 1100 Fax: (91 22) 2282 6632 E-mail: powerica.ipo@kotak.com Investor Grievance Email: kmccredressal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Chandrakant Bhole SEBI Registration No.: INM000008704	 Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai 400 078 Tel: (91 22) 2596 0320 Fax: (91 22) 2596 0329 E-mail: powerica.ipo@linkintime.co.in Investor Grievance Email: powerica.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sachin Achar SEBI Registration No.: INR000004058

BID / ISSUE PROGRAMME*	
BID/ISSUE OPENS ON: [●]**	BID/ISSUE CLOSES ON: [●]**

* Our Company and the Selling Shareholders may, in consultation with the BRLMs consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.

** Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“Our Company” or the “Issuer”	Unless the context otherwise indicates or implies, refers to Powerica Limited, a company incorporated under the Companies Act and having its registered office at 74, A Wing, Mittal Court, Nariman Point, Mumbai 400 021
“we”, “us”, or “our”	Unless the context otherwise indicates or requires, refers to our Company and our Subsidiaries on a consolidated basis

Company Related Terms

Term	Description
Articles/Articles of Association	Articles of Association of our Company
Auditor	The statutory auditor of our Company, Kapoor & Parekh Associates, Chartered Accountants
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof
Cummins	Cummins Inc.
Cummins India	Cummins India Limited
Director(s)	The director(s) of our Company, unless otherwise specified
Group Companies	Companies, firms and ventures promoted by the Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act or not and disclosed in the chapter “Group Companies” beginning on page 161 of this Draft Red Herring Prospectus
Enercon	Enercon (India) Limited
MAN	MAN B&W Diesel A/S
Memorandum/Memorandum of Association	Memorandum of Association of our Company, unless the context otherwise specifies
Promoters	Promoters of our Company being Naresh Chander Oberoi and Kharati Ram Puri. For details, see the chapter “Our Promoters” beginning on page 158 of this Draft Red Herring Prospectus
Promoter Group	Unless the context otherwise requires, refers to such persons and entities constituting the promoter group of our Company in terms of Regulation 2(zb) of the SEBI Regulations
Quadrant	Quadrant Engineers Limited
Registered Office	Registered office of our Company, 74, A Wing, Mittal Court, Nariman Point, Mumbai 400 021
SCP II	Standard Chartered Private Equity (Mauritius) II Limited
SCP III	Standard Chartered Private Equity (Mauritius) III Limited
SCPE Shareholders Agreement	Share Subscription cum Shareholders Agreement dated September 25, 2007 between our Company, Standard Chartered Private Equity (Mauritius) II Limited, Standard Chartered Private Equity (Mauritius) III Limited and Naresh Chander Oberoi and Associates along with the Addendum to Share Subscription cum Shareholders Agreement dated February 25, 2008 and the Amendment Agreement dated February 28, 2011
Selling Shareholders	SCP II, SCP III, Naresh Chander Oberoi, Kharati Ram Puri, Naresh Chander HUF, Rajat Naresh Oberoi, Bharat Naresh Oberoi, Renu Sachin Mehra, T. B. Nedungadi and Sunil K. Khurana
Subsidiaries	The subsidiaries of our Company as disclosed under “Subsidiaries” in the chapter “History and Certain Corporate Matters” beginning on page 130 of this Draft Red Herring Prospectus
Vestas	Vestas Wind Technology India Private Limited

Issue Related Terms

Term	Description
Allotment/Allot/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Fresh Issue and the transfer of the Equity Shares pursuant to the Offer for Sale to successful Bidders
Allottee	A 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 ₹ 100 million
Anchor Investor Allocation Notice	Notice or intimation of allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Allocation Price at the end of the Anchor Investor Bid/Issue Period.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Red Herring Prospectus to the Anchor Investors, which will be decided by our Company in consultation with the BRLMs prior to the Bid/Issue Opening Date
Anchor Investor Bid/Issue Period	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the Selling Shareholders and the BRLMs
Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by our Company and the Selling Shareholders in consultation with the BRLMs 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
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by all Bidders other than the Anchor Investors to make a Bid authorising an SCSB to block the Bid Amount in their ASBA Account maintained with the SCSB
ASBA Account	An account maintained by the ASBA Bidders with the SCSB and specified in the ASBA Bid cum Application Form for blocking an amount mentioned in the ASBA Bid cum Application Form
ASBA Bid cum Application Form	The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which contains an authorization to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Prospective investors other than Anchor Investors in this Issue who intend to Bid/apply through ASBA
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Form or any previous ASBA revision form(s)
Banker(s) to the Issue/Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue and with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Issue and which is described under “Basis of Allotment” in the chapter “Issue Procedure” beginning on page 327 of this Draft Red Herring Prospectus
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 during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto

Term	Description
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid cum Application Form	The form used by a Bidder (which, unless expressly provided, includes the ASBA Bid cum Application Form by an ASBA Bidder, as applicable) to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bid/Issue Closing Date	Except in relation to any Bids received from Anchor Investors, the date after which the Syndicate and the Designated Branches of the SCSBs will not accept any Bids for the Issue, which shall be notified in two national newspapers (one each in English and Hindi) and one in Marathi newspaper with wide circulation. Our Company and the Selling Shareholders in consultation with the BRLMs may consider closing the Bid/Issue Period one Working Day prior to the Bid/Issue Closing Date as per the SEBI Regulations
Bid/Issue Opening Date	Except in relation to any Bids received from Anchor Investors, the date on which the Syndicate and the Designated Branches of the SCSBs shall start accepting Bids for the Issue, which shall be notified in two national newspapers (one each in English and Hindi) and one in Marathi newspaper with wide circulation
Bid/Issue Period	Except in relation to Anchor Investors, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders 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 and the Bid cum Application Form
Bidding Centres	[•]
Book Building Process/Method	Book building process, as provided in Schedule 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 JM Financial Consultants Private Limited, Citigroup Global Markets India Private Limited, IDFC Capital Limited and Kotak Mahindra Capital Company Limited
CAN/Confirmation of Allotment Note	Note or advice or intimation of Allotment sent to the Bidders who have been Allotted Equity Shares after Basis of Allotment has been approved by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Citigroup	Citigroup Global Markets India Private Limited
Cut-off Price	Issue Price, finalised by our Company in consultation with the Selling Shareholders and the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding ₹ 200,000. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Forms used by the ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred from the Escrow Account or the amount blocked by the SCSB is transferred from the ASBA Account, as the case may be, 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 in the Fresh Issue and the Selling Shareholders shall give delivery instructions for transfer of Equity Shares constituting the Offer for Sale
Designated Stock Exchange	[•]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated March 9, 2011 issued in accordance with Section 60B of the Companies Act and the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be issued and the size of the Issue
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus

Term	Description
	constitutes an invitation to subscribe to the Equity Shares
Engagement Letter	Engagement letter dated February 28, 2011 between our Company, the BRLMs and the Selling Shareholders
Equity Shares	Equity shares of our Company of ₹ 2 each fully paid-up unless otherwise specified
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders (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 by our Company, the Selling Shareholders, the Registrar to the Issue, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, 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 or the ASBA Bid cum Application Form or the ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of [●] Equity Shares aggregating up to ₹ 6,500.00 million by our Company
IDFC Capital	IDFC Capital Limited
Issue	The public issue of [●] Equity Shares for cash at a price of ₹ [●] each aggregating to ₹ [●] million comprising the Fresh Issue and Offer for Sale
Issue Agreement	The agreement entered into on March 9, 2011 between our Company, the Selling Shareholders and the BRLMs, 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 Prospectus. The Issue Price will be decided by our Company in consultation with the Selling Shareholders and the BRLMs on the Pricing Date
Issue Proceeds	Gross proceeds of the Issue
JM Financial	JM Financial Consultants Private Limited
Kotak	Kotak Mahindra Capital Company Limited
Link Intime	Link Intime India Private Limited
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds only
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Net Proceeds	Issue Proceeds less the proceeds received from the Offer for Sale and our Company's portion of Issue related expenses. For further information about use of the Net Proceeds and the Issue related expenses, see the chapter "Objects of the Issue" beginning on page 74 of this Draft Red Herring Prospectus
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue shall be available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian, FIIs registered with SEBI and FVCIs registered with SEBI
NRI/Non-Resident Indian	A person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 as amended
Offer for Sale	The offer for sale of up to 4,100,000 Equity Shares by the Selling Shareholders at the Issue Price, pursuant to the terms of the Red Herring Prospectus. For details of the Equity Shares offered by each Selling Shareholder, see the chapter "Capital Structure" beginning on page 62 of this Draft Red Herring Prospectus

Term	Description
Pay-in-Date	With respect to Anchor Investors, the date no later than two days after the Bid/Issue Closing Date on which date the Anchor Investors would be required to provide such additional amount as may be required in the event the Issue Price is higher than the Anchor Investor Allocation Price
Price Band	Price Band of a minimum price of ₹ [●] (Floor Price) and the maximum price of ₹ [●] (Cap Price) and include revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised, at least two working days prior to the Bid/Issue Opening Date, in all editions of English national daily [●], all editions of Hindi national daily [●] and Mumbai edition of [●] Marathi newspaper
Pricing Date	The date on which our Company in consultation with the Selling Shareholders and the BRLMs, finalises the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the ASBA Account on the Designated Date
QIB Portion	The portion of the Issue being not more than 50% of the Issue shall be available for allocation to QIB Bidders
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), multilateral and bilateral development financial institutions, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 2,500 million, pension fund with minimum corpus of ₹ 2,500 million, 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 Department of Posts, India
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with the Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidders) shall be made
Refund Bank(s)	[●]
Refunds through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable
Registrar to the Issue/Registrar	Registrar to the Issue, in this case being Link Intime India Private Limited
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue being not less than 35% of the Issue which shall be available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders (which, unless expressly provided, includes the ASBA Revision Form) to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate	A banker to the Issue registered with SEBI, which offers the facility of ASBA and

Term	Description
Bank(s) or SCSB(s)	a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Syndicate Agreement	The Agreement to be entered into amongst the Syndicate, our Company, the Selling Shareholders and the Registrar in relation to the collection of Bids in this Issue (excluding Bids from the Bidders applying through ASBA process)
Syndicate Members	[●]
Syndicate/ members of the Syndicate	The BRLMs and the Syndicate Members
TRS/Transaction Registration Slip	The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement amongst the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date
Working Days	All days other than a Saturday, Sunday or a public holiday (except after the Bid/Issue Closing Date where a working day means all days other than a Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Technical/Industry Related Terms

Term	Description
CDM	Clean Development Mechanism
CER	Certified Emission Reduction
DG Sets	Diesel generator sets
GW	GigaWatt
HFO	Heavy fuel oil
HHP	High horsepower, indicating a power rating, in the context of generator sets, of 750 kVA to 2,000 kVA
kVA	Kilovolt-ampere, a measurement of power within an electrical circuit
LHP	Low horsepower, indicating a power rating, in the context of generator sets, of up to 375 kVA
MHP	Medium horsepower, indicating a power rating, in the context of generator sets, of 375 kVA to 750 kVA
OEM	Original Equipment Manufacturer
PLF	Plant Load Factor
WISE	World Institute of Sustainable Energy, Pune
WTG	Wind Turbine Generator

Conventional Terms

Term	Description
AGM	Annual General Meeting
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CRISIL	CRISIL Limited
Companies Act	The Companies Act, 1956, as amended
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended
DIN	Director Identification Number
DP ID	Depository Participant's Identification
DP/Depository Participant	A depository participant as defined under the Depositories Act

Term	Description
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder, as amended
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, as amended
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995, as amended, and registered with SEBI under applicable laws in India
Financial Year/Fiscal/FY	Unless stated otherwise, the period of 12 months beginning on April 1 and ending on March 31 of the immediately following year
FIMMDA	Fixed Income Money Market and Derivatives Association of India
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investors
GDP	Gross Domestic Product
GIR	General Index Register
GoI/Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
kV	KiloVolt
kVARh	KiloVolt Amps Reactive Hours
kWh	KiloWatt hour
Mn/mn/million	Million
MW	MegaWatt
NA/n.a.	Not Applicable
National Investment Fund	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
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, being a person resident outside India, as defined under FEMA and the FEMA Regulations
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the FEMA Regulations. OCBs are not allowed to invest in this Issue
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After tax
PLR	Prime Lending Rate

Term	Description
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Maharashtra located at 100, Everest, Marine Drive, Mumbai 400 002
RoNW	Return on Net Worth
₹ /Rupees/INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended
SEBI Act	Securities and Exchange Board of India Act 1992, as amended
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
Securities Act	U.S. Securities Act, 1933, as amended
SICA	Sick Industries Companies (Special Provisions) Act, 1985, as amended
Sq. Ft./sq. ft.	Square feet
Sq. Mts./sq. mts.	Square metres
State Government	The government of a state in India
Stock Exchanges	BSE and the NSE
UK	United Kingdom
US /United States/USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US\$	United States Dollars
VAT	Value added tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from the audited consolidated financial statements, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Draft Red Herring Prospectus. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Our Company's fiscal year commences on April 1 and ends on March 31 of the next year, so all references to particular fiscal year, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

There are differences between Indian GAAP, US GAAP and IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We do not provide reconciliation of our financial statements to IFRS or US GAAP financial statements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, to the investors and the investors shall consult their own advisors regarding such differences and their impact on the financial data.

Any percentage amounts, as set forth in the chapters "Risk Factors", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 13, 107 and 281 of this Draft Red Herring Prospectus, respectively and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated consolidated and unconsolidated financial information prepared in accordance with the SEBI Regulations and Para B(1) of Part II of Schedule II of the Companies Act.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" are to Indian Rupees, the official currency of the Republic of India; and
- "US\$" or "USD" are to United States Dollars, the official currency of the United States of America.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Definitions

For definitions, please see the chapter "Definitions and Abbreviations" beginning on page 1 of this Draft Red Herring Prospectus. Defined terms in the chapter "Main Provisions of Articles of Association" beginning on page 357 of this Draft Red Herring Prospectus, have the meaning given to such terms in the Articles of Association.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our Company conducts its business, and methodologies and assumptions may vary widely among different industry sources. Our Company has relied on the report of Frost & Sullivan dated February 16, 2011 in respect of data appearing in the chapter "Industry Overview" beginning on page 93 of this Draft Red Herring Prospectus. In addition, see the chapter "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and property valuations to differ materially from those contemplated by the relevant forward-looking statement.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which our Company has businesses and its ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India and which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in its industry.

Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- interruption or disruption of our existing arrangements with any of our key business partners;
- inadequate supply of raw materials or failure to receive timely supply or on acceptable commercial terms;
- disruption affecting our manufacturing facilities;
- unpredictable major power outage events;
- fluctuation in the prices of raw materials;
- inability of our Company to obtain or renew its intellectual property related contractual arrangements;
- inability of our Company to reduce its cost of production;
- inability of our Company to manage its growth;
- reliability of prevailing wind patterns and any adverse wind patterns;
- general economic and political conditions;
- termination of any contract entered into with third parties; and
- delay in completion of projects due to force majeure reasons;

For further discussion of factors that could cause the actual results to differ from the expectations, see the chapters “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 13, 107 and 281 of this Draft Red Herring Prospectus, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Neither our Company, its Directors, the Selling Shareholders, the Underwriters

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, our Company, the Selling Shareholders, the BRLMs will ensure that investors in India are informed of material developments until the time of 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 Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could 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 risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors. We have numbered the risk factors to facilitate ease of reading and reference, and such numbering should not indicate the importance, relative or otherwise, of any risk factor over another.

Internal Risk Factors

- 1. We rely heavily on our key business partner, Cummins India, for the supply of engines, alternators and spare parts used in our diesel generator set business. Any disruption in the supply of such products from Cummins India could have an adverse effect on our business and results of operations.***

We rely heavily on our arrangement with Cummins India for our diesel generator set business. We have entered into agreements with Cummins India, pursuant to which we have been appointed as an OEM on a non-exclusive basis in Maharashtra, Karnataka, Andhra Pradesh, Kerala, Tamil Nadu, Goa and the union territory of the Andaman and Nicobar Islands, and as a dealer of certain Cummins products and a provider of after-sales services in certain districts of the states of Karnataka, Maharashtra and Tamil Nadu. Our OEM agreement is set to expire in June 2011 and our dealership agreement is set to expire in December 2012. Our inability to renew these agreements on commercially acceptable terms, in a timely manner or at all, could have an adverse effect on our business and results of operations. Pursuant to our arrangements with Cummins India, we source our engines and other related parts for our diesel generator set business exclusively from Cummins India. Sales of our Cummins division, which comprises sales of our diesel generator sets powered by Cummins engines and related after-sales services, accounted for income, net of excise duty and service tax, that was 90.6% and 89.7% of our total income for the six months ended September 30, 2010 and the fiscal year 2010, respectively. Our sales may be limited due to a supply shortfall in Cummins components as a result of capacity constraints at Cummins. Although we believe that we maintain an adequate stock of engines under our agreement with Cummins India, any disruption in supply could have an adverse effect on our business and results of operations.

The success of our business arrangement with Cummins India depends significantly on the satisfactory performance of Cummins India of its contractual and other obligations. If Cummins India fails to perform its obligations satisfactorily, we may be unable to successfully carry out our operations. Moreover, if the interests of Cummins India conflicts with our interests, this and other factors may cause Cummins India to act in a manner that is contrary to our interests, or otherwise be unwilling to fulfil its obligations under its arrangements with us, which may adversely affect our business and results of operations.

- 2. Our business arrangement with Cummins India restricts the growth of our diesel generator set business in a number of ways, including our ability to expand the scope of our business and services and the territories in which we operate.***

Our business arrangements with Cummins India restrict the growth of our diesel generator set business in a number of ways, including our ability to expand the scope of our business and services and the territories in which we operate is partially restricted by our business arrangements. For example, we only recently began offering after-sales services although we have sold generator sets powered by Cummins engines for approximately two decades. In addition, our product range of diesel generator sets is limited by the products offered by Cummins in the Indian market. Also, our ability to expand into new territories is restricted as a result of various arrangements that we have already entered into, and we would either be required to cancel such business arrangements or seek the approval of our partners, which may not be forthcoming. The agreement also

stipulates that our Company must work towards maximising the revenue of Cummins, and such a goal may not always be aligned with our interests. Such constraints may limit our flexibility and ability to react to changes in the market or take advantage of what we perceive as new opportunities. In addition, certain of these constraints have limited our operations to India, and consequently may limit our effectiveness if we were to expand our business outside of India.

The arrangement does not preclude the possibility of further competition to our diesel generator set business. While we have been assigned a territory within which we are permitted to sell our products, our agreement with Cummins India does not preclude the possibility of Cummins India importing or manufacturing generating sets for sale in the same territory. In addition, this agreement provides that we do not have the exclusive rights to sell Cummins generator sets in our territory or otherwise and Cummins may enter into a similar arrangement with a third party. Additionally, Cummins India may terminate this agreement at its sole discretion in the event of any disagreement with our management.

In addition, the prices that Cummins stipulates for its products affect the prices at which we can offer our Powerica-Cummins co-branded diesel generator sets. Moreover, certain dealer parts that are sold pursuant to our dealership agreement with Cummins are subject to maximum list prices as notified by Cummins. As a significant proportion of our generator sets are sold as Powerica-Cummins co-branded generator sets and any adverse development with respect to the Cummins brand may have an adverse effect on our sales, business and results of operations.

3. ***Our HFO generator set business relies entirely on our dealership agreement with MAN, and our agreement does not preclude the possibility of MAN working with third parties in India, which could adversely affect our HFO generator set business.***

Our HFO generator set business relies entirely on our dealership agreement with MAN, pursuant to which we have been appointed as the exclusive dealers for the sale of their generator components. However, the exclusivity provisions do not affect MAN's rights to enter into a direct transaction with a third party for the sale of its products in India after informing our Company, or to enter into a licensing or manufacturing agreement with a third party for the manufacture of its products in India in consultation with our Company. We are also in the process of renewing our spare parts and service support agreement, pursuant to which we obtain spare parts and technical support from MAN. In the event that the agreement is not renewed, MAN may elect to sell directly to third parties. We have not earned any commission income on the sale of MAN HFO generator sets in India, during the six months ended September 30, 2010. If MAN were to elect to work directly with any third party or the sales of MAN HFO generators do not improve, our HFO division's products and services could be adversely affected.

4. ***Our wind power business is reliant on our relationship with Vestas, to ensure adequate operations and maintenance of four of our five operational wind farms, and the development and construction of our planned wind farms, pursuant to our memorandum of understanding with Vestas.***

Our wind power business strategy is primarily based on a memorandum of understanding with Vestas pursuant to which we have agreed to jointly implement an additional 225 MW of wind farms over the next three years. However, such an understanding with Vestas is subject to the parties entering into definitive agreements. Further, the development of wind farms under this memorandum of understanding is also subject to the identification and availability of appropriate sites. If Vestas fails to meet its obligations in respect of any of our arrangements, our wind power business may be adversely affected.

In addition, we already have a number of arrangements with Vestas, through which Vestas has supplied and currently maintains four of our operational wind farms, aggregating total generation capacity of 51.15 MW, representing 91.4% of our total operational wind power generation capacity. Vestas has agreed to provide scheduled and unscheduled maintenance services at our Tirunelveli Wind Farm, Theni Wind Farm, Jangi-Vandhiya Wind Farm and Jangi-Vandhiya II Wind Farm for a period of ten years in accordance with the terms of the respective agreements. Any failure by Vestas to carry out its obligations may have an adverse effect on our wind power operations.

5. *Our wind power business is capital intensive and we may require additional financing to meet those requirements, which could have an adverse effect on our results of operations and financial condition.*

Our wind power business is capital intensive and we expect to incur substantial capital expenditure as we develop and continue to develop wind farms. For example, for the six months ended September 30, 2010 and the fiscal year 2010, we incurred capital expenditure expenses with respect to our wind power business of ₹ 599.64 million and ₹ 1,908.33 million. For further details, see "Objects of the Issue" on page 74 of this Draft Red Herring Prospectus. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the power industry. Our sources of additional financing, where required to meet our capital expenditure plans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both or the issuance of bank guarantees. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and this could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, would result in a dilution of your shareholding. Continued capital expenditure requirements may also have an adverse effect on our financial condition and results of operations.

6. *Any disruption affecting our manufacturing facilities could have an adverse effect on our business, financial condition and results of operations.*

At present our manufacturing facilities are located in the states of Karnataka, Tamil Nadu and the union territories of Daman and Diu and Dadra and Nagar Haveli. The manufacture of our generator sets, as well as of their key components, involves hazards that could result in fires, explosions, spills, and other unexpected or dangerous conditions or accidents. Any significant interruption to our operations because of industrial accidents, floods, severe weather or other natural disasters could adversely affect our business, financial condition and results of operations.

Our manufacturing facilities are also subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. If such events occur, our manufacturing capacity may be adversely impacted. We recently shut down our manufacturing unit at Taloja and shifted the production to Bengaluru/Silvassa to save on transportation cost. We are also in the process of negotiating a settlement with employees based at our Taloja unit who may be required to be retrenched. Pursuant to these negotiations, our access to the Taloja facility has been limited. In the event we are required to shut down any of our manufacturing facilities for a significant period, it would have an adverse effect on our business, our results of operations and our financial condition as a whole.

7. *Demand for our generator sets is significantly affected by unpredictable major power outage events and seasonality that can lead to substantial variations in, and uncertainties regarding, our financial results from period to period.*

Sales of our generator sets are subject to consumer buying patterns, and demand for our products is affected by failures in power infrastructure that may be weather driven, including storms or prolonged summers, or because of blackouts caused by grid reliability issues. Sustained periods without major power disruptions can lead to reduced consumer awareness of the benefits of our generator products and can result in reduced sales and excess inventory. In addition, there is an increased amount of investment in the power sector in India, which has led to the implementation of a number of power plants of varying types. The demand for our products may decrease as these power plants become operational. Also, the demand for generator sets may be affected by the underlying price of their respective fuels, and any unfavourable movements in prices may adversely affect our business and results of operations.

We may experience variability in revenue as a result of varying weather patterns in South India and Maharashtra that generally affect grid-generated power availability in those regions. We typically experience higher sales in the fourth quarter of our fiscal year, which can account for approximately 30% of our annual

sales in a given year. These fluctuations are further exacerbated by the absence of long term arrangements with our diesel generator set customers. Unpredictable fluctuations in demand are therefore part of managing our business, and these fluctuations could have an adverse effect on our business and results of operations.

- 8. *We are heavily dependent on the performance of the diesel generator set market in southern India and western India, particularly the markets in the states of Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala, and any adverse changes in the conditions affecting these markets could adversely impact our business, results of operations and financial condition.***

Our business is heavily dependent on the performance of the diesel generator market in southern and western India, particularly in the states of Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala. In the event of a regional slowdown in these five states, or any developments that make our products less attractive in these five states, we may experience more pronounced effects on our results of operations, financial condition and cash flows than if we had further diversified sales across different geographical locations. Our business, results of operations and financial condition have been and will continue to be largely dependent on the prevailing conditions affecting grid-generated electricity and the resulting market for diesel generator sets in the states of Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala.

In addition, the power generation sector and the diesel generator market are affected by changes in government policies, economic conditions, income levels and interest rates among other factors, which may negatively affect the demand for our products. Moreover, the power generation sector and diesel generator market in the states of Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala may perform differently from, and be subject to, market and regulatory developments that are different from the markets in other parts of India. Consequently, we cannot assure you that the demand for our products in the states of Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala will grow, or will not decrease, in the future.

- 9. *We have limited experience in operating and implementing wind farms and we may face managerial, technical and logistical challenges.***

We commissioned our first wind farm in 2008. We have implemented, commissioned and currently operate five wind farms with an aggregate capacity of 55.95 MW in the states of Gujarat and Tamil Nadu. We have entered into a memorandum of understanding with Vestas to jointly implement 225 MW over the next three years. We intend to use Vestas V100 1.8 MW wind turbine generators at our planned wind farms. We have a limited track record in implementing wind farms and we may face managerial, technical and logistical challenges during the implementation of such wind farms. Any failure on our part to effectively meet such challenges may have an adverse effect on our business and results of operations. Additionally, such challenges may cause us to not meet our implementation schedules and face delays in the commencement of commercial operations at our planned wind farms. Further, disruptions could occur at one or more wind farms after commercial operations have commenced. For example, although the Vestas V100 wind turbine generator is designed for use in low-wind sites, wind conditions may be inadequate and our operational results may suffer. Any disruptions we encounter are further exacerbated by the relatively high costs of the Vestas V100 wind turbine generator as compared with other wind turbine generators offered by Vestas in India. We also intend to develop wind farms and provide operations and maintenance services for wind farms for third parties as part of our growth strategy. However, we may be unable to find customers or develop wind farms in a timely or profitable manner or at all. In addition, we have no experience in providing operations and maintenance services for wind farms as the operations and maintenance of our operational wind farms is currently conducted through our wind turbine generator suppliers. Any of the foregoing may have an adverse effect on our business, results of operations and financial condition.

- 10. *The success of our wind farms is dependent on the reliability of prevailing wind patterns and any adverse wind patterns may adversely affect our generation capabilities, and in turn, our business and results of operations.***

The viability of wind farms at sites we have identified is primarily dependent on the wind patterns at these sites conforming to the patterns that were used to determine the suitability of these sites for wind farms. Although

our technical partners conduct wind resource assessments based on long-term wind patterns at identified sites, which are typically based on historical observations and assumptions, there can be no assurance that wind patterns at a particular site will remain constant. Any changes in wind patterns at particular sites that we have previously identified as suitable for wind farms, could affect the ability of our wind turbine generators to generate power. If wind patterns are insufficient, the plant load factors of our wind farms could suffer, which would affect the commercial viability of our wind farms. Further, any change in wind patterns at sites we have identified as suitable for wind farms could also damage our reputation and could have an adverse effect on our business, results of operations and financial condition.

In addition, as a result of the unreliability of wind patterns in India, wind turbine generators are generally not considered as viable base load sources of electricity in India. This means that while demand for wind power may increase, it is unlikely that wind power will be considered as a large-scale substitute for fossil-fuel generated power and for renewable energy from more reliable sources, such as hydroelectric power. This may adversely affect the future growth prospects of the wind power industry in general and our growth prospects in particular.

11. The success of our wind power business is partially dependent on the cost of wind-generated electricity as compared to electricity generated from other sources of energy.

The success of our wind power business is partially dependent on the cost of generating electricity from wind as it compares to electricity generated from other sources. The cost of electricity produced by wind farms is dependent on the cost of establishing wind farms, financing costs and maintenance costs at the designated site. In addition, the relative attractiveness of wind power is partially determined by the cost of electricity generated by conventional resources, such as oil, coal and other fossil fuels. For example, cost-competitiveness of energy generated from renewable energy sources, including wind, was enhanced by record high prices for crude oil and petroleum products in 2008. Continued investment in product techniques and technical advances in wind turbine generator design have also led to a continuing reduction in the cost per kWh of power from wind energy. However, a decline in the global prices of oil, gas and coal and other petroleum products, which have fallen from record highs in 2008, could result in lower demand for wind farms. Also, an increase in the cost competitiveness of other sources of power generation, including as a result of the discovery of new, significant and commercially viable oil, gas and coal deposits, could also have an adverse effect on our business, results of operations and financial condition.

12. The terms of financing that we obtain for our wind farms may be onerous and our failure to meet such terms may have an adverse effect on our business, results of operations and financial condition.

A wind farm requires high initial capital investment per kWh of energy produced and the financing terms obtained for investments in wind power, therefore, have a significant influence on the viability of a wind farm. Factors having an adverse impact on the terms of financing for wind farms therefore influence our opportunities for selling our services and the prices we can accept for our wind generated electricity and could adversely affect our business, results of operations and financial condition.

The ability to obtain financing for a wind farm also depends on the willingness of banks and other financing institutions to provide loans to the wind power industry. If lenders decide to reduce their exposure to the wind power industry or to one or more suppliers of wind turbine generators, this could have an adverse effect on our business, results of operations and financial condition.

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

The markets for our lines of business are intensely competitive. Important factors affecting competition in our generator set business include performance of generator sets, reliability, product quality, technology, price, and the scope and quality of services, including O&M services. Important factors affecting competition in our wind power business include, among others, the performance of our power generation equipment, financing costs associated with the wind farms, execution and technical capability, maintenance costs and wind conditions at our chosen sites. Some of the key competitors to our lines of business are listed under “Competition” in chapter “Business” beginning on page 107 of this Draft Red Herring Prospectus.

Although we have expended considerable resources on product development and manufacture, as well as improving our technical and execution capabilities, some of our competitors have longer industry experience and may have greater financial, technical, personnel, marketing and other resources. Some competitors may also be able to react faster to or anticipate trends and changes in customer demand. Our competitors may be willing and able to spend more resources to develop products and sales and may be able to provide products sooner or at a lower price than we can. If our competitors consolidate through joint ventures or cooperative agreements with each other, we may have difficulty competing with them. While we believe that we have historically been able to provide our products and services in our principal markets at competitive prices, there can be no assurance that we will be able to do so in the future, as our competitors may be able to offer products and services that are more effective than ours are.

Growing competition may result in a decline in our market share or may force us to reduce the prices of our products and services, which may reduce our revenues and margins, any of which could have an adverse effect on our business, financial condition and results of operations. We cannot be certain that we will be able to compete successfully against such competitors, or that we will not lose potential customers to such competitors.

14. We have experienced significant growth in the past few years and if we are unable to sustain or manage our growth, our business, results of operations and financial condition may be adversely affected.

We have experienced significant growth in the past five fiscal years. For the six months ended September 30, 2010 and the fiscal year 2010, our total income was ₹ 5,335.37 million and ₹ 8,651.39 million, respectively, as compared with ₹ 4,635.52 million for the fiscal year 2006. Our operations have also grown significantly over the last five fiscal years and we presently have five manufacturing facilities and a workforce of 1,474 employees. We may be unable to sustain our rates of growth, due to a variety of reasons including a decline in the demand for our products and services, increased competition, non-availability of raw materials, lack of management availability or a general slowdown in the economy. A failure to sustain our growth may have an adverse effect on our business, results of operations and financial condition.

We are embarking on a growth strategy which involves expansion and diversification of our current business. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. For example, we launched our wind power business in 2008. In addition, we have entered in to a dealership agreement with Cummins India to provide after-sales services in respect of Cummins diesel generator sets in certain regions of the states of Karnataka, Maharashtra and Tamil Nadu. Consequently, we will be required to maintain a larger presence in the covered locations, including hiring and training a number of employees and we may be unable to do so in a cost effective or timely manner. We also intend utilise our facility at the Chennai SEZ as a low-cost manufacturing base, which we may be unable to achieve in a timely manner or at all. If we are unable to successfully expand our newer lines of business, we may be unable to successfully execute our growth strategy. Further, as we scale-up and diversify our operations, we may be unable to execute our operations efficiently, which may result in delays, increased costs and lower quality products. We cannot assure you that our future performance or growth strategy will be successful. Our failure to manage our growth effectively may have an adverse effect on our business, results of operations and financial condition.

15. We are heavily dependent on a few external suppliers for key raw materials and components. The failure of our suppliers to deliver these raw materials or components in the necessary quantities, to adhere to delivery schedules or to meet specified quality standards or technical specifications, could adversely affect our production processes and our ability to deliver orders on time.

While we manufacture some of the components needed for the manufacture of generator sets, we source most of the components from outside suppliers, such as engines, alternators, steel and switchgear. For example, our Cummins division sources all of the engines used in its generator sets from Cummins, our HFO division is dependent on MAN for certain spare parts and our wind power business is heavily dependent on Vestas for the erection and commissioning of wind turbine generators and the operations and maintenance of our wind farms.

The quality of our products and customer acceptance of our products depends on the quality of raw materials and components and our ability to deliver our products in a timely manner. The failure of our suppliers to deliver these raw materials or components in the necessary quantities, to adhere to delivery schedules or to meet specified quality standards or technical specifications, could adversely affect our production processes and our ability to deliver orders on time. If such events take place, we may be unable to meet our desired level of quality, which may give rise to contractual penalties or liability for failure to perform contracts, as well as a loss of customers and damage to our reputation, any of which could adversely affect our results of operations.

Further, if the costs of raw materials and components were to rise due to factors such as rises in input and commodity prices, shortages in supply or unilateral price increases by our suppliers, and we are unable to recover these costs through cost saving measures elsewhere or by increasing the prices of our generator sets, our results of operations could be adversely affected. In the event that prices of these raw materials and components subsequently decline, there can be no assurance that we will be able to revise the price of our generator sets downwards. As a result, our generator sets could be uncompetitive compared to those of competitors, which may adversely affect our business and results of operations.

16. We are highly dependent on our management team and certain key personnel, and the loss of any key team member may adversely affect our business performance.

Our business and the implementation of our strategy is dependent upon our key management team including our Promoter, Chairman and Managing Director, who oversees our day-to-day operations, strategy and growth of our business. If our Promoter, Chairman and Managing Director or one or more members of our key management team are unable or unwilling to continue in their present positions, such persons would be difficult to replace and our business and results of operations could be adversely affected. We maintain key man insurance for certain of our key managerial personnel.

In addition, our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate appropriately qualified management personnel. Our failure to successfully manage our personnel needs could adversely affect our business and results of operations.

17. The construction and operation of wind farms may face opposition from local communities and other parties.

The construction and operation of wind farms has faced opposition in a number of countries, from the local communities where these plants are located and from special interest groups, and there can be no assurance that such opposition may not recur in the future. In particular, local communities may oppose land acquisition for wind farms due to the perceived negative effects. Wind turbine generators may cause noise pollution and are considered by some to be aesthetically unappealing. Certain environmental organisations have expressed opposition to wind turbines on the allegation that wind farms cause the death of birds and have other adverse effects on flora and fauna. In India, some communities have claimed that the local climate has been adversely affected by the operation of wind turbine generators. Many countries have enacted legislation that regulates the accepted distance between wind farms and urban areas to guard against potential negative effects. It is possible that such legislation could be amended to place further restrictions on distance, or to limit the size or height of wind turbine generators in a given area, to prohibit the installation of wind turbine generators at certain sites, or to impose other restrictions, such as noise restrictions. For the foregoing reasons, we may encounter difficulties in acquiring land, which may delay or prevent the implementation of our future wind farms.

A significant increase in the extent of applicable legislation could cause significant constraints on the growth of the wind power industry as a whole. In addition, such legislation could lead to delays in the implementation of our wind farms, relocation of our wind farms, and the possible redundancy of existing wind farms that violate such legislation, any of which could have an adverse effect on our business, results of operations and financial condition.

18. *The profitability of our wind power generation business depends in part on our ability to sell certified emissions reductions (“CERs”) or participate in renewable energy trading schemes.*

We expect to derive income from the sale of CERs and other renewable energy trading schemes if and when implemented. Our ability to sell CERs depends on clean development mechanism (“CDM”) arrangements under the Kyoto Protocol. Pursuant to the Kyoto Protocol, public or private entities can purchase the CERs we generate from our CDM projects and use these CERs to comply with their domestic emission reduction targets or sell them in the open market. Two of our five operational wind farms are registered under the CDM. We may be unable to register our wind farms so that they are eligible to generate CERs, in a timely manner or at all. For example, the CDM Executive Board and other relevant governing bodies may delay in approving our applications. Should there be any material changes to the verification standards in the registration progress or other changes to the eligibility criteria, we may be unable to register our wind farms in the future. If we are unable to enter into CDM arrangements, the Kyoto Protocol is not renewed before its expiry on December 31, 2012, the Indian government discontinues its support for CDM arrangements, or if the open market and trading platform for CERs does not develop as anticipated, we may be unable to sell any generated CERs on commercially acceptable terms or at all, which could adversely affect our strategy and any income from the sale of CERs.

19. *We have not entered into any substantive agreements for the use of the Net Proceeds of the Issue and the deployment of Net Proceeds is based on non-binding memoranda of understanding with third parties.*

The construction and development of our planned wind farms, aggregating total generation capacity of 151.20, MW is pursuant to a non-binding memorandum of understanding dated September 13, 2010, entered into by our Company with Vestas, pursuant to which our Company proposes to jointly construct and develop wind farms aggregating up to 225 MW. The memorandum of understanding is non-binding, consequently we cannot assure you that Vestas will perform all its obligations as provided under the memorandum of understanding or the memorandum of understanding would not be untimely terminated by Vestas. Pursuant to the memorandum of understanding, we have entered into an expression of interest dated January 12, 2011 with the Government of Karnataka for the purpose of investing ₹7,000.00 million in wind power projects at suitable locations to be identified in Karnataka. We have also entered into a memorandum of understanding dated January 12, 2011 with the Government of Gujarat to establish wind power projects aggregating total generation capacity of 50 MW in Gujarat. If such parties fail to meet their obligations under their respective memoranda of understanding or unilaterally terminate the memoranda of understanding, we may not have any legal recourse and may fail to utilise the Net Proceeds towards the projects identified in the “Objects of the Issue” on page 74 of this Draft Red Herring Prospectus.

20. *Failure to enter into off-take arrangements with respect to our wind farms, in a timely manner and on terms that are commercially acceptable to us, could adversely affect our business, financial condition and results of operations.*

Currently, power generation companies are not permitted to sell electricity directly to retail power consumers. Thus, for our operational and planned wind farms, we are limited to selling power to state utility companies, electricity boards, industrial consumers and licensed power traders. We cannot assure you that we will be able to enter into off-take arrangements on terms that are favourable to us, or at all. Failure to enter into such off-take arrangements in a timely manner and on terms that are commercially acceptable to us could adversely affect our business, financial condition and results of operations.

In addition, the duration of our off-take arrangements may not match the duration of the related financing arrangements for our wind farms and we may be exposed to refinancing risk. In the event of an increase in interest rates, our debt service cost may increase at the time of refinancing our loan facilities and other financing arrangements, but our revenues under the relevant power purchase agreements may not correspondingly increase. In addition, our power purchase agreements may expire or be terminated and we may not have sufficient revenues to meet our debt service obligations or be able to arrange sufficient borrowings to refinance those obligations on commercially acceptable terms, or at all. This mismatch between our financing arrangements and our corresponding power purchase agreements may adversely affect our business, financial condition and results of operations.

- 21. *We intend to utilise the Net Proceeds to part finance the construction and development of our planned wind farms, aggregating total generation capacity of 151.20 MW. However, we have not identified land, placed orders for any equipment or obtained approvals required for setting up of the wind farm projects.***

The Net Proceeds will be utilised to partially finance the construction and development costs of our planned wind farms, aggregating total generation capacity of 151.20 MW. We have not identified or acquired any land for setting up the manufacturing unit proposed to be financed out of the Net Proceeds of this Issue. Further, we will also require clearances and other approvals, including approvals from the Ministry of Environment and Forests, for setting up and commencing operation of the wind farm projects. There can be no assurance that these approvals will be obtained in a timely manner or at all. Any delay or inability in obtaining these approvals could have an adverse effect on our ability to develop the manufacturing unit as planned, and therefore, our financial condition and business prospects. Furthermore, we have not entered into any power purchase arrangements with any third party for utilising the power to be supplied through our planned wind farms. In addition, we have not placed orders for the purchase of equipment and we may be unable to purchase such equipment in a timely manner or at all. Any such difficulties may adversely affect the commissioning of our planned wind farms and may have an adverse effect on our business and results of operations.

- 22. *If power evacuation facilities are not made available by the time our power projects are ready to commence operations, we may incur significant transmission costs and our operations could be adversely affected.***

Evacuation or “wheeling” power from our wind farms to our consumers poses significant challenges due to transmission constraints. Evacuating power to a purchaser is either our responsibility or the responsibility of the purchaser, depending upon the identity of the purchaser, the location of the wind farm and other factors. For evacuating power from our wind farms, we may be responsible for constructing part of the long distance transmission lines at our cost. If construction of such transmission lines is not complete by the time our wind farms are ready to commence operations or we incur significant transmission costs, our financial position and results of operations could be adversely affected.

- 23. *Our failure to identify and understand evolving industry trends and preferences and develop new products to meet our customers’ demands may adversely affect our business.***

Changes in regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive. If we are unable to obtain such knowledge in a timely manner, or at all, we may be unable to effectively implement our strategies and our business and results of operations may be adversely affected. Moreover, we cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly. For example, we intend to introduce natural gas generator sets into our product line-up and our limited experience in dealing with such products could lead to difficulties in successfully launching such products. If we are not able to anticipate, identify, develop and market high quality products in line with technological advancements that respond to changes in customer preferences, demand for our products could decline and our operating results could be adversely affected.

- 24. *The decline in government initiatives and reduction and withdrawal of incentives relating to renewable energy sources, and in particular to wind energy, may have an adverse effect on the demand for wind power.***

In recent years, governments in many countries, including India, have enacted legislation or have established policies that support the expansion of renewable energy sources, such as wind power, and such support has been a significant contributing factor in the growth of the wind power industry. For example, the Government of India’s National Action Plan on Climate Change suggests a minimum renewable energy purchase requirement of 5.0% of total energy purchases in India, including those of state electricity utilities, from the fiscal year 2010 onwards, and an increase in that requirement by 1.0% for each of the next ten years. Support for investment in

wind power is typically provided through fiscal incentive schemes or public grants to the owners of wind power systems, for example through preferential tariffs on power generated by wind farms or tax incentives promoting investments in wind power.

Further, in India, various state governments have also provided wind power generator sets with wheeling facilities and have also allowed wind power generator sets to bank power with the grid, due to wind being an intermittent source of power.

In the past, the decline in, or elimination of, direct or indirect government support schemes in a country has had a negative impact on the market for wind power in that country. For example, pursuant to Section 80-IA of the Income Tax Act, wind farms that are commissioned before March 31, 2011 are eligible to deduct certain profits for specified periods of time. However, we believe that such benefits will be phased out for wind farms commissioned after March 31, 2011. Currently, we intend to commission all of our planned wind farms after March 31, 2011. In addition, accelerated depreciation of 80% is allowed on wind turbine generators. If such tax benefits are not extended or become unavailable as predicted, our business, results of operations and financial condition may be adversely affected as discontinuation of such benefits may increase our tax rates and affect future cash flows. There can be no assurance that other forms of government support will continue at the same levels or at all. If direct and indirect government support for wind power was terminated or reduced, this would make producing electricity from wind power less competitive. Our ability to offer wind power-related services could therefore decline sharply, which would adversely affect our financial condition and results of operations.

25. *We may incur costs and liabilities due to product liability claims.*

We face an inherent business risk of exposure to product liability or recall claims in the event that our products fail to perform as expected or such failure results in bodily injury or property damage or both. For example, under our agreement with Cummins India, Cummins may not be held liable for damages arising out of their products, although Cummins India does provide a direct warranty directly to the end-user for its products sold under the dealership agreement. Although we currently maintain product liability insurance coverage, we may be unable to obtain such insurance on acceptable terms in the future or at all, or obtain insurance that will provide adequate coverage against potential claims. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for long periods, regardless of the ultimate outcome. An unsuccessful product liability defence could have an adverse effect on our financial condition, and results of operations. In addition, we believe our business depends on the strong brand reputation we have developed. If our reputation is damaged, we may face difficulty in maintaining our market share and pricing with respect to some of our products, which would reduce our sales and profitability.

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

We are subject to a broad range of safety, health and environmental laws and regulations in our business in which we operate. Our manufacturing facilities located in India are subject to Indian laws and government regulations on safety, health and environmental protection. These laws and regulations impose controls on the storage, handling, discharge and disposal of chemicals, as well as employee exposure to dangerous work conditions, and other aspects of our operations and products. Safety, health and environmental laws and regulations in India, in particular, have been increasing in stringency and it is possible that they will become significantly more stringent in the future. The costs of complying with these requirements could be significant. We have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, we have made and expect to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. While we believe we are in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the discharge of raw materials or of hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the Government or to third parties. In addition, we may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance.

In addition, many countries, including India, have introduced legislation governing the manufacture, erection, operation and decommissioning of wind turbine generators, including compliance with procedures relating to

the acquisition of land to be used for wind farms, compliance with relevant planning regulations and approvals for the commencement of operations at a wind farm, including clearances from environmental regulators. Further, the extraction activities on land used for wind farms and the refining and consumption of raw materials used in the manufacture of wind turbine generators, the impact of noise pollution from manufacturing facilities and noise from the transport to and from production sites are subject to regulation. In the event legislation and regulation relating to the foregoing activities are made stringent, such as increasing the requirements for obtaining approvals or meeting government standards, this could result in changes to the infrastructure necessary for wind farms and the technical requirements for wind turbine generators and the methods used to manufacture them, increasing the costs related to changing production methods in order to meet government standards and increasing penalties for non-compliance.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs of our sites and related litigation could adversely affect our cash flow, results of operations and financial condition.

27. Some of our Group Companies have incurred losses during the last three fiscal years.

The following Group Companies have incurred losses during the last three fiscal years (as per their respective audited standalone financial statements), as set forth below:

Sr. No.	Name of the Group Company	Profit/ (Loss) after tax (₹ in million)					
		Fiscal 2010	Year	Fiscal 2009	Year	Fiscal 2008	Year
1.	MAN Diesel Power India Private Limited	(0.01)		(0.01)		(0.22)	
2.	ASA Electro Power Systems Private Limited	(1.76)		7.66		2.08	
3.	Ashutosh Traders Private Limited	(0.12)		(0.09)		0.13	
4.	deGustibus Hospitality Private Limited	(50.31)		(30.80)		12.40	

28. One of our Group Companies has had a negative net worth during the last three fiscal years.

MAN Diesel Power India Private Limited, one of our Group Companies, had no operations and a negative net worth during the last three fiscal years.

29. There is certain outstanding litigation against our Company, our Directors, our Promoters and our Group Companies.

There are outstanding legal proceedings involving our Company, our Directors, our Promoters and Group Companies. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. The brief details of such outstanding litigations are as follows:

Litigation against our Company

Sr. No.	Nature of the cases/ claims	No. of cases outstanding	Approximate amount involved (₹ in million)
1.	Labour	1	-
2.	Stamp duty	2	3.90
3.	Tax	8	38.16
Total		11	42.06

Litigation against our Group Companies

Sr. No.	Nature of the cases/ claims	No. of cases outstanding	Approximate amount involved (₹ in million)
1.	Tax cases	4	1.21
Total		4	1.21

For further details of outstanding litigation against our Company, our Directors, our Promoters and Group Companies, please see “Outstanding Litigation and Material Developments” on page 302 of this Draft Red Herring Prospectus.

30. *We require certain approvals and licenses in the ordinary course of business and the failure to obtain or retain such approvals or licenses in a timely manner or at all may adversely affect our operations.*

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we either may have made, or are in the process of making, an application for obtaining the approval for its renewal. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, our business may be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which may require us to make ongoing compliance-related expenditure. If we fail to comply or a regulator claims that we have not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected. For details see “Governments and Other Approvals” on page 307 of this Draft Red Herring Prospectus.

31. *We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.*

In order to retain operational efficiencies, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations in India. As of January 31, 2011, we engaged 636 contract workers at our facilities. In addition, our manufacturing facilities in Bengaluru and Silvassa are not operating at full capacity, and if we were to increase our current operational capacity, we may be unable to appoint the required labour, which may lead to a reduction in anticipated sales growth and an adverse effect on our business and results of operations.

Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

32. *Our employees are members of unions and we may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations.*

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. As of January 31, 2011, 137 of our employees, representing 9.3% of our workforce, are members of labour unions, thus it may be difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management’s attention due to union intervention. Strikes or work stoppages can adversely affect the results of our operations and reputation. We have signed two agreements with labour unions, which are set to expire by March 31, 2011. In the event that we or one or more of our customers or key suppliers experiences a work stoppage, such work stoppage could have an adverse effect on our business, results of operations and financial condition.

33. *Our success depends on the uninterrupted supply of raw materials and components to our plants and transportation of our products from our plants to our customers, which are subject to various uncertainties and risks.*

We depend on various forms of transport, such as air, seaborne freight, rail and road, to receive raw materials and components used in generator production and to deliver our products from our manufacturing facilities to our customers. These transportation facilities may not be adequate to support our operations. Further, disruptions of transportation services because of weather-related problems, strikes, lockouts, inadequacies in the road infrastructure or port facilities or other events could impair the ability of our suppliers to deliver raw materials and components and our ability to supply our products to our customers. Although we have not encountered any significant disruptions in the supply of our raw materials and components and in the transportation of our products, we can provide no assurance that such disruptions due to occurrence of any of the factors cited above will not occur in the future.

34. *We regularly work with hazardous machinery and activities in our operation can be dangerous and could be injurious to people and property.*

Our business requires individuals to work under potentially dangerous circumstances. For example, if improperly utilised, our machinery can seriously hurt or even kill employees or other persons, and cause damage to our properties and the properties of others. Despite our compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including explosions, fire, mechanical failures and other operational problems, discharges or releases of hazardous substances, chemicals or gases and other environmental risks.

These hazards can cause personal injury and loss of life, catastrophic damage or destruction of property and equipment as well as environmental damage, which could result in a suspension of operations and the imposition of civil or criminal liabilities. The loss or shutting down of our facilities could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. We could also face claims and litigation, filed on behalf of persons alleging injury predominantly because of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

35. *We may not have sufficient insurance coverage to cover our economic losses as well as certain other risks including those pertaining to claims by third parties and litigation.*

Our business involves many risks and hazards, which may adversely affect our profitability, including breakdowns, failure or substandard performance of equipment, third party liability claims, labour disturbances, employee fraud and infrastructure failure. We also maintain key man insurance for certain of our key managerial personnel. We cannot assure you that the operation of our business will not be affected by any of the incidents and hazards listed above. In addition, our insurance policies may not provide adequate coverage in such circumstances including those involving claims by third parties and is subject to certain deductibles, exclusions and limits on coverage.

If our arrangements for insurance or indemnification are not adequate to cover claims, including those claims that exceed policy aggregate limitations or exceed the resources of the indemnifying party, we may be required to make substantial payments and our results of operations and financial condition may be adversely affected.

36. *Our financing agreements contain covenants that limit our flexibility in operating our business.*

We are bound by restrictive and other covenants in our sanction letters and facility agreement with various lenders, including but not limited to, restrictions on the utilisation of the loan for certain specified purposes, obtaining prior consent from or prior intimation from existing lenders to provide any security pursuant to any sanction documents, disposal of assets or making any acquisition or investment other than in ordinary course of trading by our Company or any of its Subsidiaries, restriction on aggregate financial indebtedness of our Company and maintenance of financial ratios.

As of September 30, 2010, our aggregate indebtedness was ₹ 556.65 million. In addition, as of September 30, 2010, we have made bank guarantees of ₹ 415.87 million in relation to the performance of our contractual obligations. In the future, as a result of adverse market condition or for other reasons beyond our control, we may be unable to comply with the terms of our financing agreements, particularly the financial covenants. A violation of the terms of our debt financing agreements may result in the acceleration of repayment or other events of default, as well as the invocation of our guarantees that would trigger significant obligations including enforcement of security, either of which may adversely affect our business and financial condition.

37. *Our customers may have weak credit histories and we may be unable to receive payment in a timely manner or at all.*

All of our revenue derived from the sale of power is from state-owned distribution companies and their successor distribution companies. We may face difficulty in enforcing payment provisions in our agreements with public procurers in case of delays and non-payment. In addition, in the past, disputes and counterclaims have arisen between transmission companies, electricity boards and generation companies. Facing such disputes, certain entities have refused to perform their obligations under such payment provisions until such disputes or counterclaims have been fully resolved, which can take a substantial period of time. We have also experienced similar difficulties in collecting payments with respect to our generator set business. For example, as a result of the general economic slowdown during the fiscal years 2010 and 2009, we experienced a greater incidence of net bad debts amounting to ₹ 33.33 million and ₹ 59.67 million, respectively, as compared with nil for the fiscal year 2008.

Any failure by our counter parties to fulfil their payment obligations to us could have an adverse effect on our financial condition, business prospects and results of operations. Any change in the financial position of our customers that adversely affects their ability to pay our Company may adversely affect our financial position and results of operations.

38. *We might infringe upon the intellectual property rights of others, any misappropriation of which could harm our competitive position.*

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be required to obtain a license, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licenses or design modifications can be extremely costly. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us and such settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition.

In addition, in certain cases, our technological partners may share their intellectual property rights in the course of our business arrangements. If our employees, in violation of any applicable confidentiality agreements, misappropriate our technological partners' intellectual property rights, our technological partners may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and financial condition and damage our reputation and relationships with our customers.

39. *Our failure to keep our technical knowledge confidential could erode our competitive advantage.*

Like many of our competitors, we possess extensive technical knowledge about our products. We have gained such technical knowledge through our own experiences and skilled personnel through business arrangements with our technological partners, which grant us access to new technologies. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Even if all reasonable precautions, whether contractual or otherwise, are taken to protect our confidential technical knowledge of our products and business, there is still a danger that certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements in respect of research and development and certain other key employees, we cannot guarantee that we will be able to successfully enforce such agreements. We also enter into non-disclosure agreements with a number of our customers and suppliers but we cannot assure you that such agreements will be successful in protecting our technical knowledge. The potential damage from such disclosure is all of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the public, any competitive advantage we may have over our competitors could be harmed. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

40. We have been unable to locate certain of our corporate and other records, including records pertaining to the issuance and transfer of certain details of Equity Shares acquired by our past and present shareholders.

We have been unable to locate certain of our corporate and other records including, among other things, the partnership deed of Hindustan Industrial & Electrical Engineers and records pertaining to the acquisition of a total 92,500 equity shares of ₹ 10 each by Naresh Chander Oberoi, Kharati Ram Puri and Mitter Sen in 1984.

41. Certain of our purchased components in respect of our larger capacity engines are sourced in foreign countries, exposing us to additional risks that may not exist in India.

We source a portion of our purchased components in respect of our larger capacity engines from overseas, and primarily from Europe and Singapore. Our international sourcing subjects us to a number of potential risks in addition to the risks generally associated with third party sourcing. Such risks include:

- inflation or changes in political and economic conditions;
- changes in import and export duties;
- domestic and foreign customs and tariffs;
- currency rate fluctuations;
- trade restrictions;
- logistical and communications challenges; and
- other restraints and burdensome taxes.

These factors may have an adverse effect on our ability to obtain our purchased components overseas. In particular, if the Indian Rupee were to depreciate significantly against the currencies in which we purchase raw materials from foreign suppliers, our cost of goods sold could increase and adversely affect our results of operations.

42. Our contingent liabilities that have not been provided for in our financial statements may have an adverse impact our financial condition.

Our contingent liabilities not provided for as of September 30, 2010, based on our restated consolidated financial statements, included the following:

Particulars	September 30, 2010 (₹ in million)
Bank guarantee for advance / performance given to customers	415.87
Stamp duty demands disputed pending appeal	5.85
Bank letter of credit outstanding at period end	55.03
Estimated amount of contracts remaining to be executed on capital amount and not provided for, net of advance	22.52
Sales tax demanded by department, contested by our Company, pending appeal	9.05
Service tax demanded by department, contested by our Company, pending appeal	0.26
Excise duty demanded by department, contested by our Company, pending appeal	0.93
Custom duty demanded by department, contested by our Company, pending appeal	0.10
Claims against our Company not acknowledged as debt	1.62
Total	511.23

Any or all of these contingent liabilities may become actual liabilities. For details, see “Financial Statements” and “Outstanding Litigation and Material Developments” beginning on pages 167 and 302, respectively, of this Draft Red Herring Prospectus. If these contingent liabilities materialise, our business and financial condition could be adversely affected.

43. We have issued Equity Shares at a price lower than the Issue Price in the last 12 months.

Except as stated below we have not issued any Equity Shares in the preceding year at a price lower than the Issue Price:

Date of Allotment	Number of Equity Shares	Name of the Allottee	Reasons for Allotment	Face Value (in ₹)
February 10, 2011	10,982,432	Naresh Chander Oberoi	Bonus issue	2
	2,614,720	Kharati Ram Puri		
	336,000	Naresh Chander Oberoi HUF		
	1,858,664	Bharat Oberoi		
	1,728,024	Rajat Oberoi		
	656,000	Renu Mehra		
	176,908	T B Nedungadi		
	1,536	Sunil K. Khurana		
	1,835,428	SCP II		
	611,808	SCP III		

44. The Net Proceeds will be used to fund our wind power business, which has contributed less than 5% of our total income in the last three fiscal years.

We launched our wind power business in 2008. Our wind power business contributed less than 5% of our total income during the fiscal years 2010, 2009 and 2008. We cannot guarantee that we will be able to successfully implement our growth strategy in this industry segment or at all. A failure to implement our growth strategy may have an adverse effect on our business, results of operations and financial condition.

45. *Our management will have flexibility in utilising the Net Proceeds of the Issue.*

Our Company intends to use the Net Proceeds of the Issue for the capital expenditures described in “Objects of the Issue” beginning on page 74 of this Draft Red Herring Prospectus. Although we will appoint a monitoring agency, pending utilisation of the Net Proceeds of the Issue, our Company may temporarily invest Net Proceeds of the Issue in interest bearing liquid instruments, including money market mutual funds and deposits with banks for the necessary duration or for reducing the working capital facilities currently being utilised by us. Our management will have significant flexibility in temporarily investing the Net Proceeds of the Issue.

46. *Our Promoters will continue to retain majority shareholding in our Company after the Issue, which will allow them to exercise significant influence over us.*

After the completion of the Issue, our Promoters will hold approximately [●]% of our outstanding Equity Shares. Accordingly, our Promoters will continue to exercise significant influence over our business and all matters requiring shareholders’ approval, including the composition of our Board of Directors, the adoption of amendments to our Memorandum of Association, main objects, business, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoters. The interests of our Promoters, as our Company’s controlling shareholders, could conflict with our Company’s interests, your interests or the interests of our other shareholders. There is no assurance that our Promoters will act to resolve any conflicts of interest in our Company’s or your favour.

47. *We have entered into, and will continue to enter into, related party transactions and there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties.*

We have entered into transactions with several related parties, including our Promoters, Directors and Subsidiaries, which were conducted in compliance with applicable laws. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. For more information regarding our related party transactions, see “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus.

48. *There are certain stamp duty proceedings pending against certain of our owned properties which if decided unfavourably may affect our title to such properties.*

We own our registered office located at 74, A Wing, Mittal Court, Nariman Point, Mumbai 400 021 and our corporate offices at Mittal Court, Nariman Point, Mumbai 400 021. However, there are certain stamp duty proceedings pending in relation to the transfer of title for the registered and corporate office located at 74, A Wing, Mittal Court, Nariman Point, Mumbai 400 021. In the event that such proceedings are not adjudicated in our favour, our title over such properties may be adversely affected, which may have an adverse effect on our business. For further details, see “Outstanding Litigations and Material Developments” beginning on page 302 of this Draft Red Herring Prospectus.

49. *Powerica Sales and Services Limited, one of our Group Companies, is involved in a similar line of business which may lead to a conflict of interest and such conflicts may adversely affect our business, results of operations and the interests of our other shareholders.*

Powerica Sales and Services Limited, one of our Group Companies, is engaged in the business of project execution, commission and investment in diesel generator sets, which is similar to our line of business. The business objective of Powerica Sales and Services Limited may be considered to be overlapping and potential conflicts may arise with respect to decisions concerning how to allocate business opportunities among the

entities in the same group. It is possible that potential or perceived conflicts of interest could give rise to losses, investor dissatisfaction, litigation or regulatory enforcement actions, which may adversely affect our business, results of operations and the interests of our shareholders.

50. *We have referred to the data derived from industry reports commissioned from the World Institute of Sustainable Energy and Frost & Sullivan.*

We have retained the services of independent third party research agencies, the World Institute of Sustainable Energy and Frost & Sullivan, to prepare research reports on the wind power industry and diesel generator set industry, respectively, in India. Their reports are based upon various limitations and assumptions that are subjective. There can be no assurance that the assumptions adopted by these third party agencies for the purposes of preparing their research reports will prove to be accurate. If any of these assumptions are incorrect, the development of the wind power industry and diesel generator set industry in India could be materially different from that set forth in the reports. Accordingly, investors are advised not to place undue reliance on the data derived from the reports in their investment decisions.

51. *Our Promoters, members of our Promoter Group and certain managerial personnel are also the Selling Shareholders and will receive a part of the proceeds from the Offer for Sale.*

This Issue includes an Offer for Sale of Equity Shares by the Selling Shareholders which includes our Promoters, members of the Promoter Group and certain managerial personnel of our Company. For further details, see "Objects of the Issue" on page 74 of this Draft Red Herring Prospectus.

External Risk Factors

52. *Our business is primarily dependent on the demand for electricity and a sustained downturn in demand could have an adverse effect on our business, results of operations and financial condition.*

The demand for electricity in India is closely linked to its economic growth. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to expand, which increases the demand for electricity. Conversely in economic downturns, activities such as industrial production and consumer demand decline or stagnate, causing demand for electricity to decrease. If either the Indian economy does not continue to grow at its current rate, or if there is an economic downturn, demand for electricity generally and demand for renewable energy sources, such as wind power in particular, or energy from backup sources, are likely to decrease. A sustained economic downturn could have an adverse effect on our business, results of operations and financial condition.

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

Our business is entirely owned and operated in India and almost all of our total income originated from India for the fiscal year 2010 and the six months ended September 2010. Consequently, our performance and growth are dependent on the health of the Indian economy. 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, could adversely affect the Indian economy. Any slowdown in the Indian economy may adversely affect our business and financial performance and the price of our Equity Shares.

54. *Fluctuations in diesel prices may have an adverse effect on our business and results of operations.*

The price of fuel in India has traditionally been regulated by the Government of India through an administered pricing mechanism for petroleum products. The administered pricing policy of petroleum products ensures that products, such as kerosene or naphtha, which are used by underprivileged sections of society, may be sold at subsidised prices.

Gradually, the Government of India is moving away from the administered pricing regime to market-determined, tariff-based pricing. Free marketing of imported kerosene, LPG and lubricants by private parties is

permitted. Diesel remains a regulated product and is subject to the administered pricing regime. It is contemplated, however, that the administered pricing regime will be replaced by a progressive tariff regime. Consequently, diesel would be sold at free market prices, which would likely be higher than its current price in India. Any increase in the price of diesel could have an adverse effect on the sales of our diesel generator sets, and in turn, on our business and results of operations.

In addition, diesel is generated from crude oil and fluctuations in crude oil prices may adversely affect our revenues because any increase in crude oil prices may cause a concurrent increase in diesel, and cause consumers to avoid purchasing our products. Historically, international prices for oil have been volatile and have fluctuated widely in response to changes in many factors. For example, after a period of a sustained and substantial increase in the price of crude oil that reached record levels in July 2008, the price of crude oil has declined significantly and has been highly volatile. Such fluctuations may result in fluctuations in our results of operations, which may have an adverse effect on our business and results of operations.

55. *Terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may adversely affect the financial markets and our business.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets, on which our Equity Shares will trade, and may adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

India has also witnessed civil unrest including communal disturbances in recent years and future civil unrest, as well as other adverse social, economic and political events in India, may have a negative impact on our business and results of operations. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

56. *The occurrence of natural or man-made disasters may adversely affect our business, results of operations and financial condition.*

The occurrence of natural disasters, including hurricanes, floods, earthquakes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. The potential impact of a natural disaster, such as the H5N1 “avian flu” virus, or H1N1 “swine flu” virus, on our results of operations and financial position would depend on numerous factors. Although the long-term effect of such diseases cannot be predicted, previous occurrences of avian flu and swine flu have had an adverse effect on the economies of those countries in which they were most prevalent. In the case of an outbreak of any such disease, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region of India in which we operate would adversely affect our business and financial conditions and the result of operations. We cannot assure you that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected.

57. *Currency exchange rate fluctuations could have an adverse effect on our results of operations.*

While we have entered into a swap arrangement with respect to our US\$ 10.00 million external commercial borrowing, during the fiscal years 2009 and 2008, we experienced net losses on exchange variation of ₹ 18.81 million and ₹ 24.60 million, respectively. Going forward, any future borrowings may or may not be adequately hedged by our Company. Consequently, any unfavourable movements in exchange rates may lead to difficulties in paying back our foreign debt or a net loss on foreign exchange rate variation, which may adversely affect our business, results of operations and financial condition.

58. Any downgrade of India's debt rating by an independent agency may harm our ability to raise 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 an adverse effect on our capital expenditure plans, business, financial condition and the price of our Equity Shares.

59. If the rate of Indian price inflation increases, our business and results of operations may be adversely affected.

In the recent past, due to the global economic downturn, India has experienced fluctuating wholesale price inflation, as compared to historical levels. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations.

60. After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.

The price of our Equity Shares may fluctuate after this Issue because of several factors including:

- volatility in the Indian and global securities markets;
- the performance of our competitors;
- performance of the Indian and global economies;
- developments in the Indian power generation, generator set manufacturing or wind power sectors;
- changes in the perception of the market of investments in the Indian power generation, generator set manufacturing or wind power sectors;
- adverse media reports on our Company, the Indian power generation, generator set manufacturing or wind power sectors;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal regulations.

In addition, there has been no public market for our Equity Shares prior to this Issue and an active trading market for our Equity Shares may not develop or be sustained after this Issue. Further, the price at which our Equity Shares are initially traded may not correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

61. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us, or sales of our Equity Shares by our Promoters or other major shareholders, may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us, including difficulty in raising debt. In addition, any perception by investors that such issuances or sales might occur may also affect the trading price of our Equity Shares.

62. Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar.

Our financial statements are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and auditing standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of these financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the

differences between Indian GAAP and IFRS or U.S. GAAP as applied to our financial statements. There may be substantial differences in our results of operations, cash flows and financial condition discussed in this Draft Red Herring Prospectus, if the relevant financial statements were prepared in accordance with IFRS or U.S. GAAP instead of Indian GAAP. Prospective investors should review our accounting policies and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS or U.S. GAAP and how they might affect the financial information contained in this Draft Red Herring Prospectus.

63. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.*

Our future ability to pay dividends will depend on the earnings, financial condition and capital requirements of our Company. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders, or at all. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements, financing arrangements, results of operations and financial condition

64. *Our failure to successfully adopt IFRS by April 2011 could have an adverse effect on the price of our Equity Shares.*

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 of Indian accounting standards with, IFRS. The Ministry of Corporate Affairs of the Government of India, through a press release dated January 22, 2010, has prescribed a roadmap for convergence of Indian Accounting Standards with IFRS. 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 shareholder's equity will not appear to be worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS could have an adverse effect on the price of our Equity Shares.

Prominent Notes:

1. Our Company was incorporated as Consolidated Power Systems Private Limited on May 4, 1984 as a private limited company in Mumbai under the Companies Act. For details of the change in name of our Company, see "History and Certain Corporate Matters" beginning on page 130 of this Draft Red Herring Prospectus.
2. Public issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) consisting of a Fresh Issue of [●] Equity Shares aggregating to ₹ 6,500.00 million and an Offer for Sale of up to 4,100,000 Equity Shares by the Selling Shareholders aggregating to ₹ [●] million.
3. Our Company's net worth, on a consolidated basis, as of September 30, 2010 was ₹ 6,600.51 million. Our Company's net worth, on an unconsolidated basis, as of September 30, 2010 was ₹ 6,604.04 million.
4. The average cost of acquisition per Equity Share for Naresh Chander Oberoi is ₹ 0.88 and for Kharati Ram Puri is ₹ 0.39.
5. The net asset value per Equity Share as adjusted for subdivision of the face value of ₹ 10 each to ₹ 2 each was ₹ 141.03 as of September 30, 2010 on a consolidated basis. The net asset value per Equity Share as adjusted for

subdivision of the face value of ₹ 10 each to ₹ 2 each was ₹ 141.10 as of September 30, 2010 on an unconsolidated basis.

6. For details of the related party transactions entered into by our Company with our Subsidiaries, see “Related Party Transactions” in the section “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus.
7. Investors may contact any of the Book Running Lead Managers for complaints, information, clarifications or complaints pertaining to the Issue.
8. There has been no financing arrangement whereby members of the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

We commissioned Frost & Sullivan (India) Private Limited (“Frost & Sullivan”), an independent agency to conduct an analysis of and to report on, the diesel generator set industry in India in general including the OEM market for Cummins India.

Except for the “Demand and Market Assessment Report for Indian Diesel Genset Market (375-2000 kVA)” dated as of February 2011 prepared by Frost & Sullivan (India) Private Limited (the “Frost & Sullivan Report”), all financial and statistical data in the following discussion is derived from websites and publicly available documents from various sources, including the websites of the Ministry of Power and Central Electricity Authority (“CEA”).

Overview of the Indian Economy

India is the world’s largest democracy by population size, and one of the fastest growing economies in the world. According to the CIA World Factbook, India’s estimated population was 1.17 billion people as of July 2010. India has the fifth largest economy in the world in terms of purchasing power, after the European Union, United States of America, China and Japan (Source: CIA World Factbook). India follows a system of successive Plans (each, a “Plan”) that establish targets for economic development in various sectors, including the power sector. According to the Planning Commission of India, the Eleventh Plan (the fiscal years 2007 to 2012) is aimed at achieving sustainable GDP growth of 9.0%.

Indian Power Industry Demand-Supply Overview

The Indian power sector has historically been characterised by energy shortages that have been increasing over the years. During the fiscal year 2010, India’s energy requirement deficit was estimated to be 10.1%. The following table sets forth the shortage of power in India, in terms of peak demand and energy requirement from the fiscal year 2003 to the fiscal year 2010:

Fiscal Year	Peak Demand				Energy Requirement			
	Demand (MW)	Availability (MW)	Deficit		Demand (MU)	Availability (MU)	Deficit	
			(MW)	(%)			(MU)	(%)
2003	81,492	71,547	9,945	12.2	545,983	497,890	48,093	8.8
2004	84,574	75,066	9,508	11.2	559,264	519,398	39,866	7.1
2005	87,906	77,652	10,254	11.7	591,373	548,115	43,258	7.3
2006	93,255	81,792	11,463	12.3	631,554	578,819	52,735	8.4
2007	100,715	86,818	13,897	13.8	690,587	624,495	66,092	9.6
2008	108,866	90,793	18,073	16.6	739,343	666,007	73,336	9.9
2009	109,809	96,785	13,024	11.9	777,039	691,038	86,001	11.1
2010	119,166	104,009	15,157	12.7	830,594	746,644	83,950	10.1
2011*	119,437	107,286	12,151	10.2	638,181	582,225	55,956	8.8

* From April 2010 – December 2010

(Source: CEA, “Power Scenario at a Glance”, January 2011)

Indian Diesel Generator Set Market

The size of the Indian diesel generator set market, for diesel generator sets rated from 15 kVA to 2,000 kVA, is pegged at 153,305 units with overall revenues of ₹ 65,527.33 million for the fiscal year 2010. The overall Indian generator set market for medium horsepower (“MHP”) and high horsepower (“HHP”) class generator sets, rated from 375 kVA to 750 kVA and from 750 kVA to 2,000 kVA, respectively, is currently pegged at 6,255 units with overall revenues of ₹ 20,642.35 million and is expected to grow at a CAGR of 6.2% and 9.8% in unit and revenue terms, respectively, from the fiscal year 2010 to the fiscal year 2015. (Source: Frost & Sullivan, Demand and Market Assessment Report for Indian Diesel Genset Market (375-2000 kVA)).

The following table illustrates the generator set market across kVA ratings in the fiscal year 2010:

kVA Range	Units	Revenues (₹ in million)
375.1-750	5,220	12,744.50
750.1-2,000	1,035	7,897.85
Total	6,255	20,642.35

(Source: Frost & Sullivan, Demand and Market Assessment Report for Indian Diesel Genset Market (375-2000 kVA))

In the fiscal year 2010, the total size of the diesel generator set market for diesel generator sets rated from 15 kVA to 2,000 kVA, in terms of units and revenue, was 153,305 units and ₹ 65,527.35 million, respectively. Consequently, during the fiscal year 2010, MHP diesel generator sets accounted for 3.4% and 19.4% of the total diesel generator set market, in terms of units and revenue, respectively. During the same period, HHP generator sets accounted for 0.7% and 12.1% of the total diesel generator set market, in terms of units and revenue, respectively.

Indian Wind Power Industry

A wind turbine generator obtains its power input by converting the force of the wind into torque (turning force) acting on the rotor blades. The amount of energy that the wind transfers to the rotor blade depends on the density of the air, the surface area of the rotor and wind speed.

In India, renewable energy-based power capacity has registered higher rates of growth in overall capacity addition as compared with non-renewable sources, increasing their share of total power generation capacity from 1.5% in the fiscal year 2003 to around 9.7% in the fiscal year 2010, growing at a CAGR of 25.0% during this period. Renewable energy constitutes 9.9% of the total installed capacity as on December 31, 2010. Wind energy constituted 69.3% of total installed renewable energy capacity.

The key drivers for wind energy in India are: (i) regulatory incentives; (ii) large untapped potential; and (iii) environmental concerns regarding the use of fossil fuels.

Regulatory Incentives for Wind Power

The Government of India and state governments provide a variety of regulatory incentives in respect of renewable energy including the following:

- tax incentives;
- generation incentives;
- preferential tariffs;
- renewable purchase obligations; and
- renewable energy certificates.

Untapped Potential of Wind Energy in India

The Ministry of New and Renewable Energy estimates large potential for the growth of wind-based generating units as set forth in the table below:

State	Potential (MW)	Installed Capacity (MW)*	% of potential unutilised
Karnataka	11,531.00	1,390.60	87.9
Gujarat	10,645.00	1,711.80	83.9
Andhra Pradesh	8,968.00	122.50	98.6
Tamil Nadu	5,530.00	4,596.20	16.9
Rajasthan	4,858.00	855.40	82.4
Maharashtra	4,584.00	2,004.40	56.3
Kerala	1,171.00	27.0	97.7
Madhya Pradesh	1,019.00	212.80	79.1

Orissa	255.00	-	NM
West Bengal	-	1.1	NM
Others	-	3.2	NM
TOTAL	48,561.00	10,925.00	

Source: Annual Report for 2009-2010 (MNRE)

*Installed Capacity as of December 31, 2009

Environmental Concerns

As of 2008, India was the world's fourth largest emitter of CO₂. Between 1990 and 2004, emissions increased by 97%, one of the highest rates of increase in the world. In December 2009, India announced that it would voluntarily reduce its emission intensity by 20-25% by 2020 with a base year of 2005. In March 2010, India agreed to be listed as a party on the Copenhagen Accord signed by the delegates at the 15th Session of the Conference of Parties to the United Nations Framework Convention on Climate Change with the understanding that the accord was not binding.

In addition, pursuant to the National Action Plan on Climate Change, the Government of India has called for 5.0% of electricity purchased from the grid by state utilities in India to come from renewable sources by the fiscal year 2010, with an increase of 1.0% per year. As a result, renewable energy may grow at a faster rate than traditional power generation sources. (Source: National Action Plan on Climate Change; Global Wind Energy Council, Indian Wind Energy Outlook 2009, September 2009)

SUMMARY OF BUSINESS

Our Company's ability to successfully implement its business strategy, growth and expansion plans, may be affected by various factors. Our Company's business overview, strengths and strategies must be read along with the "Risk Factors" beginning on page 13.

Overview

We are a distributed energy resource company, with a presence in the manufacture, installation and after-sales service of diesel generator sets, the lease, operation and maintenance of heavy fuel oil large-capacity ("HFO") generator sets, and wind power generation. We are one of three original equipment manufacturers ("OEMs") in India for Cummins India Limited ("Cummins India" and together with its Indian and global affiliates, "Cummins"). For the fiscal year 2010, we had 33.1% of Cummins India's market share in terms of total revenues, of the total OEM market of Cummins India. During this same period, Cummins India's market share was 33.9% in terms of total revenue of the diesel generator set market in India. In addition, for the fiscal year 2010, we had the largest share among the three OEMs of Cummins India, in the 375 kVA - 2,000 kVA range of diesel generator sets, both in terms of total revenue and number of units sold. (Source: Frost & Sullivan, *Demand and Market Assessment Report for Indian Diesel Genset Market (375-2000 kVA)* ("Frost & Sullivan, February 2011")) We commenced our diesel generator set business in India in 1984, our HFO generator set business in 1996 and our wind power business in 2008. We are promoted by Naresh Oberoi, and Kharati Ram Puri, who have both been involved in the diesel generator set business for over 40 years.

We enjoy a long-standing relationship of approximately two decades with Cummins, a global leader in the design, manufacture, distribution and servicing of diesel engines and related technologies. We cater to customers in the states of Maharashtra, Karnataka, Andhra Pradesh, Kerala, Tamil Nadu and Goa and the union territory of the Andaman and Nicobar Islands. In our diesel generator set business, we manufacture and provide after-sales services for a wide range of diesel generator sets, with capacity up to 2,000 kVA. We source the engines and alternators used in our diesel generator sets exclusively from Cummins, which we assemble with components such as control panels and acoustic boxes manufactured by us and sell as co-branded diesel generator sets. We also carry out installation services for our diesel generator sets for certain of our customers. We have also entered into a dealership agreement with Cummins India to provide exclusive after-sales services, including the sale of spare parts, for all diesel generator sets powered by Cummins engines installed in certain regions of Karnataka, Maharashtra and Tamil Nadu. For the nine months ended December 31, 2010 and the fiscal years 2010, 2009 and 2008, we have sold 5,758, 7,317, 7,463 and 6,087 diesel generator sets aggregating 1,301 MW, 1,414 MW, 1,514 MW and 1,391 MW of total generation capacity, respectively. For the six months ended September 30, 2010 and the fiscal years 2010, our diesel generator set business accounted for income, net of excise duty and service tax, of ₹ 4,833.61 million and ₹ 7,757.91 million, or 90.6% and 89.7% of our total income, respectively.

We lease, install and provide operation and maintenance services for HFO generator sets, ranging in capacity from 2,000 kVA to 4,500 kVA, to industrial customers. We have developed our capabilities in the HFO generator set business through our long-standing relationship of over 14 years with MAN, one of Europe's leading industrial players in transport-related engineering. We have entered into an exclusive dealership agreement with MAN, pursuant to which we have been appointed as the exclusive dealer for the sale of their generator products in India. We have also entered into a spare parts and service support agreement with MAN for selling spare parts and providing technical support in respect of such generator sets. We also purchase existing HFO MAN generators, refurbish them and provide balance of plant services. We also provide operation and maintenance services ("O&M") for MAN generator sets, including for those that we lease out to customers. We currently have six leases and 31 such O&M contracts in operation. For the six months ended September 30, 2010 and the fiscal years 2010, our HFO generator set business accounted for an income of ₹ 181.97 million and ₹ 392.09 million, or 3.4% and 4.5% of our total income, respectively.

We own and operate five manufacturing facilities that are located in the states of Karnataka, Tamil Nadu and the union territories of Daman and Diu and Dadra and Nagar Haveli. While we source the engines and alternators used in our diesel generator sets from Cummins, we purchase other raw materials such as steel, switchgear and electronic circuitry from a variety of sources under short-term arrangements from a number of suppliers. Our distribution network comprises 17 sales and marketing offices in nine states, supported by 75 sales executives, and 11 service

centres located in Karnataka, Maharashtra and Tamil Nadu. We sell our diesel generator sets to industrial and corporate end-users in a number of customer segments, including the automotive, electronics, FMCG and agriculture, hospitality, information technology, mining, oil and gas, pharmaceutical, service and telecommunications sectors. Our major customers include leading global and Indian companies such as Aurobindo Pharma Limited, Magarpatta Township Development & Construction Company Limited, Mercedes-Benz India Private Limited, JSW Steel Limited, Lupin Limited and Walchandnagar Industries Limited. A significant number of our customers are repeat customers.

We commissioned our first wind farm in 2008. We have implemented, commissioned and currently operate five wind farms with an aggregate capacity 55.95 MW in the states of Gujarat and Tamil Nadu. We fully commissioned:

- a 4.8 MW wind farm in Jamnagar district, Gujarat in April 2008;
- a 16.5 MW wind farm in Tirunelveli district, Tamil Nadu in September 2009;
- a 14.85 MW wind farm in Jangi-Vandhiya, Kutch district, Gujarat in March 2010;
- a 9.9 MW wind farm in Theni district, Tamil Nadu in September 2010; and
- a 9.9 MW wind farm in Jangi-Vandhiya, Kutch district, Gujarat in January 2011.

The dates above refer to the date of commissioning of the last unit of each project.

We have recently entered into a memorandum of understanding with Vestas Wind Technology India Private Limited (“Vestas”), a leading wind turbine generator manufacturer, to jointly implement up to 225 MW of additional wind farms over the next three years. In addition to supplying the wind turbine generators, Vestas shall carry out wind data collection, supply electronic hardware and software and provide operations and maintenance services during and after the warranty period. Pursuant to this memorandum of understanding, we have entered into non-binding term sheets with Vestas in respect of two wind farms on a turnkey basis with an aggregate capacity of 48.6 MW. In addition, we are negotiating the definitive agreements with Vestas for the development of the 34.2 MW wind power project to be located at Bijapur, Karnataka. For the six months ended September 30, 2010 and the fiscal years 2010, our wind business accounted for an income of ₹ 214.46 million and ₹ 68.77 million, or 4.0% and 0.8% of our total income, respectively.

We also intend to enter into the business of providing installation and maintenance services for customers who wish to install wind power generators. Our operational wind farms located in Jangi-Vandhiya, Gujarat and Tirunelveli, Tamil Nadu are currently registered under the United Nations Framework Convention on Climate Change (“UNFCCC”) and consequently, we expect to generate and sell certified emissions reductions (“CERs”) under the Kyoto Protocol’s Clean Development Mechanism (“CDM”) project.

Our net profit, as restated, was ₹ 617.24 million and ₹ 1,053.57 million for the six months ended September 30, 2010 and the fiscal year 2010, respectively.

Our Competitive Strengths

We believe that we possess the following competitive strengths:

- we have an established market leadership position, with our Promoters being involved in the sale of diesel generator sets since 1981 and our Company commencing the sale of diesel generator sets at its inception in 1984;
- we have alliances with industry leaders, such as Cummins, MAN and Vestas, which have helped us establish ourselves as a market leader in the generator set business, as well as enter new lines of business such as wind power;
- we believe we have superior technical and execution capabilities and own and operate five manufacturing facilities at various locations in India;

- we have a large and diversified customer base covering a number of segments including the automotive, electronics, FMCG and agriculture, hospitality, information technology, mining, oil and gas, service and telecommunications sectors; and
- we are led by an experienced and proven management team.

Our Strategies

We intend to pursue the following principal strategies to exploit our competitive strengths and grow our business:

- capitalise on continued demand for generator sets as we believe that anticipated economic growth and lack of stable power supply and adequate power infrastructure may continue to lead to greater demand for generator sets in India;
- continue to develop our wind power business because we believe that continuing trends towards renewable energy on account of greater environmental awareness and the general trend away from non-renewable sources of energy provide us with a significant opportunity to expand our wind power business;
- continue to focus on the diversification of our revenue streams so that we are be able to provide a set of power solutions ranging in generation capacity, fuel type and suitability for use as a primary or secondary source of power; and
- further develop and strengthen our alliances that may provide us with greater access to advanced technology and allow us to diversify our product and customer base.

SUMMARY FINANCIAL INFORMATION

A. STANDALONE

Standalone Statement of Assets and Liabilities, as Restated

(₹ in million)

	Particulars	As at 30th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
A	Fixed Assets						
	Gross Block	5,004.74	3,512.50	1,408.69	1,022.09	660.04	451.77
	Less : Accumulated Depreciation	799.78	583.84	369.43	262.79	188.26	143.72
	Net Block	4,204.96	2,928.66	1,039.26	759.30	471.78	308.05
	Capital Work in Progress	70.69	56.47	76.87	228.09	86.94	42.19
	Subtotal	4,275.65	2,985.13	1,116.13	987.39	558.72	350.24
B	Investments	2,564.62	3,302.08	3,317.75	2,840.04	677.12	270.97
C	Current Assets, Loans and Advances						
	Inventories	1,099.39	537.63	867.33	782.38	799.54	434.70
	Sundry Debtors	1,119.11	1,033.56	1,140.83	1,119.30	819.50	666.98
	Cash and Bank Balances	229.14	127.37	205.44	206.04	258.88	239.59
	Loans and Advances	692.36	651.73	420.41	581.98	440.19	242.32
	Subtotal	3,140.00	2,350.29	2,634.01	2,689.70	2,318.11	1,583.59
D	Total (D = A + B + C)	9,980.27	8,637.50	7,067.89	6,517.13	3,553.95	2,204.80
E	Liabilities and Provisions						
	Secured Loans	556.65	-	-	-	-	-
	Deferred Tax Liability	607.95	428.89	61.65	23.15	12.94	2.00
	Current Liabilities	2,158.24	2,027.51	1,706.92	1,962.69	1,516.74	980.40
	Provisions	53.39	195.72	127.16	82.80	39.06	19.61
	Total	3,376.23	2,652.12	1,895.73	2,068.64	1,568.74	1,002.01
	Net Worth (D - E)	6,604.04	5,985.38	5,172.16	4,448.49	1,985.21	1,202.79
	Net Worth represented by Share Capital	52.00	52.00	52.00	52.00	47.42	30.79
	Reserves and Surplus						
	Capital Reserve	1.39	1.39	1.39	1.39	1.39	1.39
	Capital Redemption Reserve	5.02	5.02	5.02	5.02	5.02	5.02
	Securities Premium	1,474.75	1,474.75	1,474.75	1,474.75	-	-
	General Reserve	677.39	677.39	572.05	484.73	382.58	282.58
	Profit and Loss Account	4,393.49	3,774.83	3,066.95	2,430.60	1,548.80	883.01
	Subtotal	6,552.04	5,933.38	5,120.16	4,396.49	1,937.79	1,172.00
	Net Worth	6,604.04	5,985.38	5,172.16	4,448.49	1,985.21	1,202.79

The above statement should be read in conjunction with the Notes on Adjustments for Restated Standalone Financial Statements

Significant Accounting Policies and Notes to Restated Standalone Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).

Standalone Statement of Profit and Loss Account, as Restated

(₹ in million)

	Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
		2010	2010	2009	2008	2007	2006
A	Income						
	Sales & Services - Gross	5,663.07	8,783.11	10,024.34	9,013.51	7,111.68	5,132.63
	Less : Excise Duty & Service Tax	432.96	564.82	882.59	920.06	735.68	543.33
	Sales & Services - Net	5,230.11	8,218.29	9,141.75	8,093.45	6,376.00	4,589.30
	Other Income	105.26	433.10	227.45	135.89	84.38	46.22
	Subtotal	5,335.37	8,651.39	9,369.20	8,229.34	6,460.38	4,635.52
B	Expenditure						
	Cost of Materials	3,694.13	5,860.78	6,735.52	5,688.38	4,476.58	3,472.97
	Personnel Expenses	249.43	356.95	359.82	309.93	236.72	209.20
	Manufacturing and Other Expenses	372.71	775.60	913.50	869.77	634.19	375.55
	Depreciation and Amortisation	220.78	233.73	133.10	78.49	50.22	35.78
	Subtotal	4,537.05	7,227.06	8,141.94	6,946.57	5,397.71	4,093.50
C	Net Profit before tax as per audited financial statements	798.32	1,424.33	1,227.26	1,282.77	1,062.67	542.02
	Less : Provision for Taxation						
	- Current Tax	147.73	211.26	305.00	215.00	205.00	110.00
	- MAT Credit Entitlement	(147.73)	(211.26)	-	-	-	-
	- Deferred Tax	179.06	367.24	38.49	11.50	10.94	(0.26)
	- Fringe Benefit Tax	-	-	7.61	8.17	7.03	4.96
	- Wealth Tax	0.60	1.10	0.65	0.60	0.45	0.20
	Income Tax for Earlier Year Written Off (Back)	-	2.51	2.35	1.00	(4.54)	5.70
	Net Profit after tax, as per audited financial statements	618.66	1,053.48	873.16	1,046.50	843.79	421.42
	Adjustment made on account of Restatement	-	2.51	2.62	0.79	(7.77)	3.14
	Net Profit after tax, as restated	618.66	1,055.99	875.78	1,047.29	836.02	424.56
	Balance brought forward from previous year, as restated	3,774.83	3,066.95	2,430.60	1,548.80	883.01	533.97
	Amount Available for Appropriation	4,393.49	4,122.94	3,306.38	2,596.09	1,719.03	958.53
	Appropriations:						
	Proposed Final Dividend	-	-	-	-	-	11.19
	Interim Dividend	-	208.02	130.01	52.00	61.59	11.19
	Tax on Interim Dividend	-	34.74	22.10	8.84	8.64	3.14

	Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
		2010	2010	2009	2008	2007	2006
	Transferred to General Reserve	-	105.35	87.32	104.65	100.00	50.00
	Balance carried to Balance Sheet, as restated	4,393.49	3,774.83	3,066.95	2,430.60	1,548.80	883.01

The above statement should be read in conjunction with the Notes on Adjustments for Restated Standalone Financial Statements,

Significant Accounting Policies and Notes to Restated Standalone Financial Statements (as appearing in Annexure 4,5 and 6 respectively).

Standalone Statement of Cash Flow, as Restated

(₹ in million)

	Particulars	As at 30th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
A	Cash flows from Operating Activities						
	Net Profit before Tax as per audited financial						
	Statements	798.32	1,424.32	1,227.26	1,282.77	1,062.67	542.02
	Adjustments	-	-	0.03	(0.02)	0.01	(0.01)
	Net Profit before Tax, as restated	798.32	1,424.32	1,227.29	1,282.75	1,062.68	542.01
	Adjustments for:						
	Depreciation	220.78	233.73	133.07	78.51	50.21	35.78
	Assets Discarded	-	5.98	-	-	-	-
	(Profit) Loss on sale of Assets	(0.19)	0.20	0.19	(2.89)	(2.43)	(1.25)
	(Profit) Loss on sale of Long Term Investments	-	(8.98)	(37.07)	(28.36)	(9.91)	(2.06)
	(Profit) Loss on sale of Current Investments	49.92	(121.49)	(7.46)	(12.23)	(13.90)	(13.04)
	Dividend recd from Long Term Investments	-	-	(3.10)	(27.54)	(12.90)	(2.38)
	Dividend recd from Current Investments	(10.66)	(116.85)	(151.41)	(22.70)	(12.35)	(5.17)
	Investments Written off	-	0.08	0.03	-	-	-
	Bad Debts Written Off (Back)	(18.34)	33.33	59.67	(3.94)	31.52	30.59
	Provision for Doubtful Debts	3.57	-	-	-	-	-
	Provision for Derivative Loss	11.59	-	-	-	-	-
	Provision for Diminution in value of Current Investments	-	62.83	130.15	-	4.34	-
	Provision for Diminution in value of Current Investments written back	(62.83)	(130.15)	-	(4.34)	-	-
	Right Issue Expenses	-	-	-	-	0.02	-
	Employee Benefit as on 01.04.2007 adjusted against General Reserve	-	-	-	(3.79)	-	-
	Interest Received	(8.65)	(19.26)	(13.71)	(19.02)	(14.71)	(9.69)
	Operating Profit before Working Capital Changes	983.51	1,363.74	1,337.65	1,236.45	1,082.57	574.79
	Adjustments for:						
	Trade & Other Receivables	(5.29)	120.71	60.43	(417.05)	(379.62)	(227.22)
	Inventories	(561.76)	329.70	(84.95)	17.16	(364.83)	(70.31)
	Trade Payables	158.73	303.35	(246.69)	461.77	537.09	113.74
	Cash Generated from Operations.	577.19	2,117.50	1,066.44	1,298.33	875.21	391.03
	Interest Received	9.48	24.09	12.91	19.15	12.42	9.54
	Direct Taxes (Paid) Refund (Net)	(107.56)	(288.87)	(287.66)	(277.43)	(184.35)	(117.06)
	Net Cash from Operating Activities	477.11	1,852.72	791.69	1,040.05	703.28	283.51
B	Cash flows from Investing						

	Particulars	As at 30th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
	Activities						
	(Purchase) Sale of Fixed Assets	(1,511.10)	(2,108.91)	(261.75)	(504.48)	(256.17)	(124.58)
	(Purchase) Sale of Investments	750.37	213.38	(587.08)	(2,117.99)	(386.69)	2.17
	Investment in Subsidiary	-	-	23.71	-	-	-
	Dividend from Investments	10.66	116.85	154.51	50.24	25.25	7.55
	Net Cash from Investing Activities	(750.07)	(1,778.68)	(670.61)	(2,572.23)	(617.61)	(114.86)
C	Cash flows from Financing Activities						
	Proceeds from Issue of Equity Shares, including premium	-	-	-	1,479.34	16.62	8.42
	Increase (Decrease) in Borrowings	556.65	-	-	-	-	(93.30)
	Dividend & Tax on Dividend	(181.92)	(152.11)	(121.68)	-	(82.98)	(25.51)
	Right Issue Expenses	-	-	-	-	(0.02)	-
	Net Cash from Financing Activities	374.73	(152.11)	(121.68)	1,479.34	(66.38)	(110.39)
	Net Increase (Decrease) in Cash & Cash Equivalents	101.77	(78.07)	(0.60)	(52.84)	19.29	58.26
	Cash and Cash Equivalents as at the beginning of the year	127.37	205.44	206.04	258.88	239.59	181.33
	Cash and Cash Equivalents as at the end of the year	229.14	127.37	205.44	206.04	258.88	239.59

- 1) The above statement should be read in conjunction with the Notes on Adjustments for Restated Standalone Financial Statements, Significant Accounting Policies and Notes to Restated Standalone Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).
- 2) The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 "Cash Flow Statements".
- 3) Figures in brackets indicates Outflow.

B. CONSOLIDATED

Consolidated Statement of Assets and Liabilities, as Restated

(₹ in million)

	Particulars	As at 30 th September,	As at 31 st March,				
		2010	2010	2009	2008	2007	2006
A	Fixed Assets						
	Gross Block	5,042.93	3,550.69	1,447.02	1,022.22	660.25	451.77
	Less : Accumulated Depreciation	804.76	587.94	371.83	262.89	188.32	143.73
	Net Block	4,238.17	2,962.75	1,075.19	759.33	471.93	308.04
	Capital Work in Progress	70.69	56.47	76.87	228.09	86.94	42.19
	Subtotal	4,308.86	3,019.22	1,152.06	987.42	558.87	350.23
B	Investments	2,539.11	3,276.57	3,292.24	2,838.23	675.32	269.16
C	Current Assets, Loans and Advances						
	Inventories	1,099.39	537.64	867.33	782.38	799.53	434.71
	Sundry Debtors	1,119.11	1,033.55	1,140.83	1,119.30	833.63	666.98
	Cash and Bank Balances	231.64	130.18	209.35	213.86	259.03	241.49
	Loans and Advances	678.61	638.12	406.98	577.69	430.80	243.64
	Subtotal	3,128.75	2,339.49	2,624.49	2,693.23	2,322.99	1,586.82
D	Total (D = A + B + C)	9,976.72	8,635.28	7,068.79	6,518.88	3,557.18	2,206.21
E	Liabilities and Provisions						
	Secured Loans	556.65	-	-	-	-	-
	Deferred Tax Liability	607.96	428.89	61.71	23.15	12.94	2.00
	Current Liabilities	2,158.21	2,027.41	1,707.71	1,963.77	1,522.55	982.59
	Provisions	53.39	195.72	126.51	82.93	39.14	19.62
	Total	3,376.21	2,652.02	1,895.93	2,069.85	1,574.63	1,004.21
	Net Worth (D - E)	6,600.51	5,983.26	5,172.86	4,449.03	1,982.55	1,202.00
	Net Worth represented by						
	Share Capital	52.00	52.00	52.00	52.00	47.42	30.79
	Reserves and Surplus						
	Capital Reserve	1.39	1.39	1.39	1.39	1.39	1.39
	Capital Redemption Reserve	5.02	5.02	5.02	5.02	5.02	5.02
	Foreign Currency Translation Reserve	0.79	0.78	1.18	0.28	(0.36)	0.02
	Securities Premium	1,474.75	1,474.75	1,474.75	1,474.75	-	-
	General Reserve	677.39	677.39	572.04	484.73	382.58	282.58
	Profit and Loss Account	4,389.17	3,771.93	3,066.48	2,430.86	1,546.50	882.20
	Subtotal	6,548.51	5,931.26	5,120.86	4,397.03	1,935.13	1,171.21
	Net Worth	6,600.51	5,983.26	5,172.86	4,449.03	1,982.55	1,202.00

The above statement should be read in conjunction with the Notes on Adjustments for Restated Consolidated Financial Statements, Significant Accounting Policies and Notes to Restated Consolidated Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).

Consolidated Statement of Profit & Loss Account, As Restated

	Particulars	For the Period Ended 30th September,	For the Year Ended 31 st March,				
		2010	2010	2009	2008	2007	2006
A	Income						
	Sales & Services - Gross	5,663.07	8,783.11	10,024.34	9,050.98	7,221.78	5,132.63
	Less : Excise Duty & Service Tax	432.96	564.82	882.59	920.06	735.68	543.33
	Sales & Services - Net	5,230.11	8,218.29	9,141.75	8,130.92	6,486.10	4,589.30
	Other Income	105.26	433.10	228.03	136.49	84.38	46.22
	Subtotal	5,335.37	8,651.39	9,369.78	8,267.41	6,570.48	4,635.52
B	Expenditure						
	Cost of Materials	3,694.14	5,860.76	6,735.52	5,724.32	4,582.58	3,472.96
	Personnel Expenses	249.43	356.95	360.75	311.52	237.70	209.20
	Manufacturing and Other Expenses	373.25	776.26	914.29	867.10	638.79	376.37
	Depreciation and Amortisation	221.65	235.57	133.50	78.56	50.28	35.78
	Subtotal	4,538.47	7,229.54	8,144.06	6,981.50	5,509.35	4,094.31
C	Net Profit before tax, as per audited financial statements	796.90	1,421.85	1,225.72	1,285.91	1,061.13	541.21
	Less : Provision for Taxation						
	- Current Tax	147.73	211.26	305.15	215.00	205.00	110.00
	- MAT Credit Entitlement	(147.73)	(211.26)	-	-	-	-
	- Deffered Tax	179.06	367.18	38.49	11.50	10.94	(0.26)
	- Fringe Benefit Tax	-	-	7.61	8.17	7.03	4.96
	- Wealth Tax	0.60	1.10	0.65	0.60	0.45	0.20
	Income Tax for Earlier Year Written Off (Back)	(0.15)	2.52	2.35	1.00	(4.54)	5.70
	Net Profit after tax before prior period items, as per audited financial statements	617.39	1,051.05	871.47	1,049.64	842.25	420.61
	Prior Period Items (Net)	-	0.28	-	-	-	-
	Net Profit after prior period items, as per audited financial statements	617.39	1,051.33	871.47	1,049.64	842.25	420.61
	Adjustment made on account of Restatement	(0.15)	2.24	3.58	0.21	(7.72)	3.14
	Net Profit after tax, as restated	617.24	1,053.57	875.05	1,049.85	834.53	423.75
	Balance brought forward from previous year, as restated	3,771.93	3,066.48	2,430.86	1,546.50	882.20	533.97
	Amount Available for Appropriation	4,389.17	4,120.05	3,305.91	2,596.35	1,716.73	957.72
	Appropriations:						
	Proposed Final Dividend	-	-	-	-	-	11.19

	Particulars	For the Period Ended 30th September,	For the Year Ended 31 st March,				
		2010	2010	2009	2008	2007	2006
	Interim Dividend	-	208.02	130.01	52.00	61.59	11.19
	Tax on Dividend	-	34.75	22.10	8.84	8.64	3.14
	Transferred to General Reserve	-	105.35	87.32	104.65	100.00	50.00
	Balance carried to Balance Sheet, as restated	4,389.17	3,771.93	3,066.48	2,430.86	1,546.50	882.20

The above statement should be read in conjunction with the Notes on Adjustments for Restated Consolidated Financial Statements, Significant Accounting Policies and Notes to Restated Consolidated Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).

Consolidated Statement of Cash Flows, as Restated

	Particulars	As at 30 th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
A	Cash flows from Operating Activities						
	Net Profit before Tax as per audited financial statements	796.90	1,421.85	1,225.72	1,285.91	1,061.13	541.21
	Adjustments	-	-	1.09	(0.79)	0.16	(0.05)
	Net Profit before Tax, as restated	796.90	1,421.85	1,226.81	1,285.12	1,061.29	541.16
	Adjustments for:						
	Foreign Currency Translation Reserve	0.01	(0.39)	0.89	0.64	(0.38)	0.02
	Depreciation	221.65	235.57	133.22	78.77	50.17	35.83
	Goodwill on Consolidation written off	-	-	0.31	-	-	-
	Assets Discarded	-	5.98	-	-	-	-
	(Profit) Loss on sale of Assets	(0.19)	0.20	0.19	(2.87)	(2.43)	(1.25)
	(Profit) Loss on sale of Long Term Investments	-	(8.98)	(37.07)	(28.36)	(9.91)	(2.06)
	(Profit) Loss on sale of Current Investments	49.92	(121.49)	(7.46)	(12.23)	(13.90)	(13.04)
	Dividend received from Long Term Investments	-	-	(3.10)	(27.54)	(12.90)	(2.38)
	Dividend received from Current Investments	(10.66)	(116.85)	(151.41)	(22.70)	(12.35)	(5.17)
	Investments Written off	-	0.07	0.03	-	-	-
	Provision for Doubtful Debts	3.57	-	-	-	-	-
	Provision for Derivative Loss	11.59	-	-	-	-	-
	Bad Debts Written off (back)	(18.34)	33.33	59.67	(3.94)	31.52	30.59
	Provision for Diminution in value of Current Investments	-	62.83	130.15	-	4.34	-
	Provision for Diminution in value of Current Investments written back	(62.71)	(130.15)	-	(4.34)	-	-
	Right Issue Expenses	-	-	-	-	0.02	-
	Employee Benefit as on 01.04.2007 adjusted against General Reserve	-	-	-	(3.79)	-	-
	Interest Income	(8.64)	(19.26)	(13.71)	(19.02)	(14.71)	(9.69)
	Operating Profit before Working Capital Changes	983.10	1,362.71	1,338.51	1,239.75	1,080.76	574.00
	Adjustments for:						
	Trade & Other Receivables	(5.16)	121.69	69.59	(408.02)	(383.06)	(228.52)
	Inventories	(561.75)	329.70	(84.95)	17.15	(364.82)	(70.31)
	Trade Payables	158.81	302.39	(247.06)	457.09	540.80	115.94
	Cash Generated from Operations	575.00	2,116.49	1,076.09	1,305.96	873.68	391.12
	Interest Received	9.48	24.09	12.90	19.15	12.42	9.54
	Direct Taxes (Paid) Refund (Net)	(107.55)	(288.97)	(286.75)	(277.44)	(184.35)	(117.06)
	Net Cash from Operating Activities	476.93	1,851.61	802.24	1,047.67	701.75	283.60
B	Cash flows from Investing Activities						

	Particulars	As at 30 th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
	(Purchase) Sale of Fixed Assets	(1,511.09)	(2,108.91)	(299.93)	(504.43)	(256.39)	(124.58)
	(Purchase) Sale of Investments	750.24	213.39	(539.65)	(2,117.99)	(386.69)	3.97
	Dividend from Investments	10.66	116.85	154.51	50.24	25.25	7.55
	Net Cash from Investing Activities	(750.20)	(1,778.67)	(685.07)	(2,572.18)	(617.83)	(113.06)
C	Cash flows from Financing Activities						
	Proceeds from Issue of Equity Shares, including premium	-	-	-	1,500.00	16.62	8.42
	Increase (Decrease) in Borrowings	556.65	-	-	-	-	(93.30)
	Dividend & Tax on Dividend	(181.92)	(152.11)	(121.68)	-	(82.98)	(25.50)
	Share Issue Expenses	-	-	-	(20.66)	(0.02)	-
	Net Cash from Financing Activities	374.73	(152.11)	(121.68)	1,479.34	(66.38)	(110.38)
	Net Increase (Decrease) in Cash & Cash Equivalents	101.46	(79.17)	(4.51)	(45.17)	17.54	60.16
	Cash and Cash Equivalents as at the beginning of the year	130.18	209.35	213.86	259.03	241.49	181.33
	Cash and Cash Equivalents as at the end of the year	231.64	130.18	209.35	213.86	259.03	241.49

- 1) The above statement should be read in conjunction with the Notes on Adjustments for Restated Consolidated Financial Statements, Significant Accounting Policies and Notes to Restated Consolidated Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).
- 2) The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 "Cash Flow Statements".
- 3) Figures in brackets indicates outflow.

THE ISSUE

Issue of Equity Shares	[●] Equity Shares
<i>of which</i>	
i) Fresh Issue by our Company	[●] Equity Shares aggregating up to ₹ 6,500.00 million
ii) Offer for Sale by the Selling Shareholders ⁽¹⁾	Up to 4,100,000 Equity Shares
<i>of which</i>	
A) QIB portion ⁽²⁾	Not more than [●] Equity Shares
<i>Of which:</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion ⁽³⁾	Not less than [●] Equity Shares
C) Retail Portion ⁽³⁾	Not less than [●] Equity Shares
Equity Shares outstanding prior to the Issue	46,803,420 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Net Proceeds	See the chapter “Objects of the Issue” beginning on page 74 of this Draft Red Herring Prospectus for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

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

- ⁽¹⁾ *The Equity Shares offered by the Selling Shareholders in the Issue have been held by them for more than a period of one year as on the date of this Draft Red Herring Prospectus.*
- ⁽²⁾ *Our Company and the Selling Shareholders may allocate up to 30% of the QIB Portion 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 Anchor Investor Allocation Price. For details, see the chapter “Issue Procedure” beginning on page 327 of this Draft Red Herring Prospectus.*
- ⁽³⁾ *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 and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.*

GENERAL INFORMATION

Our Company was incorporated as Consolidated Power Systems Private Limited on May 4, 1984 as a private limited company in Mumbai under the Companies Act. On June 15, 1988, the status of our Company was changed to a public limited company by virtue of amendments to the Companies Act in 1988 and consequently the name of our Company was changed to Consolidated Power Systems Limited. Subsequently, the name of our Company was changed from Consolidated Power Systems Limited to Powerica Limited, pursuant to which a fresh certificate of incorporation dated October 5, 1989 was issued by the RoC. For details of changes in the registered office of our Company, see the chapter “History and Certain Corporate Matters” beginning on page 130 of this Draft Red Herring Prospectus.

Registered Office of our Company

74, A Wing, Mittal Court
Nariman Point
Mumbai 400 021
Tel: (91 22) 4001 2925
Fax: (91 22) 2204 3782
Website: www.powericaltd.com
CIN: U31100MH1984PLC032825

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
Everest, 5th Floor
100 Marine Drive
Mumbai 400 002
Maharashtra

Board of Directors of our Company

The Board of Directors consists of:

Name and Designation	DIN	Address
Naresh Chander Oberoi Chairman and Managing Director	00009000	181-B, Jolly Maker Apartments, Cuffe Parade, Colaba, Mumbai 400 005
Bharat Oberoi Joint Managing Director	00083664	31-B, Maker Tower, Cuffe Parade, Colaba, Mumbai 400 005
Rajat Oberoi Joint Managing Director (Wind & Renewable Energy Division)	00014977	181-B, Jolly Maker Apartments, Cuffe Parade, Colaba, Mumbai 400 005
Kharati Ram Puri Whole-time Director	00015011	50, Sunita, Cuffe Parade, Colaba, Mumbai 400 005
Nainesh Jaisingh Non-Executive and Non-Independent director	00061014	31, Urvashi, Petit Hall, 66, Nepeansea Road, (Nr.) Priyadarshini Park, Mumbai 400 006
Mukul Nag Alternate Director to Nainesh Jaisingh	03168627	B-503, Ashok Towers, Dr B. Ambedkar Road, Parel, Mumbai 400 012
Dinesh Kumar Independent Director	01133565	21, 17 th Cross, Malleswaram, Bangalore 560 055
Malini Thadani Independent Director	01516555	21 A, Kalpataru Habitat, Dr. S.S. Rao Road, Parel, Mumbai 400 012
Anand Narotam Desai	00165894	6 A, Suvas, 68 L, Jagmohandas Marg, Mumbai

Name and Designation	DIN	Address
Independent Director		400 006
Ghanshyam Dass Independent Director	01807011	31 A, Shobha Emerald, Shobha Suburbia, Behind Jakkur Flying Club, Jakkur, Bangalore 560 064
Krishen Dev Independent Director	00001534	Plot No. 16, Pallod Farms II, Baner, Pune 411 045

For further details of the Directors, see the chapter “Management” beginning on page 137 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Kety P. Mistry is our Company Secretary and Compliance Officer. Her details are as follows:

Kety P. Mistry

74, A Wing
Mittal Court
Nariman Point
Mumbai 400 021
Tel: (91 22) 4001 2925 / 4001 2947
Fax: (91 22) 2204 3782
Email: company.secretary@powericaltd.com

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

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSBs, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Book Running Lead Managers

JM Financial Consultants Private Limited

141, Maker Chamber-III
Nariman Point
Mumbai 400 021
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 7185
E-mail: powerica.ipo@jmfinancial.in
Investor Grievance Email: grievance.ibd@jmfinancial.in
Website: www.jmfinancial.in
Contact Person: Lakshmi Lakshmanan
SEBI Registration No.: INM000010361

IDFC Capital Limited

Naman Chambers
C – 32, G Block, Bandra Kurla Complex

Citigroup Global Markets India Private Limited

12th floor, Bakhtawar
Nariman Point
Mumbai 400 021
Tel: (91 22) 6631 9890
Fax: (91 22) 3919 7814
E-mail: powerica.ipo@citi.com
Investor Grievance Email: investors.cgmib@citi.com
Website:
<http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm>
Contact Person: Priyanka Kataruka
SEBI Registration No.: INM000010718

Kotak Mahindra Capital Company Limited

1st Floor, Bakhtawar
Nariman Point

Bandra (East)
Mumbai 400 051
Tel: (91 22) 6622 2600
Fax: (91 22) 6622 2501
E-mail: powerica.ipo@idfc.com
Investor Grievance Email: complaints@idfc.com
Website: www.idfccapital.com
Contact Person: Rahul Bahri
SEBI Registration No.: INM000011336

Mumbai 400 021
Tel: (91 22) 6634 1100
Fax: (91 22) 2282 6632
E-mail: powerica.ipo@kotak.com
Investor Grievance Email: kmccredressal@kotak.com
Website: www.investmentbank.kotak.com
Contact Person: Chandrakant Bhole
SEBI Registration No.: INM000008704

Legal Advisors to the Issue

Domestic Legal Counsel to our Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Domestic Legal Counsel to the Underwriters

Khaitan & Co.
One Indiabulls Centre, 13th Floor
841, Senapati Bapat Marg
Elphinstone Road
Mumbai 400 013
Tel: (91 22) 6636 5000
Fax: (91 22) 6636 5050

International Legal Counsel to the Underwriters

Jones Day
3 Church Street
#14-02 Samsung Hub
Singapore 049483
Tel: (65) 6538 3939
Fax: (65) 6536 3939

Syndicate Members

[•]

Auditors to our Company

M/s. Kapoor & Parekh Associates, Chartered Accountants
157 – 161, Princess Street
Mumbai 400 002
Tel: (91 22) 2206 0787
Fax: (91 22) 2206 2828
Email: sskpas@gmail.com
Membership no. of N. M. Parekh (Partner): 33528
Firm Registration No.: 104803W

Registrar to the Issue**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound

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

Mumbai 400 078

Tel: (91 22) 2596 0320

Fax: (91 22) 2596 0329

Email: powerica.ipo@linkintime.co.in

Investor Grievance Email: powerica.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sachin Achar

SEBI Registration No.: INR000004058

IPO Grading Agency

CRISIL Limited has been appointed for grading this Issue. The rationale furnished by the grading agency for its grading will be updated at the time of filing the Red Herring Prospectus with the RoC.

Experts

Except the report of the Auditors dated February 10, 2011 and the statement of tax benefits dated February 10, 2011 provided by M/s. Kapoor & Parekh Associates, Chartered Accountants, our Company has not obtained any expert opinions.

Bankers to the Issue and Escrow Collection Banks

[●]

Bankers to our Company**BNP Paribas**

French Bank Building

62, Homiji Street, Fort

Mumbai 400 001

Tel: (91 22) 6650 1300

Fax: (91 22) 2266 0913 / 2266 0144

E-mail: mayank.bhandari@asia.bnpparibas.com and

porus.sinor@asia.bnpparibas.com

Website:

<http://www.bnpparibas.co.in/en/home/default.asp>

CitiBank N.A.

Trent House, 2nd Floor

Next to Citicentre Building

Bandra Kurla Complex

Bandra (East), Mumbai 400 051

Tel: (91 22) 4029 6475/ 4000 5718

Fax: (91 22) 2653 2108

E-mail: dushyant.poddar@citi.com

Website: www.citibank.co.in

HDFC Bank Limited

Process House, Second Floor

Kamla Mills Compound

Senapati Bapat Marg, Lower Parel

Mumbai 400 013

Tel: (91 22) 4080 8366/ 4080 8365

Fax: (91 22) 2496 3994 / 2496 8135

E-mail: roma.divanji@hdfcbank.com

Website: www.hdfcbank.com

Standard Chartered Bank

Trade Service, Oriental Building

Ground Floor, 364, D. N. Road, Fort

Mumbai 400 001

Tel: (91 22) 2268 3009

Fax: (91 22) 2201 9246

E-mail: payal.khotari@sc.com

Website: www.standardchartered.com

Canara Bank

Mittal Tower, C Wing

Nariman Point

Mumbai 400 021,

Tel: (91 22) 2204 2805

Fax: (91 22) 2288 2492 / 2204 5876
E-mail: managercity0172@canbank.co.in;
cb0172@canarabank.com
Website: www.canarabank.com

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as a SCSB for the ASBA process are provided on www.sebi.gov.in/pmd/scsb.pdf. For details on Designated Branches of SCSBs collecting ASBA Bid Cum Application Forms, please refer to the above mentioned link.

Monitoring Agency

Our Company shall appoint a Monitoring Agency in accordance with Regulation 16 of the SEBI Regulations.

Inter Se Allocation of Responsibilities between the BRLMs

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Issue:

Sr. No.	Activities Responsibility	Coordinating	Responsibility
1.	Capital structuring with relative components and formalities etc.	Citi, Kotak, JM Financial, IDFC Capital	JM Financial
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing including co-ordination with Auditors for preparation of financials	Citi, Kotak, JM Financial, IDFC Capital	JM Financial
3.	Drafting and approving all statutory advertisements.	Citi, Kotak, JM Financial, IDFC Capital	JM Financial
4.	Drafting and approval of all publicity material other than statutory advertisement including corporate advertisement, brochure etc.	Citi, Kotak, JM Financial, IDFC Capital	Kotak
5.	Appointment of other intermediaries - Registrar(s), Escrow Collection Banks - Printers, Advertising Agency, IPO Grading Agency, Monitoring Agency (if required)	Citi, Kotak, JM Financial, IDFC Capital	IDFC Capital, Kotak
6.	Preparation of roadshow presentation and FAQs	Citi, Kotak, JM Financial, IDFC Capital	Citi
7.	Institutional marketing strategy: International institutional	Citi, Kotak, JM Financial, IDFC Capital	Citi
8.	Institutional marketing strategy: Domestic institutional	Citi, Kotak, JM Financial, IDFC Capital	IDFC Capital
9.	Retail / HNI marketing strategy - Finalise centers for holding conference for brokers etc. - Finalise media, marketing & PR Strategy	Citi, Kotak, JM Financial, IDFC Capital	Kotak

	- Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material - Finalise bidding centers		
10.	- Pricing, - managing the book and coordination with Stock-Exchanges	Citi, Kotak, JM Financial, IDFC Capital	Citi Kotak
11.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The Post Issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, demat and delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Escrow Collection Banks. (The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company)	Citi, Kotak, JM Financial, IDFC Capital	IDFC Capital

Credit Rating

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

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus and the Bid cum Application Form within the Price Band, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised at least two Working Days prior to the Bid/Issue Opening Date. 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 Selling Shareholders;
3. The BRLMs;
4. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/ NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs;
5. The SCSBs;
6. The Registrar to the Issue; and
7. The Escrow Collection Banks.

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis

to Non-Institutional Bidders and not less than 35% 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.

In accordance with the SEBI Regulations, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see the chapter “Terms of the Issue” beginning on page 321 of this Draft Red Herring Prospectus.

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

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

Illustration of Book Building Process and Price discovery process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue; it excludes bidding by Anchor Investors or ASBA process)*

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

Bid Quantity	Bid Amount (₹)	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 issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid (please see “Who Can Bid?” in the chapter “Issue Procedure” on page 327 of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form or the ASBA Bid cum Application Form. 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 (see the chapter “Issue Procedure” beginning on page 327 of this Draft Red Herring Prospectus);

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form;
5. Bids by QIBs (including Anchor Investors) will only have to be submitted to the BRLMs or their holding entity or their subsidiary which is an entity otherwise eligible to act as a syndicate member and has a valid SEBI registration certificate, other than QIBs (excluding Anchor Investors) who Bid through ASBA process, who shall submit Bids to the Designated Branches of the SCSBs; and
6. ASBA Bidders will have to submit Bids (physical form) to the Designated Branches. ASBA Bidders should ensure that the ASBA Account has adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Underwriting Agreement

After the determination of the Issue Price but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Running Lead Managers shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●].

Pursuant to the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing as specified therein.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
JM Financial Consultants Private Limited 141, Maker Chamber-III Nariman Point Mumbai 400 021	[●]	[●]
Citigroup Global Markets India Private Limited 12 th floor, Bakhtawar Nariman Point Mumbai 400 021	[●]	[●]
IDFC Capital Limited Naman Chambers C – 32, G Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051	[●]	[●]
Kotak Mahindra Capital Company Limited 1 st Floor, Bakhtawar Nariman Point Mumbai 400 021	[●]	[●]

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

In the opinion of the Board of Directors (based on a certificate 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 Exchange(s). The Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company. SCP II and SCP III have by their board resolutions dated [●] and [●] respectively and Naresh Chander Oberoi, Kharati Ram Puri, Naresh Oberoi HUF, Rajat Naresh Oberoi, Bharat Naresh Oberoi, Renu Sachin Mehra, T. B. Nedungadi and Sunil K. Khurana by the letters dated [●] and [●] respectively, accepted and entered into the Underwriting Agreement.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Draft Red Herring Prospectus is set forth below:

(In ₹, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	AUTHORISED SHARE CAPITAL		
	100,000,000 Equity Shares	200,000,000	
	Total	200,000,000	
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
	46,803,420 Equity Shares	93,606,840	
	Total	93,606,840	
C	PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS		
	[●] Equity Shares	[●]	[●]
	<i>of which</i>		
	Fresh Issue of [●] Equity Shares aggregating up to ₹ 6,500.00 million ¹	[●]	[●]
	Offer for Sale of up to 4,100,000 Equity Shares aggregating to ₹ [●] million ^{2, 3}	[●]	[●]
D	PAID-UP CAPITAL AFTER THE ISSUE		
	[●] Equity Shares	[●]	
E	SHARE PREMIUM ACCOUNT		
	Before the Issue	1,438,170,995.00	
	After the Issue		[●]

¹ The Fresh Issue has been authorized by a resolution of the Board of Directors dated February 10, 2011 and the shareholders of our Company by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of the shareholders of our Company held on February 10, 2011.

² The Offer for Sale has been authorised by SCP II and SCP III by their board resolutions dated February 11, 2011 and by Naresh Chander Oberoi, Kharati Ram Puri, Naresh Oberoi HUF, Rajat Naresh Oberoi, Bharat Naresh Oberoi, Renu Sachin Mehra, T. B. Nedungadi and Sunil K. Khurana by the letters all dated February 10, 2011.

³ Details of Equity Shares offered by each Selling Shareholder are: Naresh Chander Oberoi 1,226,633 Equity Shares; Kharati Ram Puri 292,040 Equity Shares; Naresh Oberoi HUF 37,528 Equity Shares; Bharat Oberoi 207,595 Equity Shares; Rajat Oberoi 193,004 Equity Shares; Renu Sachin Mehra 73,269 Equity Shares; T.B. Nedungadi 19,759 Equity Shares; Sunil K. Khurana 172 Equity Shares; SCP II 1,285,240 Equity Shares; and SCP III 764,760 Equity Shares.

Changes in the Authorised Capital

- (1) The initial authorised share capital of ₹ 1,000,000 divided into 100,000 equity shares of ₹ 10 each was increased to ₹ 2,000,000 divided into 200,000 equity shares of ₹ 10 each pursuant to a resolution of our shareholders passed on March 23, 1985.
- (2) The authorised share capital of ₹ 2,000,000 divided into 200,000 equity shares of ₹ 10 each was increased to ₹ 3,000,000 divided into 300,000 equity shares of ₹ 10 each pursuant to a resolution of our shareholders passed on June 29, 1987.
- (3) The authorised share capital of ₹ 3,000,000 divided into 300,000 equity shares of ₹ 10 each was increased to ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each pursuant to a resolution of our shareholders passed on December 10, 1992.

- (4) The authorised share capital of ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each was increased to ₹ 100,000,000 divided into 10,000,000 equity shares of ₹ 10 each pursuant to a resolution of our shareholders passed on September 27, 2007.
- (5) The authorised share capital of ₹ 100,000,000 divided into 10,000,000 equity shares of ₹ 10 each was increased to ₹ 200,000,000 divided into 20,000,000 equity shares of ₹ 10 each pursuant to a resolution of our shareholders passed on July 30, 2010.
- (6) The authorized share capital of ₹ 200,000,000 divided into 20,000,000 equity shares of ₹ 10 each was sub-divided into 100,000,000 Equity Shares aggregating to ₹ 200,000,000, pursuant to a resolution of the shareholders passed on February 10, 2011.

Notes to the Capital Structure

1. Share Capital History of our Company

- (a) The history of the equity share capital and share premium account of our Company is detailed in the following table:

Date of Allotment	No. of equity shares Allotted	Face Value per equity share / Equity Share (₹)	Issue Price per equity share / Equity Share (₹)	Consideration	Cumulative No. of equity shares / Equity Shares	Cumulative paid-up equity Capital (₹)	Cumulative equity share Premium (₹)
May 23, 1984	2,000	10	10	Cash ⁽¹⁾	2,000	20,000	-
June 1, 1984	92,500	10	-	Other than cash ⁽²⁾	94,500	945,000	-
June 28, 1985	30,500	10	10	Cash ⁽³⁾	125,000	1,250,000	-
June 7, 1986	25,000	10	10	Cash ⁽⁴⁾	150,000	1,500,000	-
June 6, 1987	25,000	10	10	Cash ⁽⁵⁾	175,000	1,750,000	-
June 24, 1987	500	10	10	Cash ⁽⁶⁾	175,500	1,755,000	-
January 11, 1993	58,500	10	10	Cash ⁽⁷⁾	234,000	2,340,000	-
January 23, 1993	1,404,000	10	-	Bonus issue - Other than cash ⁽⁸⁾	1,648,000	16,480,000	-
March 31, 1993	17,445	10	-	Other than cash ⁽⁹⁾	1,665,445	16,654,450	-
August 16, 1993	5,815	10	10	Cash ⁽¹⁰⁾	1,671,260	16,712,600	-
September 17, 1993	139,560	10	-	Bonus issue - Other than cash ⁽¹¹⁾	1,800,820	18,008,200	-
March 27, 1995	938,231	10	10	Cash ⁽¹²⁾	2,739,051	27,390,510	-
November 20, 2002	(502,020)	10	100	Cash ⁽¹³⁾	2,237,031	22,370,310	-
September 3, 2005	842,340	10	10	Cash ⁽¹⁴⁾	3,079,371	30,793,710	-
March 28, 2007	1,662,152	10	10	Cash ⁽¹⁵⁾	4,741,523	47,415,230	-
October 4, 2007	458,857	10	3,268.99	Cash ⁽¹⁶⁾	5,200,380	52,003,800	1,474,753,835.00 ⁽¹⁷⁾
February 10, 2011	Sub-division of face value from ₹ 10	2	-	Sub-division	26,001,900	52,003,800	1,474,753,835.00

Date of Allotment	No. of equity shares Allotted	Face Value per equity share / Equity Share (₹)	Issue Price per equity share / Equity Share (₹)	Consideration	Cumulative No. of equity shares / Equity Shares	Cumulative paid-up equity Capital (₹)	Cumulative equity share Premium (₹)
	each to ₹ 2 each						
February 10, 2011	20,801,520	2	-	Bonus issue - Other than Cash ⁽¹⁸⁾	46,803,420	93,606,840	1,438,170,995.00 ⁽¹⁹⁾

- ⁽¹⁾ Allotment of 1,000 equity shares each of our Company to Naresh Chander Oberoi and Kharati Ram Puri pursuant to the subscription to the Memorandum of Association.
- ⁽²⁾ Allotment of 45,000 equity shares each of our Company to Naresh Chander Oberoi and Kharati Ram Puri and 2,500 equity shares of our Company to Mitter Sen pursuant to the Agreement to Assign dated May 23, 1984 between Consolidated Power Systems Private Limited and Hindustan Industrial and Electrical Engineers.
- ⁽³⁾ Further issue of 5,500 equity shares, 15,000 equity shares and 10,000 equity shares, of our Company to Naresh Chander Oberoi, Kharati Ram Puri and Mitter Sen respectively.
- ⁽⁴⁾ Further issue of 10,000 equity shares, 10,000 equity shares and 5,000 equity shares, respectively, of our Company to Naresh Chander Oberoi and Kharati Ram Puri and Salekh Chander respectively.
- ⁽⁵⁾ Allotment of 10,000 equity shares of our Company to Bharat Oberoi and 5,000 equity shares each of our Company to Rajat Oberoi, Renu Sachin Mehra and Sunil Kohli pursuant to the sale agreement for purchase of business of manufacture and sale of diesel engine sets together with the office premises and factory of Powerica Industries, Bangalore.
- ⁽⁶⁾ Allotment of equity shares of our Company to Threegee Engineers Private Limited.
- ⁽⁷⁾ Allotment of 29,833 equity shares, 23,667 equity shares, 3,333 equity shares and 1,667 equity shares, of our Company to Naresh Chander Oberoi, Kharati Ram Puri, Bharat Oberoi and Rajat Oberoi respectively on rights basis in the ratio of 1:3. The equity shares of our Company allotted to Naresh Chander Oberoi also includes 2,500 additional equity shares against the application of 3,000 equity shares in addition to his rights entitlement.
- ⁽⁸⁾ Bonus issue in the ratio 6:1 authorised by our shareholders through a resolution passed in the EGM dated December 10, 1992 to Naresh Chander Oberoi, Kharati Ram Puri, Mitter Sen, Bharat Oberoi, Rajat Oberoi, Renu Sachin Mehra of 670,998 equity shares, 568,002 equity shares, 15,000 equity shares, 79,998 equity shares, 40,002 equity shares and 30,000 equity shares respectively, of our Company.
- ⁽⁹⁾ Allotment of 700 equity shares of our Company to shareholders of Auto Power Private Limited in the ratio of 1:100 and 16,745 equity shares of our Company to erstwhile Pondy Diesel Private Limited in the ratio of 5:1, pursuant to the court order dated January 6, 1993 and January 22, 1993 respectively approving the scheme of amalgamation.
- ⁽¹⁰⁾ Allotment of equity shares of our Company on a rights basis in the ratio of 1:3 to the shareholders of erstwhile Pondy Diesel Private Limited and erstwhile Auto Power Private Limited.
- ⁽¹¹⁾ Bonus issue in the ratio 6:1 authorised by our shareholders through a resolution passed in the EGM dated December 10, 1992 to the shareholders of erstwhile Pondy Diesel Private Limited and erstwhile Auto Power Private Limited.
- ⁽¹²⁾ Allotment of 920,731 equity shares and 17,500 equity shares of our Company to Naresh Chander Oberoi and Naresh Oberoi HUF respectively on a rights basis.
- ⁽¹³⁾ Buy back of equity shares by our Company authorised by our shareholders through a resolution passed on September 30, 2002.
- ⁽¹⁴⁾ Allotment of 337,200 equity shares, 223,335 equity shares, 196,805 equity shares, 67,500 equity shares and 17,500 equity shares, respectively, of our Company, on a rights basis, to Naresh Chander Oberoi, Rajat Oberoi, Bharat Oberoi, Renu Sachin Mehra and Naresh Oberoi HUF respectively.
- ⁽¹⁵⁾ Allotment of 1,086,960 equity shares, 120,000 equity shares, 174,250 equity shares, 162,002 equity shares, 31,500 equity shares, 61,500 equity shares, 144 equity shares and 25,796 equity shares, respectively, of our Company, on a rights basis to Naresh Chander Oberoi, Kharati Ram Puri, Bharat Oberoi, Rajat Oberoi, Naresh Oberoi HUF, Renu Sachin Mehra, Sunil K. Khurana and T.B. Nundungadi, respectively.
- ⁽¹⁶⁾ Allotment of equity shares of our Company to Standard Chartered Private Equity (Mauritius) II Limited pursuant to the Share Subscription cum Shareholders Agreement dated September 25, 2007 between Naresh Chander Oberoi, Standard Chartered Private Equity (Mauritius) II Limited, Standard Chartered Private Equity (Mauritius) III Limited and our Company.
- ⁽¹⁷⁾ ₹ 20,656,539 were utilised towards issue expenses.
- ⁽¹⁸⁾ Bonus issue in the ratio 4:5 authorised by our shareholders through a resolution passed in the EGM dated February 10, 2011 to the existing shareholders of our Company.
- ⁽¹⁹⁾ Bonus issue capitalized out of the share premium account to the extent of ₹36.58 million.

- (b) The details of the equity shares allotted for consideration other than cash are provided in the following table:

Date of Allotment	Name of the Allottee(s)	No. of equity shares / Equity Shares Allotted	Face Value per equity share / Equity Share (₹)	Issue Price per equity share / Equity Share (₹)	Reasons for Allotment	Whether any benefits accrued to our Company
June 1, 1984	Naresh Chander Oberoi, Kharati Ram Puri and Mitter Sen	92,500	10	-	Allotment of Equity Shares pursuant to the Agreement to Assign dated May 23, 1984	To acquire the business of the partnership firm namely M/s Hindustan Industrial & Electrical Engineers, the partners of the aforesaid partnership firm were allotted Equity Shares
January 23, 1993	Naresh Chander Oberoi, Kharati Ram Puri, Mitter Sen, Bharat Oberoi, Rajat Oberoi, Renu Sachin Mehra	1,404,000	10	-	Bonus issue in the ratio 6:1	To offer participation in profits of our Company and to offer higher rate of return to the shareholders of our Company
March 31, 1993	Shareholders of Pondy Diesel Private Limited and Auto Power Private Limited	17,445	10	-	Equity Shares allotted pursuant to the approval of the scheme of arrangement vide court order dated January 6, 1993 and January 22, 1993	To avail of synergy of operations
September 17, 1993	Shareholders of Pondy Diesel Private Limited and Auto Power Private Limited	139,560	10	-	Bonus issue in the ratio of 6:1	pursuant to the scheme of arrangement
February 10, 2011	All existing shareholders of our Company	20,801,520	2	-	Bonus issue in the ratio of 4:5	-

2. History of the equity share capital held by the Promoter

- (a) Details of the build up of our Promoters' shareholding in our Company:

Date of Allotment/ Transfer/Acquisition	Nature of Transaction	No. of equity shares / Equity Shares	Nature of consideration	Face Value per equity share / Equity Share (₹)	Issue/ Acquisition /Transfer Price per equity share / Equity Share (₹)	Percentage of the pre-Issue Capital (%)	Percentage of the post- Issue Capital (%)
Naresh Chander Oberoi							
May 23, 1984	Subscription to	1,000	Cash	10	10	0.02	●

Date of Allotment/ Transfer/Acquisition	Nature of Transaction	No. of equity shares / Equity Shares	Nature of consideration	Face Value per equity share / Equity Share (₹)	Issue/ Acquisition /Transfer Price per equity share / Equity Share (₹)	Percentage of the pre- Issue Capital (%)	Percentage of the post- Issue Capital (%)
	Memorandum						
June 1, 1984	Pursuant to execution of Agreement to Assign	45,000	Other than cash	10	-	0.87	[●]
June 28, 1985	Further Issue	5,500	Cash	10	10	0.11	[●]
June 7, 1986	Further Issue	10,000	Cash	10	10	0.19	[●]
January 21, 1989	Acquisition from Threegee Engineers Private Limited	500	Cash	10	10	0.01	[●]
October 16, 1990	Acquisition from Salekh Chander	5,000	Cash	10	15	0.10	[●]
October 16, 1990	Acquisition from Mitter Sen	5,000	Cash	10	15	0.10	[●]
June 15, 1992	Acquisition from Mitter Sen	5,000	Cash	10	15	0.10	[●]
August 5, 1992	Acquisition from Sunil Kohli	5,000	Cash	10	15	0.10	[●]
January 11, 1993	Rights Issue	29,833 ⁽¹⁾	Cash	10	10	0.57	[●]
January 23, 1993	Bonus Issue	670,998	Other than cash	10	-	12.90	[●]
March 31, 1993	Allotment pursuant to the scheme of amalgamation	14,775	Other than cash	10	-	0.28	[●]
August 16, 1993	Rights Issue	4,925	Cash	10	10	0.09	[●]
September 17, 1993	Bonus Issue	118,200	Other than cash	10	-	2.27	[●]
March 27, 1995	Rights Issue	920,731	Cash	10	10	17.71	[●]
May 23, 2001	Acquisition from Powerica Sales & Services Private Limited	1,589	Cash	10	101	0.03	[●]
May 23, 2001	Acquisition from Shreekant Bhasin	189	Cash	10	101	0.00	[●]
November 20, 2002	Buyback of Equity Shares	(368,600)	Cash	10	100	(7.09)	[●]
September 3, 2005	Rights Issue	337,200	Cash	10	10	6.48	[●]
March 28, 2007	Rights Issue	1,086,960	Cash	10	10	20.90	[●]
October 4, 2007	Transfer to Standard Chartered Private	(152,952)	Cash	10	3,268.99	(2.94)	[●]

Date of Allotment/ Transfer/Acquisition	Nature of Transaction	No. of equity shares / Equity Shares	Nature of consideration	Face Value per equity share / Equity Share (₹)	Issue/ Acquisition /Transfer Price per equity share / Equity Share (₹)	Percentage of the pre- Issue Capital (%)	Percentage of the post- Issue Capital (%)
	Equity (Mauritius) III Limited pursuant to the Share Purchase Agreement September 25, 2007						
February 10, 2011	Sub-division of face value from ₹ 10 each to ₹ 2 each	-	Sub-division	2	-	-	[●]
February 10, 2011	Bonus Issue	10,982,432	Other than cash	2	-	23.47	[●]
Total		24,710,472				52.80	[●]
Kharati Ram Puri							
May 23, 1984	Subscription to Memorandum	1,000	Cash	10	10	0.02	[●]
June 1, 1984	Pursuant to execution of Agreement to Assign	45,000	Other than cash	10	-	0.87	[●]
June 28, 1985	Further Issue	15,000	Cash	10	10	0.29	[●]
June 7, 1986	Further Issue	10,000	Cash	10	10	0.19	[●]
January 11, 1993	Rights Issue	23,667	Cash	10	10	0.46	[●]
January 23, 1993	Bonus Issue	568,002	Other than cash	10	-	10.92	[●]
March 31, 1993	Allotment pursuant to the scheme of amalgamation	20	Other than cash	10	-	0.00	[●]
August 16, 1993	Rights Issue	6	Cash	10	10	0.00	[●]
September 17, 1993	Bonus Issue	156	Other than cash	10	-	0.00	[●]
May 23, 2001	Acquisition from Shobha Puri	1,680	Cash	10	101	0.03	[●]
May 23, 2001	Transfer from Darshan Kumar Puri	2,569	Cash	10	101	0.05	[●]
November 20, 2002	Buyback of Equity Shares	(133,420)	Cash	10	100	(2.57)	[●]
March 28, 2007	Rights Issue	120,000	Cash	10	10	2.31	[●]
February 10, 2011	Sub-division of face value from ₹ 10 each to ₹ 2 each	-	Sub-division	2	-	-	[●]

Date of Allotment/ Transfer/Acquisition	Nature of Transaction	No. of equity shares / Equity Shares	Nature of consideration	Face Value per equity share / Equity Share (₹)	Issue/ Acquisition /Transfer Price per equity share / Equity Share (₹)	Percentage of the pre- Issue Capital (%)	Percentage of the post- Issue Capital (%)
February 10, 2011	Bonus Issue	2,614,720	Other than cash	2	-	5.59	[●]
Total		5,883,120				12.57	[●]

⁽¹⁾ It includes 2,500 additional equity shares of our Company which were allotted against the application of 3,000 Equity Shares in addition to his rights entitlement.

All the equity shares held by our Promoters were fully paid-up on the respective dates of acquisition of such equity shares. None of the Equity Shares held by our Promoters are pledged.

(b) *Details of Promoters' contribution and Lock-in:*

Date of Transaction and when made fully paid-up	Nature of Transaction	No. of Equity Shares	Face Value per Equity Share (₹)	Issue/Acquisition Price per Equity Share (₹)	Percentage of post-Issue paid- up capital
[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]

The minimum Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Regulations. The Promoters' contribution constituting not less than 20% post-Issue capital shall be locked-in for a period of three years from the date of Allotment in the Issue.

The Equity Shares constituting minimum Promoter's contribution in the Issue are eligible in terms of the SEBI Regulations.

- The Equity Shares offered for minimum 20% Promoters' contribution are not acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or unrealised profits or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- Our Company has not been formed by the conversion of a partnership firm into a company; and
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge.

Our Company has obtained specific written consent from our Promoters for inclusion of Equity Shares held by them in the minimum Promoter's contribution for 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 Draft Red Herring Prospectus until the date of commencement of lock-in in accordance with the SEBI Regulations.

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

In terms of the SEBI Regulations, other than 20% of the post-Issue shareholding of our Company held by the Promoters which are locked in for three years as specified above, the entire pre-Issue equity share capital (except the Equity Shares exempted from lock-in requirements as per Regulation 37 of the SEBI

Regulations) 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:*

The Equity Shares held by a Promoter may be transferred to another Promoter or an entity belonging to the Promoter Group or to a new promoter or a person in control of our Company, subject to continuation of the lock-in of such Equity Shares in the hands of the transferees for the remaining period and compliance with the Takeover Code, if applicable.

The Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, if applicable.

The Equity Shares held by the Promoter which are locked-in for a period of three years from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or institution, provided that the loan has been granted by such bank or financial institution for financing one or more of the Objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by the Promoter which are locked-in for a period of one year from the date of Allotment in the Issue 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.

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

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

3. Shareholding Pattern of our Company

(i) The table below presents the shareholding pattern of Equity Shares as on date is as follows:

Category code	Category of Shareholder	Number of Share-holders	Total number of Equity Shares	Number of Equity Shares held in demateria-lized form	Total shareholding as a percentage of total number of Equity Shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoters Relatives & their Entity					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	6	40,895,640	-	87.4	87.4
(b)	Central Government/ State Government(s)				-	-
(c)	Bodies Corporate				-	-
(d)	Financial Institutions/ Banks				-	-
(e)	Any Others (Specify)				-	-

Category code	Category of Shareholder	Number of Shareholders	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a percentage of total number of Equity Shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
	Sub Total(A)(1)	6	40,895,640	-	87.4	87.4
2	Foreign					
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				-	-
b	Bodies Corporate				-	-
c	Institutions				-	-
d	Any Others(Specify)				-	-
	Sub Total(A)(2)	-	-	-	-	-
	Total Shareholding of Promoters and Promoters Relatives & their Entity Group (A)= (A)(1)+(A)(2)	6	40,895,640	-	87.4	87.4
(B)	Public shareholding					
B 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	1	4,129,713		8.8	-
(h)	Any Other (specify)	-	-		-	-
(h-i)	Foreign Direct Investment	1	1,376,568		2.9	-
	Sub-Total (B)(1)	2	5,506,281	-	11.7	23.5
B 2	Non-institutions					
(a)	Bodies Corporate				-	-
(b)	Individuals				-	-
I	Individuals - i. Individual shareholders holding nominal share capital up to Rs 1 lakh				-	-

Category code	Category of Shareholder	Number of Shareholders	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a percentage of total number of Equity Shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.				-	-
(c)	Any Other (specify)	2	401,499		0.9	0.9
	Sub-Total (B)(2)	2	401,499	-	0.9	0.9
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	4	5,907,780	-	12.6	12.6
	TOTAL (A)+(B)	10	46,803,420	-	100.0	100.0
(C)	Shares held by Custodians and against which Depository Receipts have been issued			-		-
	GRAND TOTAL (A)+(B)+(C)	10	46,803,420	-	100.0	100.0

4. The list of top 10 shareholders of our Company and the number of Equity Shares held by them is as under:

(a) As of the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)
1.	Naresh Chander Oberoi	24,710,472	52.8
2.	Kharati Ram Puri	5,883,120	12.6
3.	Bharat Oberoi	4,181,994	8.9
4.	SCPE II	4,129,713	8.8
5.	Rajat Oberoi	3,888,054	8.3
6.	Renu Sachin Mehra	1,476,000	3.2
7.	SCPE III	1,376,568	2.9
8.	Naresh Oberoi HUF	756,000	1.6
9.	T. B. Nedungadi	398,043	0.9
10.	Sunil K. Khurana	3,456	0.0
TOTAL		46,803,420	100.0

(b) As of 10 days prior to the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)
1.	Naresh Chander Oberoi	24,710,472	52.8
2.	Kharati Ram Puri	5,883,120	12.6
3.	Bharat Oberoi	4,181,994	8.9
4.	SCPE II	4,129,713	8.8
5.	Rajat Oberoi	3,888,054	8.3
6.	Renu Sachin Mehra	1,476,000	3.2

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)
7.	SCPE III	1,376,568	2.9
8	Naresh Oberoi HUF	756,000	1.6
9.	T. B. Nedungadi	398,043	0.9
10.	Sunil K. Khurana	3,456	0.0
TOTAL		46,803,420	100.0

- (c) As of two years prior to the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each held	Percentage (%)
1.	Naresh Chander Oberoi	2,745,608	52.80
2.	Kharati Ram Puri	653,680	12.57
3.	Bharat Oberoi	464,666	8.94
4.	SCPE II	458,857	8.82
5.	Rajat Oberoi	432,006	8.31
6.	Renu Sachin Mehra	164,000	3.15
7.	SCPE III	152,952	2.94
8.	Naresh Oberoi HUF	84,000	1.61
9.	T. B. Nedungadi	44,227	0.85
10.	Sunil K. Khurana	384	0.01
TOTAL		5,200,380	100.0

5. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangement other than as disclosed in the heading 'Share Capital History of our Company' in this chapter and/or standby arrangements for purchase of Equity Shares from any person.
6. Except the bonus issue on February 10, 2011, our Company has not issued Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Issue Price.
7. Our Promoter Group, our Directors and the immediate relatives of our Directors have not purchased or sold any Equity Shares during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
8. Our Company has not issued any Equity Shares out of revaluation reserves.
9. Our Company has 10 members as of the date of filing of this Draft Red Herring Prospectus.
10. Our Company has not issued any Equity Shares pursuant to any scheme approved under the Sections 391-394 of the Companies Act, other than as disclosed in the heading 'Share Capital History of our Company' in this chapter and the chapter "History and Certain Corporate Matters" beginning on page 130 respectively of this Draft Red Herring Prospectus.
11. None of the BRLMs or any associates of the BRLMs holds any Equity Shares in our Company.
12. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.
13. All Equity Shares will be fully paid up at the time of Allotment failing which no Allotment shall be made.
14. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.
15. Our Promoter Group, our Directors or the relatives of our Directors have not 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 six months preceding the date of filing of this Draft Red Herring Prospectus.

16. There will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.
17. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company 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.
18. The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% 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. Under-subscription, if any, in any category would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
19. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
20. No person connected with the Issue has offered any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application for allotment of specified securities other than any fees or commission for services rendered in relation to the Issue.
21. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing this Draft Red Herring Prospectus.
22. Except as disclosed by way of Offer for Sale as disclosed in this Draft Red Herring Prospectus, our Promoters and our Promoter Group will not participate in this Issue.
23. Our Company shall ensure that the transactions in the Equity Shares entered into by the Promoters and Promoter Group during the period between the date of registering of the Red Herring Prospectus with the RoC and the date of closure of the Issue shall be reported to the Stock Exchanges, within 24 hours of the transaction.

OBJECTS OF THE ISSUE

The Issue comprises of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

Fresh Issue

The proceeds of the Issue, after deducting the proceeds of the Offer for Sale and the proportionate Issue related expenses to be incurred by our Company (the “**Net Proceeds**”), are estimated to be approximately ₹ [●] million.

The Net Proceeds are proposed to be utilised by our Company for the following objects (“**Objects**”):

1. To part finance the construction and development costs of our proposed 151.20 MW wind farm projects (“**Project**”);and
2. General corporate purposes.

The main objects as set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through the Fresh Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association.

The details of the Net Proceeds are summarised in the table below:

(In ₹ million)	
	Amount
Gross Proceeds of the Fresh Issue	6,500.00
(Less) Issue related Expenses* [#]	[●]
Net proceeds from the Fresh Issue*	[●]

* To be finalized upon determination of the Issue Price

[#] Only the proportionate Issue- related expenses to be incurred by our Company shall be deducted

Requirement of funds and utilization of Net Proceeds

We intend to utilize the Net Proceeds of ₹ [●] million for financing the above-mentioned Objects. The total fund requirement and detailed utilization of the Net Proceeds is set forth below:

(In ₹ million)							
S.No.	Project/Activity	Total estimated cost ⁽¹⁾	Expenditure incurred as of the date of this Draft Red Herring Prospectus	Amount proposed to be financed from Net Proceeds	Estimated Schedule of utilization of Net Proceeds as in		
					FY 2012	FY 2013	FY 2014
1.	To part-finance the Project	10,546.62	Nil	6,000.00	2,000.00	2,000.00	2,000.00
2.	General corporate purposes*	[●]	[●]	[●]	[●]	[●]	[●]
	TOTAL	[●]	[●]	[●]	[●]	[●]	[●]

* To be finalized upon determination of Issue Price

(1) Total estimated cost as per the “Techno Economic Feasibility Study and Project Cost Estimates” report dated February, 2011 prepared by WISE for our Company (“**WISE Report**”). Please see “Description of proposed wind farm project” below for further details.

The fund requirements and the deployment of the funds mentioned above are based on the current business plan/internal management estimates of our Company and have not been appraised by any bank or financial institution. Our Company may have to revise its estimated costs and fund requirements owing to changes in external factors, such as wind data assessments and validations, exchange or interest rate fluctuations, changes in design and configuration of the wind turbines to be used in the project, increase in costs of land, other construction materials and labour costs, other pre-operative expenses and other external factors, which may not be in our Company's control. This may include rescheduling and revising the planned expenditure and funding requirements and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of its management.

In case of shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, our Company may explore a range of options such as combination of internal accruals and/or additional debt infusion to raise the additional funds. In the event that estimated utilization of the Net Proceeds for a particular Fiscal is not completely met, the same shall be carried forward to the next Fiscal. Until our Company realises the Net Proceeds, it proposes to utilize its internal resources / debt raised, to meet the expenditure in respect of the Objects, which may be reimbursed from the Net Proceeds.

In case of surplus funds either due to lower utilization than what is stated above or surplus Net Proceeds after meeting all the Objects, the same shall be utilized towards general corporate purposes.

Details of the Objects of the Fresh Issue

1. Construction and development of our Project

The total Project cost is estimated to be approximately ₹ 10,546.62 million. Our Company is proposing to utilise ₹ 6,000.00 million from the Net Proceeds to part finance this Project and the balance amount of ₹ 4,546.62 million is proposed to be funded through debt financing or through internal accruals, at the option of our Company.

Description of the Project

Memorandum of understanding ("MOU") with Vestas Wind Technology India Private Limited ("Vestas" and together with our Company, the "Parties")

Our Company entered into a non-binding MOU dated September 13, 2010 with Vestas, pursuant to which our Company proposes to jointly construct and develop wind farms aggregating to up to 225 MW. Under the terms of this MOU, the Parties have agreed to perform certain activities with respect to each project site ("**Powerica Activities**" for the activities to be performed by our Company and "**Vestas Activities**" for the activities to be performed by Vestas). For each project site, the Parties shall enter into definitive agreement which will detail the activities of the Parties including the Powerica Activities and Vestas Activities covered under the MOU.

Powerica and Vestas Activities

Under the MOU, the Parties have agreed to jointly construct and develop wind farms and agreed to perform the following activities with respect to each project site. The segregation of responsibilities with respect to certain key activities for each project site is provided below:

Particulars	Vestas	Powerica
Land purchase and construction of access roads		✓
Obtaining GO and necessary approvals with respect to the project		✓
Facilitation of execution of PPA		✓
Supply of wind turbine generators including transport and insurance till site	✓	
Construction of platforms for the wind turbines		✓

Particulars	Vestas	Powerica
Supply of sub-station materials		✓
Erection and commissioning of sub-stations		✓
Evacuation approval*		✓
Erection of wind turbine generators	✓	
Pre-commissioning and commissioning of wind turbine generators	✓	
Supply of materials for internal overhead lines or UG cables		✓
SCADA system servers and software	✓	
SCADA system erection and commissioning	✓	
Operation and maintenance during the warranty period	✓	

Vestas has provided a letter of undertaking dated February 8, 2011 transferring the evacuation approvals in favor of our Company.

Further, for the purpose of the Powerica Activities, our Company would be paid compensation in accordance with the terms of the definitive agreements to be entered into with respect to each project site. It has been estimated that this would translate into a savings of ₹2.60 million per MW.

The MOU provides our Company a right of first refusal (“ROFR”) to acquire the wind farms to be jointly developed under the MOU up to an aggregate capacity of 200 MW from Vestas. Of the 200 MW, 70 MW shall be made available in the fiscal year 2012 and 130 MW in the fiscal year 2013. Vestas shall be solely responsible for the identification of buyers with respect to the projects developed under the MOU subject to our Company’s ROFR.

Our Company undertakes to exercise our Company’s ROFR under the MOU with respect to the projects forming part of the Objects.

For further information, please see the chapter “Business” beginning on page 107 of this Draft Red Herring Prospectus.

Project Cost

As set out in the WISE Report, the breakdown of the estimated total Project cost is set out below:

(In ₹ million)

Particulars	Karnataka Sites – 100.8 MW		Gujarat Sites – 50.4 MW		Total Estimated Costs
	56 V-100 (1.8 MW) WTGs		28 V-100 (1.8 MW) WTGs		
	Cost per machine *	Total amount	Cost per machine *	Total amount	
Wind turbine generators & SCADA systems	102.60	5,745.60	107.7	3,016.83	8,762.43
BOP electrical	8.49	475.44	8.92	249.86	725.30
BOP non-electrical	6.41	358.96	6.73	188.52	547.48
Wind farm development	10.60	593.60	11.1	310.93	904.53
Total	128.10	7,173.60	134.51	3,766.14	10,939.74
Less: Savings from Powerica Activities #		(262.08)		(131.04)	(393.12)
Total Cost*		6,911.52		3,635.10	10,546.62

* Cost per machine and total costs as based on the estimates provided in the WISE Report.

Additionally, please see “Powerica and Vestas Activities” above. Savings are based on our Company estimates and validated by the WISE Report

Project Sites

(a) Karnataka:

Our Company has entered into an expression of interest (“**EOI**”) dated January 12, 2011 with the Government of Karnataka (“**GoK**”) for the purpose of investing ₹ 7,000.00 million in wind power projects at suitable locations to be identified in Karnataka (“**Karnataka Project**”). Under the terms of the EOI, the GoK shall endeavour to provide the required infrastructure facilities such as land, water and power as well as provide priority in the necessary clearances and approvals for the proposed project at the state and the central government level. Our Company proposes to make the necessary applications to the GoK for government orders in relation to our proposed investments.

Pursuant to the EOI, our Company has identified land parcels for installation of wind farms with an aggregate capacity of 34.20 MW at Masbinal, Ingaleshwartanda village in Bijapur district, Karnataka. This would constitute phase I of the Karnataka Project (“**Phase I**”). The remaining would constitute phase II of the Karnataka Project (“**Phase II**”).

Vestas currently holds the preliminary wind data assessment report and micro-siting analysis report with respect to this Phase I. We are currently in negotiations with respect to the execution of a development and facilitation agreement with Vestas with respect to Phase I. For further details, please see the chapter “Risk Factors” beginning on page 13 of this Draft Red Herring Prospectus.

(b) Gujarat:

Our Company has entered into a memorandum of understanding dated January 12, 2011 with the Government of Gujarat (“**GoG**”) to establish wind power projects aggregating to 50 MW in Gujarat (“**Gujarat Project**”). The GoG would facilitate our Company in obtaining the necessary permissions, registrations, approvals and clearances from the concerned state departments.

We are yet to enter into development and facilitation agreements with respect to the Gujarat Project. For further details please see the chapter “Risk Factors” beginning on page 13 of this Draft Red Herring Prospectus.

Schedule of implementation

The schedule of implementation for the Project is as under:

Milestone / Activity*	Scheduled/estimated date of completion*	Actual date of completion/status*
Land Acquisition		
Karnataka – Phase I	September, 2011	Pending
Karnataka – Phase II	January, 2012	Pending
Gujarat	March, 2013	Pending
Evacuation approvals		
Karnataka – Phase I	-	Received#
Karnataka – Phase II	December, 2011	Pending
Gujarat	March, 2012	Pending
Sub-stations		
Karnataka – Phase I	March, 2012	Pending
Karnataka – Phase II	September, 2012	Pending
Gujarat	December, 2013	Pending

Milestone / Activity*	Scheduled/estimated date of completion*	Actual date of completion/status*
WTG – Supply, Erection and Commissioning		
Karnataka – Phase I	March, 2012	Pending
Karnataka – Phase II	October, 2012	Pending
Gujarat	February, 2014	Pending

*As per the certificate provided by the management of our Company dated March 8, 2011.

Vestas currently holds the evacuation approval with respect to Karnataka Phase I. In this regard, Vestas has provided a letter of undertaking dated February 12, 2011 transferring the evacuation approvals in favor of our Company.

Funds deployed

As of the date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the Objects.

Means of finance

The total funds required for the construction and development is approximately ₹ 10,546.62 million.

		(In ₹ million)
Particulars	Amount	
Estimated costs for the Project (A) ⁽¹⁾		10,546.62
Amount incurred as of date of this Draft Red Herring Prospectus (B)		Nil
Balance costs (C) = (A-B)		10,546.62
Amount proposed to be financed through Net Proceeds (D)		6,000.00
Funding required excluding the Net Proceeds (E) = (C – D)		4,546.62
75% of the funding required excluding the Net Proceeds (F) = 75% of (E)		3,409.97
Debt facility sanctioned by Banks ⁽²⁾	3,500.00	
Less: Amounts already utilized from the sanctioned amounts as of date of this Draft Red Herring Prospectus	Nil	
Balance amounts available from sanctioned debt facility as of date of this Draft Red Herring Prospectus (G)		3,500.00
Total amounts tied up (G) (To be greater than or equal to F)		3,500.00

(1) Total estimated cost as per the WISE Report.

(2) For further details, please see "Debt Facility" below.

75% of the stated means of finance, excluding Net Proceeds for the same has been arranged as follows:

Our Company has received following sanction letters for the purpose of the proposed Project from the following banks, the details of which are provided below:

S. No.	Name of the bank / financial Institution	Nature of Facility	Date of the Facility / Sanction Letter	Amount Sanctioned	Interest	Tenor	Repayment
1	Infrastructure Development Finance Company Limited ⁽¹⁾ #	Non-convertible debentures	February 7, 2011	1,000.00	5 year FIMMDA AAA NBFC rate prevailing 3 business days prior to pay-in date + 2%	5 years from the pay-in date	Two equal instalments at the end of fourth and fifth year from the pay-in date

S. No.	Name of the bank / financial Institution	Nature of Facility	Date of the Facility / Sanction Letter	Amount Sanctioned	Interest	Tenor	Repayment
2	Standard Chartered Bank ⁽²⁾ #	Term loans	February 3, 2011	1,500.00	13.50% p.a. (Bank's existing base rate of 8% p.a. + margin of 5.5% p.a.)	Upto 5 years	16 equal quarterly instalments after moratorium of 15 months
2	Citibank N.A. ⁽³⁾ #	Term loan	January 28, 2011	1,000.00	Citibank base rate as on the date of drawdown + 300 basis points	365 days after first draw down	Bullet repayment 365 days after first draw down
	Total			3,500.00			

(1) The Infrastructure Development Finance Company Limited facility has been secured in their favor by a first pari passu charge and mortgage on all of our Company's immoveable properties, present and future; a first pari passu charge by way of hypothecation on our Company's moveables. Further, our Company is required to maintain a minimum security cover of atleast 1.25 times of the ratio of its fixed assets over all the long term outstanding loans and any other borrowings which may have charged the assets of our Company.

(2) The Standard Chartered facility has been secured in their favor by an exclusive charge on the windmills proposed to be acquired under the term loan, any other fixed assets with an asset cover of 1.33x and the receivables of the wind mill project financed by the bank. Further, the land for the wind mill project is required to be free from all encumbrances and security shall be created in favor of the security trustee on behalf of the lenders.

(3) The Citibank facility has been secured in their favor by a first exclusive charge on the windmills purchased or refinanced, subject to a fixed asset cover of 1.33x.

Certain material covenants included in the Infrastructure Development Finance Company Limited, Standard Chartered and Citibank sanction letters are (1) promoters of our Company to maintain management control throughout the tenor of the debt; (2) no borrowing in excess of a certain specified amount with the prior approval of the lender; (3) no acquisition or additional financing beyond the proposed term debt of ₹5,000 million, without prior intimation to the lender; (3) no wind mill capital expenditure beyond 100 MW (excluding current installed capacity of 56MW), without the prior consent of the lender and (5) no fresh charge on the assets without the prior consent of the lender.

For details on certain intimation requirements provided under these sanction letters, please see the risk factor “Our financing agreements contain covenants that limit our flexibility in operating our business” provided in the chapter “Risk Factors” beginning on page 13 of this Draft Red Herring Prospectus.

In relation to up to ₹ 1,046.62 million of the total funds required for the construction and development, no firm arrangement has been made by our Company and our Company intends to provide the same through its internal accruals.

General corporate purposes

We, in accordance with the policies of our Board, will have flexibility in applying the balance Net Proceeds of this Issue after taking into account all of the above, for general corporate purposes, including repayment of loans, meeting expenses incurred in the ordinary course of business, inorganic or other growth opportunities, releasing appropriate equipment advances and any other purpose as may be approved by our Board, subject to compliance with the necessary provisions of the Companies Act.

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue expenses

The Issue related expenses consist of underwriting fees, selling commission, fees payable to BRLMs to the Issue, legal counsels, Bankers to the Issue, Escrow Bankers and Registrars to the Issue, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares

on the Stock Exchanges. Our Company intends to use approximately ₹ [●] Million towards these expenses for the Issue. Other than listing fees, which will be paid by our Company, all expenses with respect to the Issue will be shared between our Company and the Selling Shareholder in proportion to the Equity Shares contributed to the Issue.

Our Company's share of the estimated issue-related expenses is as follows:

Activities	Amount in ₹ million *	Percentage of total	Percentage of Fresh Issue Size
Lead management fee	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Registrar's fees	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing and distributions expenses	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others (including Monitoring Agent fees, SEBI filing fees, bidding software expenses, depository charges, listing fee etc:)	[●]	[●]	[●]
Total	[●]	100.00	100.00

**Will be incorporated after finalization of Issue Price.*

Bridge Financing Facilities

We have not raised any bridge loans from any banks or financial institutions as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Working Capital Requirement

The Net Proceeds will not be used to meet our working capital requirements. We expect to meet our working capital requirements in the future through internal accruals, drawdown from our existing debt facilities or awaiting new lines of credit.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by our Company based upon the implementation of the Projects. Pending utilization for the purposes described above, our Company intends to temporarily invest the funds from Net Proceeds in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products.

Monitoring of utilization of funds

Our Company shall appoint a monitoring agency in relation to the Issue as required under the provisions of the SEBI Regulations. The Board and [●] will monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Net Proceeds under a separate head along with details, for all such Net Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant financial years subsequent to listing.

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 Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee of our Company. Such disclosure shall be made only until such time that all the Net

Proceeds have been utilized in full. The statement will be certified by the statutory auditors of our Company. In addition, the report submitted by the monitoring agency will be placed before the Audit Committee, so as to enable the Audit Committee to make appropriate recommendations to the Board of Directors of our Company.

Our Company, in terms of Clause 43A of the Listing Agreement, shall be required to inform material deviations in the utilization of Net Proceeds to the stock exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the Net Proceeds will be paid by our Company as consideration to its Promoters, Directors, Group Companies or key managerial employees, except in the normal course of its business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Selling Shareholders and the Book Running Lead Managers on the basis of an assessment of market demand for the Equity Shares by the Book Building process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹ 2 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for the Issue Price are:

- (a) Our established market leadership position
- (b) Alliances with industrial leaders
- (c) Technical and execution capabilities
- (d) Large and diversified customer base
- (e) Experienced and proven management team

For details, please see the section titled “Business” and “Risk Factors” beginning on pages 107 and 13 of this Draft Red Herring Prospectus.

Quantitative Factors

The information presented below is after considering the sub-division and the bonus issue of Equity Shares pursuant to the resolution of the Board and the shareholders of our Company dated February 10, 2011. The information presented below is based on the restated unconsolidated and restated consolidated summary statements for the Fiscal 2010, 2009 and 2008 and for the six months ended September 30, 2010 for our Company prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. For details, see “Auditor’s Report – Restated Unconsolidated Summary Statements” and “Auditor’s Report – Restated Consolidated Summary Statements” beginning on pages 167 and 223 respectively.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows (as adjusted for the face value of the Equity Shares of our Company was ₹ 10):

1. Basic and Diluted Earnings per Share (“EPS”)

Year ended	Restated Consolidated Basic and Diluted EPS (₹)	Restated Unconsolidated Basic and Diluted EPS (₹)	Weight
March 31, 2010	22.51	22.56	3
March 31, 2009	18.70	18.71	2
March 31, 2008	23.48	23.43	1
Weighted Average	21.40	21.42	
Six months ending September 30, 2010 (not annualised)	13.19	13.22	

2. Price Earning Ratio (P/E) in relation to the Issue price of ₹ [●] per Equity Share

Particulars	Consolidated	Unconsolidated
P/E ratio based on Basic and Diluted EPS for the year ended March 31, 2010 at the Floor Price:	[●]	[●]
P/E ratio based on Basic and Diluted EPS for the year ended March 31, 2010 at the Cap Price:	[●]	[●]

P/E ratio for the Industry is as follows:

Industry P/E	Face Value (₹)	Price Earning Ratio
Highest - Havells India	5.00	62.02
Lowest - Kirloskar Oil Engines	2.00	14.03
Industry Composite		29.72

Note: The industry high and low has been considered from the industry peer set provided below. The industry composite has been calculated as the arithmetic average P/E of the industry peer set provided below. For further details please see "Comparison with listed industry peers" below

3. Return on Net Worth (RoNW)

Year ended	Consolidated (%)	Unconsolidated (%)	Weight
March 31, 2010	17.6	17.6	3
March 31, 2009	16.9	16.9	2
March 31, 2008	23.6	23.5	1
Weighted Average	18.4	18.4	
Six months ending September 30, 2010 (not annualised)	9.4	9.4	

4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2010

Particulars	Restated Consolidated (%)	Restated Unconsolidated (%)
At the Floor Price	[●]	[●]
At the Cap Price	[●]	[●]

5. Net Asset Value per Equity Share of face value of ₹ 2.00 each

NAV	Restated Consolidated	Restated Unconsolidated
As on March 31, 2010	127.84	127.88
After the Issue	[●]	[●]

Issue Price: ₹ [●] per Equity Share

6. Comparison with listed industry peers**

	Name of the company	Face Value (₹)	Total Income (₹ in million)	Basic EPS ⁽¹⁾ (₹)	P/E Ratio ⁽²⁾	RoNW ⁽³⁾ (%)	NAV ⁽⁴⁾ (₹)
1.	Powerica [^]	2.00	8,651.39	22.51	[●]	17.6	127.84
2.	Peer Group						
	Cummins India*	2.00	29,664.3	22.42	32.43	28.4	78.84
	Greaves Cotton [@]	2.00	13,995.9	4.81	19.27	28.2	17.07
	Kirloskar Oil Engines ^{>}	2.00	22,691.7	11.26	14.03	24.1	46.72
	Crompton Greaves*	2.00	92,508.5	13.40	20.84	34.5	38.81
	Havells India ^{<}	5.00	54,537.0	5.58	62.02	17.4	33.26

***Source: Based on the certificate dated February 18, 2011 received from the Auditors.*

^ Source: Based on the restated consolidated financial statements as at and for the year ended March 31, 2010.

** Source: Annual reports of the companies for the year ended March 31, 2010. All figures are based on the consolidated financial statements where the company has subsidiaries.*

@Source: Annual reports of the company for the year ended June 30, 2010. All figures are based on the consolidated financial statements. EPS has been adjusted for 5:1 split pursuant to the special resolution of the shareholders of the company dated October 19, 2010. The record date for the split was November 25, 2010.

> Annual report of the company for the period between January 12, 2009 and March 31, 2010.

< Annual reports of the company for the year ended March 31, 2010. All figures are based on the consolidated financial statements. The EPS has been adjusted for 1:1 Bonus issue. The record date for the same was October 11, 2010.

Notes:

- (1) Basic EPS refer to the basic EPS sourced from the annual reports of the companies adjusted for corporate actions like bonus/ split.
- (2) P/E Ratio for the Comparison Set has been computed based on the closing market price of equity shares on the BSE as on January 31, 2011 divided by the basic EPS.
- (3) RoNW is computed as the net profits after tax divided by closing net worth. Net worth has been computed as sum of share capital and reserves (excluding revaluation reserves).
- (4) NAV is computed as the closing net worth divided by the closing outstanding number of fully paid up equity shares adjusted for the corporate actions like bonus/ sub-division.

The Issue Price of ₹ [●] has been determined by our Company in consultation with the Selling Shareholders and the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process. Our Company, the Selling Shareholders and the BRLMs believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the sections titled “Risk Factors”, “Business” and “Financial Statements” beginning on pages 13, 107 and 167 respectively of this Draft Red Herring Prospectus, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “Risk Factors” and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

AUDITORS' REPORT ON STATEMENT OF TAX BENEFITS

To,

The Board of Directors,
Powerica Limited,
Mittal Court, Nariman Point,
Mumbai – 400021

Dear Sirs,

We hereby report that the enclosed statement states the possible tax benefits available to Powerica Limited ('Powerica Limited' or 'Company') and to its shareholders under the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. 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. Additionally, in respect of the Company benefits listed, the business imperatives faced by the Company in the future will also affect the benefits actually claimed.

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

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

- i) the Company will avail any of these benefits in future; or
- ii) the Company's share holders will avail these benefits in future; or
- iii) the conditions prescribed for availing the benefits have been / would be met with.

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

This report is intended solely for informational purposes for the inclusion in the Offer Document in connection with the Proposed Offer for Sale of Equity Shares of "the Company" ("the Offer") and is not to be used in, referred to or distributed for any other purpose.

For Kapoor and Parekh Associates
(ICAI FRN 104803W)
Chartered Accountants

N.M.Parekh
Partner
Membership No. 33528

Place: Mumbai
Date: February 10, 2011

TAX BENEFITS AVAILABLE TO COMPANY

This statement lists out the possible key tax benefits that may be available to the Company and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible tax benefits available under the current direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on the business imperatives it faces in the future, which the Company may or may not choose to fulfil. This Statement is intended to provide the tax benefits to the Company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions of potential tax consequences of the subscription, purchase, ownership or disposal etc. of equity shares. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

A. Special Tax Benefits available to the Company under Income Tax Act, 1961

1. The Company has set up an industrial undertaking at Silvasa, being notified industrially backward area. Accordingly, the Company is eligible for deduction under section 80IB of the Income tax Act, 1961 (ITA) of 30% of the profits derived from the said industrial undertaking upto 31st March 2013.
2. The Company is also engaged in generation of power from windmills and is eligible for deduction under section 80-IA of the ITA of 100% of the profits derived from the business of generation of power, for a period of 10 consecutive years in a block of 15 years starting from the year in which the company starts generating power, subject to compliance of the conditions specified in Section 80-IA. It may be noted that deduction u/s. 80-IA shall be available only in respect of an undertaking which starts generating power on or before 31st March 2011.
3. Since the company proposes to be engaged in the business of generation of power, by virtue of clause (i) of sub-section (1) of Section 32 of the ITA, the Company has an option to claim depreciation on the straight line method on the actual cost of the assets instead of the written down value method based on written down value of block of assets. It may be noted that once the option is exercised, it will have to be adopted for all subsequent assessment years.

B. General Tax Benefits available to the Company under Income Tax Act, 1961

a. Computation of Business Income:

I. Depreciation

The company is entitled to claim depreciation under Section 32 of the ITA on specific tangible and intangible assets owned by it and used for the purpose of its business.

The Company has set up windmills which are eligible for depreciation @ 80% under section 32 of the ITA. Further in case of any new plant and machinery (other than ships and aircraft) that will be acquired by the company and is put to use, the company may be entitled to a further sum equal to 20% (twenty)/ 10% (ten) percent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the ITA in the year in which it is first put to use.

Unabsorbed depreciation, if any, for an Assessment Year (AY) can be carried forward **without any time limit** and set off against any source of income in the subsequent AY's as per section 32 of the ITA.

II. Preliminary Expenses

As per Section 35D, the company is eligible for deduction in respect of specified preliminary expenses incurred by the company, in connection with extension of its undertaking or in connection with setting up a new unit of an amount equal to 1/5th of such expenses over 5 successive AY's subject to conditions and limits specified in the said section.

III. **Expenditure incurred on voluntary retirement scheme**

As per Section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement in accordance **with any scheme or schemes** of an amount equal to 1/5th of such payments over 5 successive AY's subject to conditions and limits specified in that section.

IV. **Expenditure on Scientific Research**

As per Section 35, the company is eligible for deduction in respect of any expenditure (not being expenditure on the acquisition of any land) on scientific research related to the business subject to conditions specified in that section.

Finance Act, 2010 has amended section 35(2AB), subject to fulfillment of conditions specified therein, by extending weighted deduction **(a sum equal to two times of expenditure not being expenditure on the acquisition of any land or building)** for in-house research & development for companies engaged in any business of manufacture or production of any article or thing except those provided in the Eleventh Schedule of the Act and would be applicable w.e.f **1st April 2010**.

V. **Set Off and carry forward of business loss**

Business losses (not from speculation business), if any, can be set off against any income of that year & the balance would be carried forward and set off against business profits for eight subsequent AYs.

VI. **Minimum Alternate Tax**

The Finance Act, 2010 increased the rate of minimum alternative tax to 18% w.e.f **FY 2010-11**.

The Finance (No.2) Act, 2009 also inserted a new clause in Section 115JB which provides that if any provision for diminution in value of any asset has been debited to the profit and loss account, it shall be added to the net profit as shown in the profit and loss account for the purpose of computation of book profit. Similar amendment is also made in Section 115JA of the Income Tax Act.

The amendment in Section 115JA is made retrospectively from 1st day of April, 1998 and will accordingly apply in relation to the assessment year 1998-99 and subsequent years.

The amendment in Section 115JB is made retrospectively from 1st day of April, 2001 and will accordingly apply in relation to the assessment year 2001-02 and subsequent years.

VII. **MAT Credit**

The Company would be required to pay tax on its book profits under the provisions of section 115JB in case where tax on its "total income" [the term defined under section 2(45) of the IT Act] is less than **18% w.e.f. FY 1st April, 2010** of its book profit (the term defined under section 115JB of the IT Act). Such tax is referred to as Minimum Alternate Tax (MAT.)

The difference between the MAT payable under section 115JB of the IT Act and the tax on its total income payable for that assessment year shall be allowed to be carried forward as "MAT credit" upto tenth assessment year **(effective from FY 2009-10)** immediately succeeding the assessment year in which the tax credit becomes allowable. The MAT credit can be utilized to be set off against taxes payable on the total income computed under the provisions of the IT Act other than 115JB thereof if any, in the subsequent assessment years in accordance with the provisions & limit specified in section 115JAA of the IT Act.

b. **Capital Gains**

I. **A. Long Term Capital Gain (LTCG) –**

LTCG means Capital Gain arising from the transfer of a capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero-coupon bond, held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

B. Short Term Capital Gain (STCG) –

STCG means Capital gain arising from the transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero-coupon bond, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

- II.** LTCG arising on transfer of equity share of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under section 10(23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

With effect from AY 2007-08, income by way of LTCG exempt u/s 10(38) of a company is taken into account in computing book profit and income tax is payable under section 115JB.

- III.** As per second proviso read with third proviso to Section 48, LTCG arising on transfer of capital assets, which is chargeable to tax other than bonds and debentures (excluding capital indexed bonds issued by the Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

As per section 112, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% Education and Secondary & Higher education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable Surcharge + Education and Secondary & Higher Education Cess)

However as per proviso to section 112(1), if such tax payable on transfer of listed securities / units / Zero coupon bond which is chargeable to tax, exceeds 10% of the LTCG, without availing benefit of indexation, then the excess tax shall be ignored.

- IV.** As per section 111A of the Act, STCG arising on sale of equity shares of company or units of equity oriented mutual fund [as defined under Section 10(23D)], on a recognized stock exchange are subject to tax at the rate of 15% (plus applicable surcharge + Education and Secondary & Higher Education cess), provided the transaction is chargeable to STT. In other case, i.e. where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income.

- V.** As per section 70 read with section 74, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gain arising in that year. Balance loss if any, should be carried forward and available for set-off against subsequent year's short term or long term capital gains for subsequent 8 years.

- VI.** As per section 70 read with section 74, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss if any, should be carried forward and available for set-off against subsequent year's long term capital gains for subsequent 8 years.

- VII.** Under section 54EC of the Act, capital gains arising on transfer of a long term capital asset is exempt from capital gains tax if such capital gains are invested within a period of six months after the date of such transfer in specified bond issued by the following and subject to the conditions specified therein:-

- National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988.

- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

If only part of the long term capital gain is reinvested, the exemption shall be proportionately reduced.

However, if the new 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, shall be taxable as Capital gains in the year of transfer or conversion.

With effect from 1st April, 2007 the investment in the Long Term Specified Asset made by the company during a financial year should not exceed 50 Lakh rupees.

c. Income from Other Sources

Dividend income:

Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O received by the Company on its investments in shares of another Domestic company is exempt from income tax in the hands of the Company.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under section 10(35) of the ITA.

However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income.

C. Key Benefits available to the Members of the Company

I. Resident Members

a. Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income.

b. Capital Gains:

Benefits outlined in Paragraph B(b) excluding second paragraph of B(b)II thereof, are also applicable to resident shareholders. **Levy of surcharge in case of individuals has been removed vide Finance (No.2) Act, 2009.** In addition to the same, the following benefits are also available to resident shareholders-

As per Section 54F of the Act, LTCG arising from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer for purchase of a new residential house, or for construction of residential house within three years from the date of transfer subject to fulfilment of conditions & limits specified therein.

II. Non Resident Members

a. Dividend income:

Dividend (both interim and final) income, if any, received by the non resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation such exempt income.

b. Capital Gains:

Benefits outlined in Paragraph C(I)(b) above are also available to non resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non- resident shareholders. Whether non-resident

shareholders can avail the benefit of proviso to section 112(1) of the Act is not free from doubts, as mentioned in Paragraph B(b)(III).

c. Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double taxation avoidance agreements.

d. Special provision in respect of income/LTCG from specified foreign assets available to non-resident Indians under Chapter XII-A:

- i. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident of India. Person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- ii. Specified foreign exchange assets include shares of an Indian company acquired/purchased/subscribed by NRI in convertible foreign exchange.
- iii. As per section 115E, income [other than dividend which is exempt under Section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). However, indexation benefit will not be available for computation of capital gain. Further, no deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income. **Levy of surcharge in case of individuals has been removed vide Finance (No.2) Act, 2009.**
- iv. As per section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). However indexation benefit will not be available for determining the amount of capital gain chargeable to tax. **Levy of surcharge in case of individuals has been removed vide Finance (No.2) Act, 2009.**
- v. As per section 115F, LTCG on transfer of specified foreign exchange asset shall be exempt under Section 115F, in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under Section 115F.
- vi. As per section 115G, if the income of an NRI taxable in India consists only of income/LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under Section 139.
- vii. As per section 115H, where the NRI 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 the assessment year, in which he is first assessable as a resident, under section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- viii. As per section 115I, the NRI can opt not to be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 in which case the normal benefits as available to non-resident shareholders will be available.

III. Key Benefits available to the Foreign Institutional Investors (FII's)

a. Dividend income:

- i. Dividend (both interim and final) income, if any, received by the shareholders from Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation such exempt income.

- ii. Under Section 115AD, income (other than income by way of dividends referred in Section 115O) received in respect of securities (other than units referred to in Section **115AB i.e units of mutual fund specified under Section 10(23D) or of the Unit Trust of India**) shall be taxable at the rate of 20% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.

b. Capital Gains:

- i. The characterization of gain or loss i.e whether business income or capital gain would depend on the nature of holding in hands of members and various other factors.
- ii. Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:
 - 1. As per section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge + Education and Secondary & Higher Education Cess).
 - 2. LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable Surcharge & Education and Secondary & Higher Education Cess). The benefit of indexation and benefit of foreign exchange fluctuation, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

c. Exemption of Capital Gains from Income-tax:

- i. LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.
- ii. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph B(b)(vii) above.

d. Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double taxation avoidance agreements.

IV. Key Benefits available to Mutual Funds

As per the provisions of Section 10 (23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

V. Key Benefits available to Venture Capital Funds

Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

The taxation of gains on the sale of shares is same as those applicable to non resident members.

D. Wealth Tax Act, 1957

Shares in a company, held by a shareholder are not treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

E. The Gift Tax Act, 1958

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift Tax since abolished.

Notes:

- a.** All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders unless otherwise provided in the Act.
- b.** In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.
- c.** Wherever applicable, the benefits mentioned hereinabove are subject to fulfillment of the specified conditions and up to the limits as mentioned in the relevant provisions.
- d.** In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
- e.** Direct Tax code proposed to be introduced with effect from 01-04-2012 would replace the Act.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The “Industry Overview” section quotes and otherwise includes information extracted from a report titled “Demand and Market Assessment Report for Indian Diesel Genset Market (375-2000 kVA)” dated as of February 2011 prepared by Frost & Sullivan (India) Private Limited (the “Frost & Sullivan Report”), that was commissioned by our Company for the purpose of this Draft Red Herring Prospectus. We commissioned Frost & Sullivan (India) Private Limited (“Frost & Sullivan”), an independent agency to conduct an analysis of and to report on, the diesel generator set industry in India in general including the OEM market for Cummins India.

Frost & Sullivan’s independent research was undertaken through primary and secondary research obtained from various sources within the diesel generator set industry including industry participants, industry experts, end-users, regulatory organisations, the financial and investment community and other related sources. The research report was drafted based on the information Frost & Sullivan deemed reasonable.

Except for the Frost & Sullivan Report, all financial and statistical data in the following discussion is derived from websites and publicly available documents from various sources, including the websites of the Ministry of Power and Central Electricity Authority (“CEA”). The data may have been re-classified by us for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive capacity and generation. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein are as of a particular date and has been obtained from sources generally believed to be reliable, but that 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.

Overview of the Indian Economy

India is the world’s largest democracy by population size, and one of the fastest growing economies in the world. According to the CIA World Factbook, India’s estimated population was 1.17 billion people as of July 2010. India has the fifth largest economy in the world in terms of purchasing power, estimated at US\$ 4.05 trillion (2010 est.), after the European Union, United States of America, China and Japan (*Source: CIA World Factbook*). India follows a system of successive plans (each, a “Plan”) that establish targets for economic development in various sectors, including the power sector. According to the Planning Commission of India, the Eleventh Plan (the fiscal years 2007 to 2012) is aimed at achieving sustainable GDP growth of 9.0%. The following table presents a comparison of India’s real GDP growth rate with the real GDP growth rate of certain other countries:

Countries	2008 (estimated) %	2009 (estimated) %	2010 (estimated) %
Australia	2.2	1.2	3.3
Brazil	5.1	-0.2	7.5
China	9.0	9.1	10.1
India	7.4	5.7	8.3
Japan	(1.2)	(5.2)	3.0
Malaysia	4.7	(1.7)	7.1
Russia	5.2	(7.9)	3.8
Thailand	2.5	(2.2)	7.6
UK	(0.1)	(5.0)	1.6
USA	0.0	(2.6)	2.8

(Source: CIA World Factbook website)

Indian Real GDP Growth

The third quarter review of the monetary policy of the Reserve Bank of India (“RBI”) released in January 2011 placed real GDP growth for the first half of the fiscal year 2011 at 8.9%, reflecting strong domestic demand, particularly private consumption and investment, and improving external demand (*Source: RBI Third Quarter Review of Monetary Policy for the Year 2010-11, January 25, 2011*). The quarterly estimates of GDP growth at factor cost for the second quarter of the fiscal year 2011 (at fiscal year 2005 prices) and the corresponding quarter of the fiscal year 2010 are set forth in the table below:

Industry	Percentage change over second quarter, previous fiscal year	
	Fiscal Year 2010	Fiscal Year 2011
Agriculture, forestry & fishing	0.9	4.4
Mining & quarrying	10.1	8.0
Manufacturing	8.4	9.8
Electricity, gas & water supply	7.7	3.4
Construction	8.3	8.8
Trade, hotels, transport & communication	8.2	12.1
Financing, insurance, real estate & business services	11.3	8.3
Community, social & personal services	14.0	7.3
Total GDP	8.7	8.9

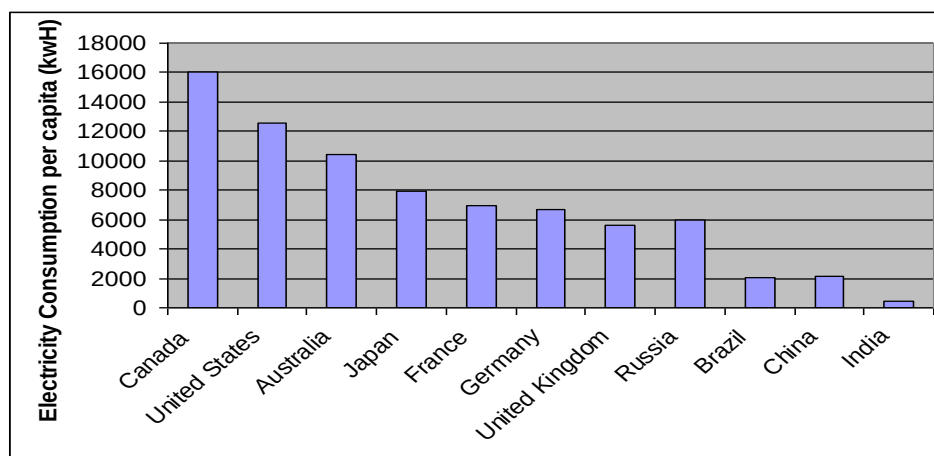
(Source: Central Statistics Office)

Overview of Indian Power Generation Sector

India is both a major energy producer as well as an energy consumer. According to the CIA Factbook, India ranked as the world’s sixth largest energy producing nation in 2009 behind the United States, China, European Union, Russia and Japan with total production of 723.8 billion kWh, estimated as of 2009. It is also the world’s sixth largest energy consumer, with total consumption of 568 billion kWh, estimated as of 2007.

Due to inadequate supply and poor distribution infrastructure, the per capita consumption of power in India remains relatively low compared to other major economies. Any increase in per capita consumption of electricity in India necessitates an increase in the accessibility of electricity in smaller towns and rural India. The Central Government has set a target of 1,000 kWh per capita consumption by the fiscal year 2012, as envisaged in its National Electricity Policy. The per capita consumption has increased from 566.7 kWh per year in the fiscal year 2003 to 671.9 kWh in the fiscal year 2007 and further to 733.5 kWh per year in the fiscal year 2009 according to the CEA’s Monthly Review of the Power Sector dated January, 2011.

The following chart shows the per capita consumption of electricity in 2007 in various developed and developing countries:



(Source: CIA Factbook)

The low per capita consumption of electricity in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India. According to the 17th Electric Power Survey, May 2007, India's peak demand is expected to grow at a CAGR of 7.6% over a period of 10 years, from the fiscal year 2007 to the fiscal year 2017, and would require a generating capacity of 300,000 MW by 2017 to cater to this demand, as compared with an installed capacity of 132,329 MW as on March 31, 2007.

Supply and Demand for Electricity in India

Since the 1980's, India has faced an imbalance with respect to its energy requirements. The demand for energy, particularly commercial energy, has grown rapidly with the growth of the economy, changes in the demographic structure, rising urbanisation and socio-economic development. According to the CIA Factbook, industrial production grew at an estimated annual rate of 9.7% in 2010.

India faces significant challenges in meeting its energy needs in a sustainable manner and at competitive prices. Primary energy requirements grew at an average annual growth rate of 3.7% between the fiscal year 1991 and the fiscal year 2007, with the primary commercial energy requirement growing at an average annual growth rate of 4.9% during the same period. (Source: Planning Commission, Government of India, Eleventh Five Year Plan)

The Indian power sector has historically been characterised by energy shortages that have been increasing over the years. During the fiscal year 2010, India's energy requirement deficit was estimated to be 10.1%.

The following table sets forth the shortage of power in India, in terms of peak demand and energy requirement from the fiscal year 2003 to the fiscal year 2010:

Demand Supply Scenario

Fiscal Year	Peak Demand				Energy Requirement			
	Demand (MW)	Availability (MW)	Deficit		Demand (MU)	Availability (MU)	Deficit	
			(MW)	(%)			(MU)	(%)
2003	81,492	71,547	9,945	12.2	545,983	497,890	48,093	8.8
2004	84,574	75,066	9,508	11.2	559,264	519,398	39,866	7.1
2005	87,906	77,652	10,254	11.7	591,373	548,115	43,258	7.3
2006	93,255	81,792	11,463	12.3	631,554	578,819	52,735	8.4
2007	100,715	86,818	13,897	13.8	690,587	624,495	66,092	9.6
2008	108,866	90,793	18,073	16.6	739,343	666,007	73,336	9.9
2009	109,809	96,785	13,024	11.9	777,039	691,038	86,001	11.1
2010	119,166	104,009	15,157	12.7	830,594	746,644	83,950	10.1
2011*	119,437	107,286	12,151	10.2	638,181	582,225	55,956	8.8

* From April 2010 – December 2010

(Source: CEA, "Power Scenario at a Glance", January 2011)

Regional Demand-Supply Scenario

The following table sets forth the shortage of power in the peak demand and normative energy requirement across different regions in India for December 2010 and the nine months ended December 31, 2010:

Region	Peak Demand				Energy Requirement			
	Demand (MW)	Availability (MW)	Deficit		Demand (MU)	Availability (MU)	Deficit	
			(MW)	(%)			(MU)	(%)
North								
April – December 2010	37,431	34,101	3,330	8.9	196,439	179,927	16,512	8.4

Region	Peak Demand				Energy Requirement			
	Demand (MW)	Availability (MW)	Deficit		Demand (MU)	Availability (MU)	Deficit	
			(MW)	(%)			(MU)	(%)
December 2010	34,570	30,881	3,689	10.7	21,490	19,885	1,605	7.5
West								
April – December 2010	39,621	32,763	6,858	17.3	195,361	169,017	26,344	13.5
December 2010	39,621	32,711	6,910	17.4	23,795	20,391	3,404	14.3
South								
April – December 2010	32,214	29,054	3,160	9.8	167,097	157,921	9,176	5.5
December 2010	29,022	28,057	965	3.3	17,831	17,394	437	2.5
East								
April – December 2010	13,767	13,085	682	5.0	71,770	68,574	3,196	4.5
December 2010	12,520	11,882	638	5.1	7,433	7,091	342	4.6
North-East								
April – December 2010	1,913	1,560	353	18.5	7,514	6,786	728	9.7
December 2010	1,676	1,529	147	8.8	814	768	46	5.7

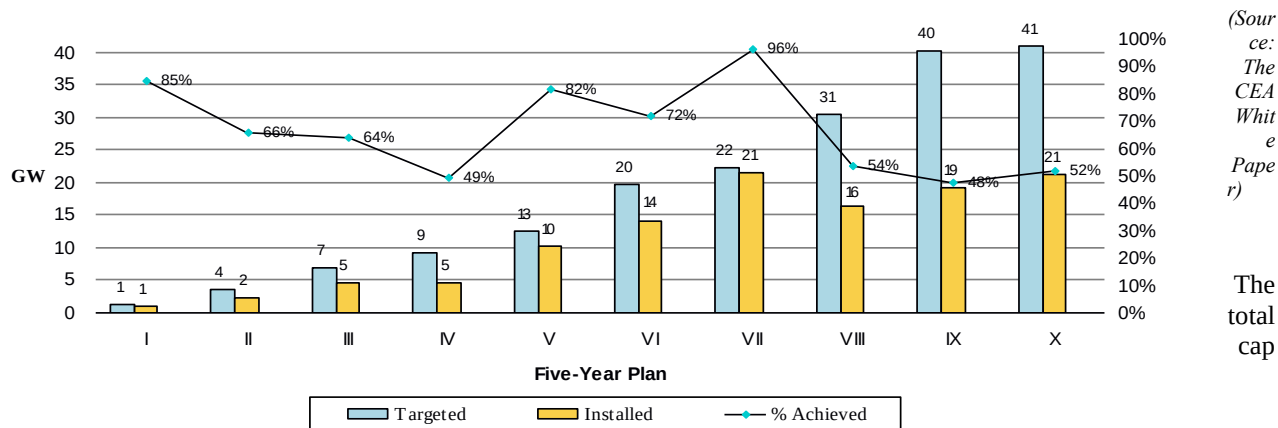
(Source: CEA, "Power Scenario at a Glance", January 2011)

Energy deficits vary widely across India, with the western region having the highest energy requirement deficit followed by the north-eastern region, and the north-eastern region having the highest peak demand deficit followed by the western region. According to the 17th Electric Power Survey, by the fiscal year 2017, peak demand is expected to reach 218,209 MW with an energy requirement of 1,392 billion units. (Source: Central Electricity Authority – 17th Electric Power Survey)

Historical Capacity Additions

The energy deficit in India is a consequence of slow progress in the implementation of additional energy capacity. The Indian economy is based on planning through successive Plans that set out targets for economic development in various sectors, including the power sector. During the implementation of the last three Plans (the Eighth, Ninth, and Tenth Plans, covering the fiscal years 1992 to 2006), less than 50.0% of the targeted additional energy capacity was achieved. India added an average of approximately 19,000 MW to its energy capacity in each of the Ninth and Tenth Plan periods (the fiscal years 1997 to 2001 and 2002 to 2006, respectively). (Source: Central Electricity Authority and Confederation of Indian Industry, White Paper on Strategy for Eleventh Plan, August 2007)

The following chart sets forth the targeted energy capacity addition for the Plans, the installed capacity actually achieved at the end of those Plans and the installed capacity actually achieved as a percentage of the targeted capacity additions for each of those Plans:



acity addition during the past 25 years between the Sixth and the Tenth Plans was approximately 91,000 MW. A total capacity addition of 78,700.4 MW is planned for the Eleventh Plan, which should result in substantial investments in the power generation sector.

Installed Generation Capacity by Sector and Fuel

The following table sets forth a summary of India's energy generation capacity as of December 31, 2010 in terms of fuel source and ownership:

Sector	Hydro	Thermal				Nuclear	Renewable Energy Sources	Total
		Coal	Gas	Diesel	Total			
State	27,257.0	47,477.0	4,077.1	602.6	52,156.7	0.0	2,822.3	82,236.0
Private	1,425.0	12,481.4	6,677.0	597.1	17,755.5	0.0	13,964.7	35,145.2
Central	8,685.4	32,420.0	6,702.2	0.0	39,122.2	4,560.0	0.0	52,367.6
Total	37,367.4	92,378.4	17,456.3	1,199.7	111,034.4	4,560.0	16,787.0	169,748.9

(Source: CEA, Monthly Review of Power Sector, January 2011)

The central and state governments together own and operate approximately 79.3% of the installed power capacity in India. The private sector has historically been reluctant to enter the market for power plants because of onerous governmental regulations on the construction and operation of power plants and sourcing of fuel for such plants. However, the participation of the private sector has been increasing over time owing to power sector reforms.

Diesel Generator Set Market

The size of the Indian diesel generator set market, for diesel generator sets rated from 15 kVA to 2,000 kVA, is pegged at 153,305 units with overall revenues of ₹ 65,527.33 million for the fiscal year 2010. The overall Indian generator set market for medium horsepower ("MHP") and high horsepower ("HHP") class generator sets, rated from 375 kVA to 750 kVA and from 750 kVA to 2,000 kVA, respectively, is currently pegged at 6,255 units with overall revenues of ₹ 20,642.35 million and is expected to grow at a CAGR of 6.2% and 9.8% in unit and revenue terms, respectively, from the fiscal year 2010 to the fiscal year 2015. (Source: Frost & Sullivan Report).

The following table illustrates the generator set market across kVA ratings in the fiscal year 2010:

kVA Range	Units	Revenues (₹ in million)
375.1-750	5,220	12,744.50
750.1-2,000	1,035	7,897.85
Total	6,255	20,642.35

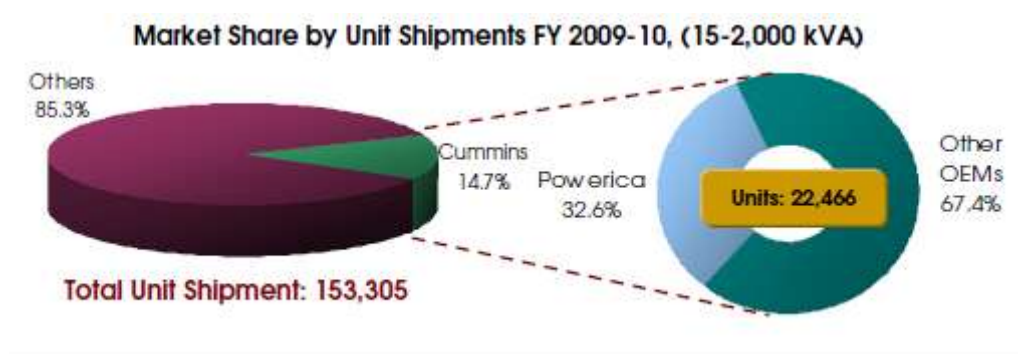
(Source: Frost & Sullivan Report)

In the fiscal year 2010, the total size of the diesel generator set market for diesel generator sets rated from 15 kVA to 2,000 kVA, in terms of units and revenue, was 153,305 units and ₹ 65,527.35 million, respectively. Consequently, during the fiscal year 2010, MHP diesel generator sets accounted for 3.4% and 19.4% of the total diesel generator set market, in terms of units and revenue, respectively. During the same period, HHP generator sets accounted for 0.7% and 12.1% of the total diesel generator set market, in terms of units and revenue, respectively.

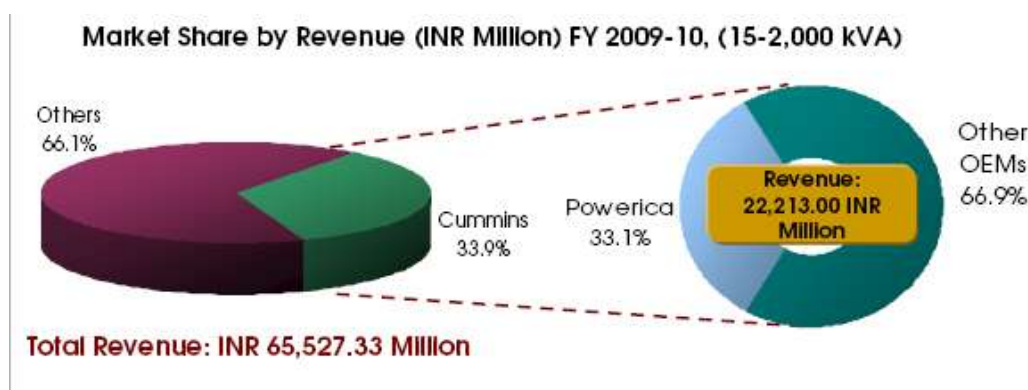
Diesel Generator Set Market Analysis by Participants

Our Company is one of the only three original equipment manufacturers for Cummins India operating in the states of Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu, Kerala and Goa and the union territory of Andaman and Nicobar Islands.

The following charts represent the share of our Company as a percentage of unit sales and revenue of Cummins India:



(Source: Frost & Sullivan Report)

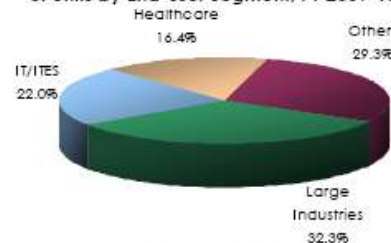


(Source: Frost & Sullivan Report)

Diesel Generator Set Market Analysis by End-Users

The following charts represent the end-user markets of MHP and HHP diesel generator sets in terms of revenues and units for the fiscal year 2010:

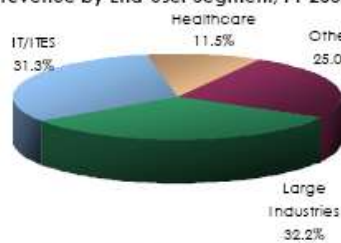
Indian Genset Market (375-2,000 kVA): Percent of Units by End-user Segment, FY 2009-10



Total Units: 6,255

Note: All figures are rounded; the base year is FY 2009-10. Source: Frost & Sullivan

Indian Genset Market (375-2,000 kVA): Percent of revenue by End-user Segment, FY 2009-10



Revenues: INR 20,642.33 Million

Note: Others include commercial establishments, Hospitality, Airports & Other infrastructure

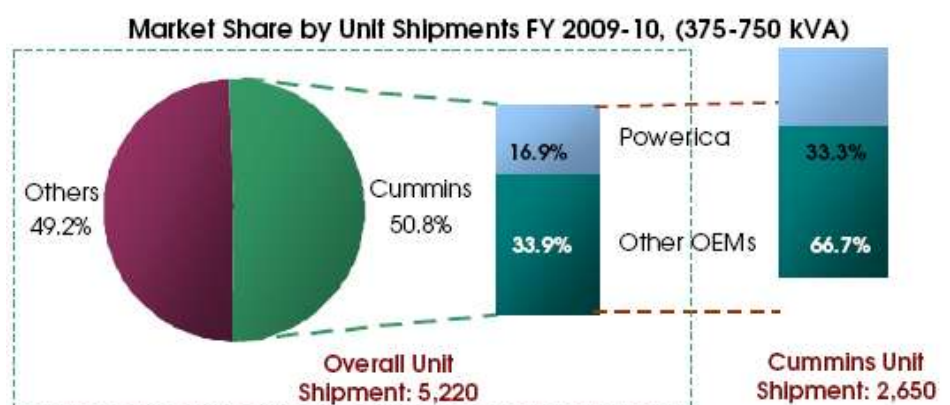
Projected Growth of the Diesel Generator Set Industry in India

In terms of number of units, the diesel generator set market for diesel generator sets rated from 15 kVA to 2,000 kVA, is expected to grow at a CAGR of 7.2% from 153,305 units for the fiscal year 2010 to 216,750 units for the fiscal year 2015. In the fiscal year 2015, Frost & Sullivan estimates that out of the 216,750 diesel generator sets constituting the diesel generator set market for diesel generator sets rated from 15 kVA to 2,000 kVA, HHP and MHP diesel generator sets will comprise 1,300 units and 7,150 units, respectively.

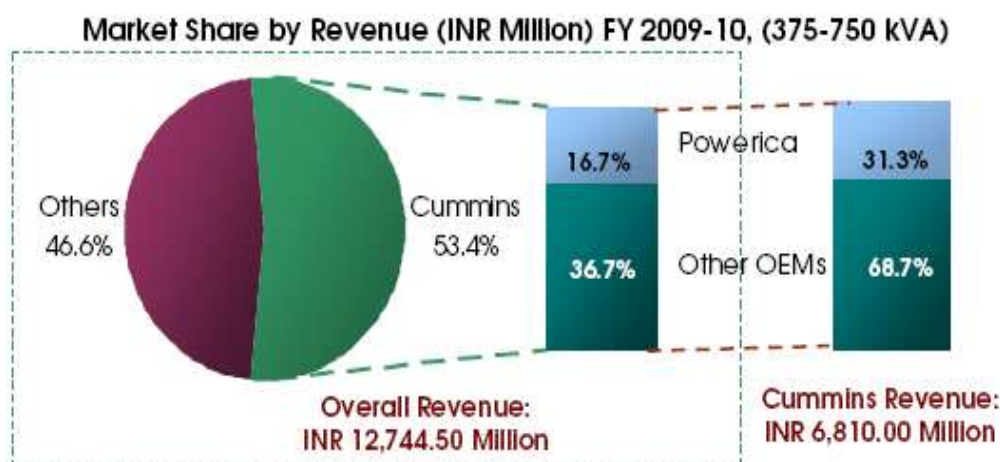
In terms of revenue, the diesel generator set market for diesel generator sets rated from 15 kVA to 2,000 kVA, is expected to grow at a CAGR of 10.3% from ₹ 65,527.30 million in the fiscal year 2010 to ₹ 106,896.3 million for the fiscal year 2015. In the fiscal year 2015, Frost & Sullivan estimates that of the total revenue of ₹ 106,869.29 million, HHP and MHP diesel generator sets will account for ₹ 12,066.43 million and 20,852.43 million, respectively.

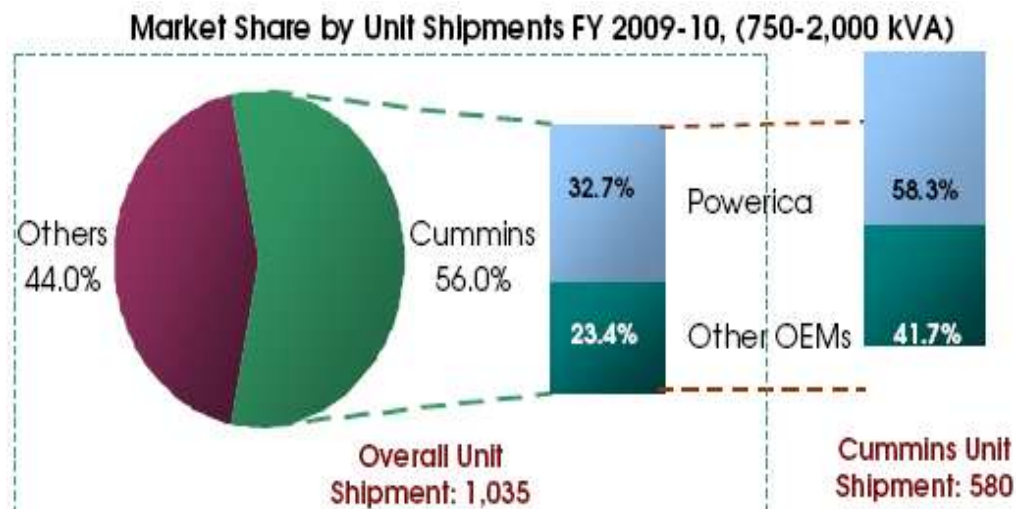
Market Share Analysis for MHP and HHP Diesel Generators Sets

As illustrated in the charts above, the realisations on a per unit basis are higher for MHP and HHP diesel generators. Cummins India is the market leader with a 50.8% and 53.4% share in the MHP diesel generator set market in terms of units and revenue, respectively. Cummins India is also a leader in the HHP diesel generator set market with a 56.0% and 54.1% share in terms of units and revenue, respectively. Further, our Company has the largest share amongst the three OEMs of Cummins India in these kVA ranges as illustrated in the charts below:

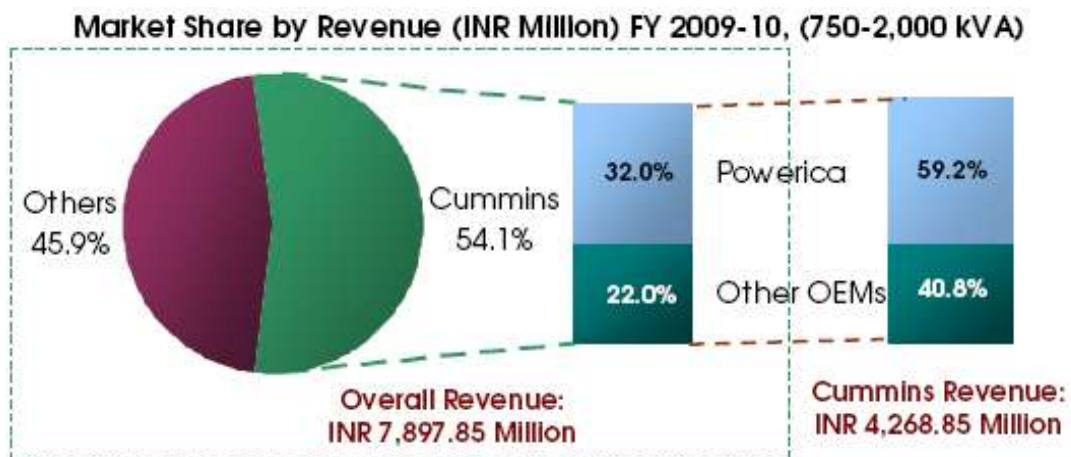


(Source: Frost & Sullivan Report)



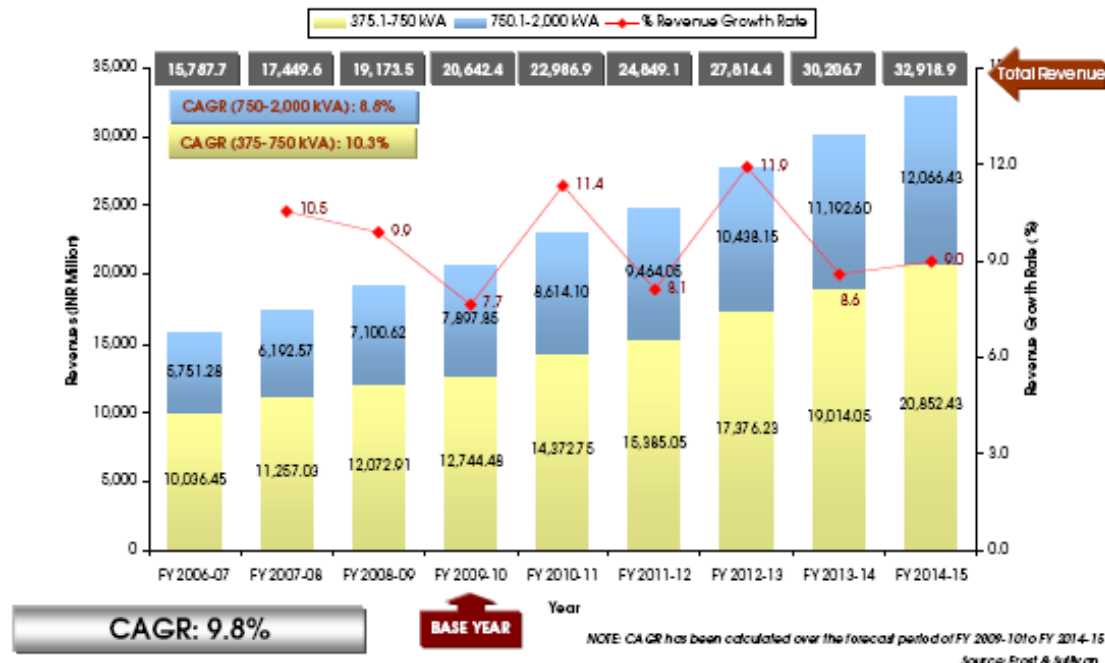


(Source: Frost & Sullivan Report)



(Source: Frost & Sullivan Report)

Further, it is expected that growing industrialisation and increased demand for power, will lead to increased demand for MHP and HHP diesel generator sets, and that such growth in demand will be at a faster pace than that of the overall diesel generator set market, as illustrated in the chart below:



(Source: Frost & Sullivan Report)

The MHP and HHP diesel generator set market is poised to grow from 6,255 units in the fiscal year 2010, consisting of 5,220 MHP diesel generator sets and 1,035 HHP diesel generator sets, to 8,450 units in the fiscal year 2015, consisting of 7,150 MHP diesel generator sets and 1,300 HHP diesel generator sets, at an overall CAGR of 6.2%. The MHP and HHP diesel generator set markets are set to grow at a CAGR of 6.5% and 4.7%, respectively, from the fiscal year 2010 to the fiscal year 2015.

Market Drivers for the Generator Set Industry in India

There are a number of factors that Frost & Sullivan expect will encourage continued growth of the generator industry set in India. These reasons are set forth below:

High Peak Demand Power Shortage

India faces a high peak demand power shortage. In the fiscal year 2010, the peak demand power deficit was estimated at 12.7% of India's total power requirement and energy requirement deficit was at 10.1%. The shortage of grid-generated power is a major source of demand for generator set sales in India.

Investments in Large Projects

Investment is expected to increase for large and medium scale industries across India. This is evident in recent economic forums, where many Indian and global industrial groups have extensive plans to invest in greenfield and brownfield projects in India and such groups typically invest in back-up power to ensure smooth operations for such projects.

The Government of India also has plans to invest large sums of money to improve infrastructure facilities in India. For example, several projects have been announced for developing roads, airports, ports, warehouses, cold storage chains and SEZs across the country. Many of these infrastructure projects require reliable back-up power. Such investments and the requirement for back-up power by these facilities will boost the sales of generator sets in the region.

In addition, as the Indian economy grows, investments in the construction of commercial IT/ITES parks, large residential and office complexes are expected. An increase in demand for commercial and residential space will result in a corresponding increase in construction activities in the region. As a standard feature, generator set back-up power is installed in most of these buildings and the present growth in construction is expected to increase generator set sales in this segment. In addition, such construction activities will require large amounts of back-up power thereby driving generator set sales in India.

Backup Power for Critical Facilities

It is essential for several facilities to ensure the presence of back-up power installations for all critical applications where the failure of grid-generated power can cause injury or loss of life. Institutions like hospitals, clinics, hotels, commercial office buildings and airports are mandated to install back-up power for critical equipment such as elevators, critical medical equipment and airport communication equipment in the event of a grid power failure. As a result, such facilities will rely on generator sets for back-up power and any growth in these facilities will lead to an increase in the demand for diesel generator sets.

Change in Lifestyle and High-End Residential Complexes and Specialty Hospitals

Many cities in India are witnessing growth, especially in the construction of high-end residential complexes. Such complexes typically install MHP and HHP generator sets as back-up power.

Challenges to the Generator Set Industry in India

Despite the number of positive reasons for expecting growth in the generator set industry, there are a number of factors that may limit growth or potentially cause shrinkage of the overall diesel generator set market in India. These reasons are set forth below:

High Diesel Prices

The overall cost of power from standby diesel generator sets is approximately ₹ 12.00 to ₹ 14.00 per kWh, which is approximately three times higher than the cost of grid-generated power. However, as the global price of crude oil is expected to increase in the future, diesel prices are expected to rise significantly, making diesel-based power generation solutions even more expensive. Consequently, this may impact demand for new diesel generator sets.

Alternative Back-up Power Sources

Alternative back-up power sources, such as UPS and inverters, have begun to erode diesel generator set sales, especially at the lowest kVA ranges, such as 15-25 kVA. A number of firms are also working towards providing wind and solar power solutions for telecom end-users, which are the greatest end-user segment of diesel generator sets, in terms of units. As more reliable and less costly alternative solutions are created, sales of new diesel generator sets may suffer.

Higher Investments in Development of Indian Power Grid

The Government of India and the private sector are expected to make large investments in setting up new power plants and improving the transmission and distribution network. This is likely to stabilise grid-generated power and reduce supply outages, thereby obviating the need for back-up sources of power, such as diesel generator sets.

Low Cost Imports from China

Low-cost imports from China, especially in the 15-75 kVA range, continue to apply pricing pressure to domestic manufacturers and erode profit margins. This trend is likely to continue as several new entrants to the diesel generator market are expected to be supplied through long-term supply contracts from Chinese-based manufacturers.

Expected Changes in Emissions Norms

Emissions norms in India are constantly being tightened to keep in line with international standards, in particular the European Union's. New pollution control norms are expected in 2013, which are expected to require major design upgrades of existing diesel engines, entailing substantial new investment and technology transfer agreements.

Shortage of Diesel Engines

Diesel engines are utilised in a variety of applications outside of the diesel generator set industry, such as automobiles, farm equipment, marine applications and mining equipment. As demand for these applications is anticipated to grow, this will place supply constraints on the number of diesel engines available. Even if diesel engines are imported, a number of suppliers will encounter after-sales service difficulties for imported units due to the lack of infrastructure in place in India for imported units.

Price Competition from Unorganised Sector

The diesel generator set market in India also consists of a large unorganised sector, which includes a number of small-scale suppliers. These brands are well entrenched in their respective regional pockets and may offer competition to larger organised suppliers, consequently preventing market penetration.

Wind Power Generation

In India, renewable energy-based power capacity has registered higher rates of growth in overall capacity addition as compared with non-renewable sources, increasing their share of total power generation capacity from 1.5% in the fiscal year 2003 to around 9.7% in the fiscal year 2010, growing at a CAGR of 25.0% during this period. Renewable energy constitutes 9.9% of the total installed capacity as on December 31, 2010. Wind energy constituted 69.3% of total installed renewable energy capacity.

The table below sets forth renewable energy as a percentage of total installed power generation capacity:

<i>(in MW)</i>								
Energy Source	As on March 31, 2003	% of total energy	As on March 31, 2009	% of total energy	As on March 31, 2010	% of total energy	As on December 31, 2010	% of total energy
Hydro	26,766.83	26.2	36,877.76	24.9	36,863.40	23.1	37,367.40	22.0
Thermal	76,762.15	65.0	93,725.24	63.3	102,453.98	64.3	111,034.48	65.4
Nuclear	2,720.00	2.9	4,120.00	2.8	4,560.00	2.9	4,560.00	2.7
Renewable Energy	1,628.39	5.9	13,242.41	8.9	15,521.11	9.7	16,786.98	9.9
Total	132,329.21	100.0	147,965.41	100.0	159,398.49	100.00	169,748.86	100.00

(Source: CEA)

The table below sets forth the installed capacity of various types of renewable energy as of December 31, 2010:

Energy Source	As on December 31, 2010	% of total energy
Small Hydro Power	2,726.47	16.2
Wind Energy	11,632.44	69.3
Bio-mass power/ gasifier	2,313.33	13.8
Urban & Industrial waste and solar	114.74	0.7
Total	16,786.98	100.0

(Source: CEA)

The aim for the Eleventh Plan, as stated by the working group of the Planning Commission in its “*Report of the Working Group on New and Renewable Energy for the Eleventh Five Year Plan (2007-2012)*” published in December 2006, is a capacity addition of 14,000 MW from renewable energy, of which 10,500 MW is the target for wind power. In this report, the Planning Commission estimates that by the end of the Eleventh Plan, renewable energy power generation capacity in India is expected to increased to approximately 23,000 MW out of a total capacity of approximately 211,000 MW, or approximately 11.0% of total capacity.

The Planning Commission envisages capacity addition of around 49,000 MW during the Twelfth and Thirteenth Plans. According to Planning Commission projections, renewable power capacity by the end of the Thirteenth Plan period is projected to reach 53,000 MW, comprising 39,000 MW of wind power, 7,500 MW of biomass power and 6,500 MW of mini-hydroelectric power.

The key drivers for wind energy in India are: (i) regulatory incentives; (ii) large untapped potential; and (iii) environmental concerns regarding the use of fossil fuels.

Regulatory Incentives for Wind Power

The Government of India and state governments provide a variety of regulatory incentives in respect of renewable energy including the following:

Tax Incentives

Indian renewable energy companies are entitled to 80.0% accelerated depreciation on assets employed in renewable energy power generation and benefit from a 10-year tax holiday. Renewable energy companies may also receive excise duty relief on certain capital goods.

Generation Incentives

The Ministry of New and Renewable Energy has announced the generation based incentive (GBI) scheme for grid interactive wind power projects commissioned on or after December 17, 2009. Under the scheme, companies shall be allowed to take advantage of either accelerated depreciation benefits or GBI but not both. Under the scheme, GBI will be provided to wind electricity producers at ₹ 0.50 per unit of electricity fed into the grid, for a period of between four years and 10 years, in parallel with accelerated depreciation in a mutually exclusive manner, with a cap of ₹ 6.20 million per MW. The total disbursement in a year will not exceed one-fourth of the maximum limit of the incentive, i.e. ₹ 1.55 million per MW during the first four years. The scheme will be applicable to a maximum capacity limited to 4,000 MW and will continue until the end of Eleventh Plan. However, the provision of accelerated depreciation in parallel with GBI will continue until the earlier of the end of the Eleventh Plan or the introduction of the Direct Tax Code. (Source: Ministry of New and Renewable Energy available at <http://www.mnre.gov.in/gbi-scheme.htm>, as accessed on February 9, 2011) Any projects seeking to utilise GBI would need to be registered with Indian Renewable Energy Development Agency.

Preferential Tariffs

Pursuant to the Electricity Act of 2003, the National Electricity Policy of 2005 and the National Tariff Policy of 2006, state electricity regulatory commissions are encouraged to set preferential tariffs for power produced from renewable energy. Preferential tariffs are established to take into account the externalities caused by conventional energy which may not be reflected in their price.

Renewable Purchase Obligations

Pursuant to the Electricity Act, the National Electricity Policy and the National Tariff Policy, state electricity regulatory commissions are required to specify a percentage of electricity purchased which comes from renewable sources ("RPO"). The chart below sets forth the renewable purchase obligation for the fiscal year 2012 for the following states that have issued RPO orders:

State	RPO per annum
Andhra Pradesh	4.75%
Chattisgarh	1.25%
Gujarat	5.0%
Haryana	0.5%
Kerala	3.05%
Maharashtra	6.75%

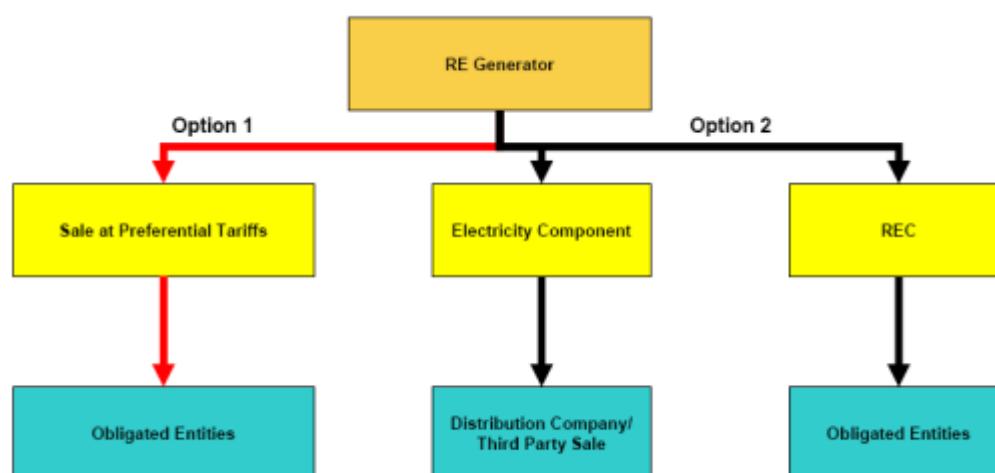
(Source: Orders of respective state regulatory commissions)

Failure to comply with RPOs will result in the imposition of penalties that will be determined by the state electricity regulatory commissions. For example, in Maharashtra, if an obligated entity fails to comply with the RPO target and fails to purchase the required quantum of RECs, the state electricity regulatory commission may direct such entity to deposit an amount determined by the commission into a fund. The amount will be based on the shortfall in units as compared with the target RPO, using the highest applicable preferential tariff during the year or any other rate as determined by the commission.

Renewable Energy Certificates (“RECs”)

The CERC promulgated the Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 (“CERC REC Regulations”). Under Regulation 5 of the CERC REC Regulations, a generating company engaged in generation of electricity from renewable sources shall be eligible to apply for registration for issuance of and dealing in renewable energy certificates, so long as it has obtained accreditation from the state agency and it does not have any power purchase agreement to sell the energy in question at a preferential tariff. These certificates may be sold to entities with renewable purchase obligations and would be traded on the exchange. The price of the certificates issued to the eligible entities shall be discovered in the power exchanges provided that the commission may, in consultation with the central agency and forum of regulators, from time to time may fix a floor price and a forbearance price for the certificates. The certificates issued shall be valid for a period of three hundred and sixty five days from the date of issuance. Pursuant to an order passed by the CERC dated June 1, 2010, the forbearance and floor price for non-solar certificates was fixed as ₹ 3,900 per MWh and ₹ 1,500 per MWh, respectively.

The following chart illustrates the REC market and the potential methods for monetising RECs:



(Source: CERC)

CDM and the Kyoto Protocol

Pursuant to the Kyoto Protocol and the Clean Development Mechanism (CDM), to which India is a signatory, certain developed or “Annex I” countries have committed to reduce global greenhouse gas emissions by approximately 5.2% over 1990-levels. To meet the binding commitment to reduce greenhouse gas emissions, Annex I countries have the option to reduce part of their emissions domestically, or purchase certified emission reduction certificates or CERs from projects undertaken in developing or “Annex 2” countries through the carbon finance market. Effectively, emission reductions purchased under carbon finance can be used against the greenhouse gas

reduction obligations under the Kyoto Protocol or for other regulated or voluntary greenhouse gas emission reduction regimes.

China and India have been the biggest beneficiaries of the Kyoto Protocol CDM program, together accounting for 49.5% and 18.7%, respectively, of the total CERs issued through August 1, 2010, according to the United Nations Environment Programme Risoe Centre on Energy, Climate and Sustainable Development (“Risoe Centre”). As of August 1, 2010, 519 projects were registered in India, which accounted for 22.5% of total projects registered at the CDM Executive Board. In addition, 833 projects in India were at the validation stage, which accounted for 28.5% of total projects at the validation stage. India has the second most registered wind projects, with 411 wind projects aggregating 6,811 MW and the most registered biomass projects, with 315 projects, as well as 157 hydro projects aggregating 6,542 MW. Approximately 79.02 million CERs have been issued in India, through August 1, 2010. (Source: Risoe Centre) According to the United Nations Development Programme’s Human Development Report for 2007/2008, the world-wide CDM market was worth approximately US\$ 5 billion in 2008.

Untapped Potential of Wind Energy in India

The Ministry of New and Renewable Energy estimates large potential for the growth of wind-based generating units as set forth in the table below:

State	Potential (MW)	Installed Capacity (MW)*	% of potential unutilised
Karnataka	11,531.00	1,390.60	87.9
Gujarat	10,645.00	1,711.80	83.9
Andhra Pradesh	8,968.00	122.50	98.6
Tamil Nadu	5,530.00	4,596.20	16.9
Rajasthan	4,858.00	855.40	82.4
Maharashtra	4,584.00	2,004.40	56.3
Kerala	1,171.00	27.0	97.7
Madhya Pradesh	1,019.00	212.80	79.1
Orissa	255.00	-	NM
West Bengal	-	1.1	NM
Others	-	3.2	NM
TOTAL	48,561.00	10,925.00	

Source: Annual Report for 2009-2010 (MNRE)

*Installed Capacity as of December 31, 2009

Environmental Concerns

As of 2008, India was the world’s fourth largest emitter of CO₂. Between 1990 and 2004, emissions increased by 97%, one of the highest rates of increase in the world. In December 2009, India announced that it would voluntarily reduce its emission intensity by 20-25% by 2020 with a base year of 2005. In March 2010, India agreed to be listed as a party on the Copenhagen Accord signed by the delegates at the 15th Session of the Conference of Parties to the United Nations Framework Convention on Climate Change with the understanding that the accord was not binding.

In addition, pursuant to the National Action Plan on Climate Change, the Government of India has called for 5.0% of electricity purchased from the grid by state utilities in India to come from renewable sources by the fiscal year 2010, with an increase of 1.0% per year. As a result, renewable energy may grow at a faster rate than traditional power generation sources. (Source: National Action Plan on Climate Change; Global Wind Energy Council, Indian Wind Energy Outlook 2009, September 2009)

BUSINESS

Our Company's ability to successfully implement its business strategy, growth and expansion plans, may be affected by various factors. Our Company's business overview, strengths and strategies must be read along with the "Risk Factors" beginning on page 13.

Overview

We are a distributed energy resource company, with a presence in the manufacture, installation and after-sales service of diesel generator sets, the lease, operation and maintenance of heavy fuel oil large-capacity ("HFO") generator sets, and wind power generation. We are one of three original equipment manufacturers ("OEMs") in India for Cummins India Limited ("Cummins India" and together with its Indian and global affiliates, "Cummins"). For the fiscal year 2010, we had 33.1% of Cummins India's market share in terms of total revenues, of the total OEM market of Cummins India. During this same period, Cummins India's market share was 33.9% in terms of total revenue of the diesel generator set market in India. In addition, for the fiscal year 2010, we had the largest share among the three OEMs of Cummins India, in the 375 kVA - 2,000 kVa range of diesel generator sets, both in terms of total revenue and number of units sold. (Source: Frost & Sullivan, *Demand and Market Assessment Report for Indian Diesel Genset Market (375-2000 kVA)* ("Frost & Sullivan, February 2011")). We commenced our diesel generator set business in India in 1984, our HFO generator set business in 1996 and our wind power business in 2008. We are promoted by Naresh Oberoi, and Kharati Ram Puri, who have both been involved in the diesel generator set business for over 40 years.

We enjoy a long-standing relationship of approximately two decades with Cummins, a global leader in the design, manufacture, distribution and servicing of diesel engines and related technologies. We cater to customers in the states of Maharashtra, Karnataka, Andhra Pradesh, Kerala, Tamil Nadu and Goa and the union territory of the Andaman and Nicobar Islands. In our diesel generator set business, we manufacture and provide after-sales services for a wide range of diesel generator sets, with capacity up to 2,000 kVA. We source the engines and alternators used in our diesel generator sets exclusively from Cummins, which we assemble with components such as control panels and acoustic boxes manufactured by us and sell as co-branded diesel generator sets. We also carry out installation services for our diesel generator sets for certain of our customers. We have also entered into a dealership agreement with Cummins India to provide exclusive after-sales services, including the sale of spare parts, for all diesel generator sets powered by Cummins engines installed in certain regions of Karnataka, Maharashtra and Tamil Nadu. For the nine months ended December 31, 2010 and the fiscal years 2010, 2009 and 2008, we have sold 5,758, 7,317, 7,463 and 6,087 diesel generator sets aggregating 1,301 MW, 1,414 MW, 1,514 MW and 1,391 MW of total generation capacity, respectively. For the six months ended September 30, 2010 and the fiscal years 2010, our diesel generator set business accounted for income, net of excise duty and service tax, of ₹ 4,833.61 million and ₹ 7,757.91 million, or 90.6% and 89.7% of our total income, respectively.

We lease, install and provide operation and maintenance services for HFO generator sets, ranging in capacity from 2,000 kVA to 4,500 kVA, to industrial customers. We have developed our capabilities in the HFO generator set business through our long-standing relationship of over 14 years with the MAN group, one of Europe's leading industrial players in transport-related engineering. We have entered into an exclusive dealership agreement with MAN B&W Diesel A/S ("MAN"), pursuant to which we have been appointed as the exclusive dealer for the sale of their generator products in India. We have also entered into a spare parts and service support agreement with MAN for selling spare parts and providing technical support in respect of such generator sets. We also purchase existing HFO MAN generators, refurbish them and provide balance of plant services. We also provide operation and maintenance services ("O&M") for MAN generator sets, including for those that we lease out to customers. We currently have six leases and 31 such O&M contracts in operation. For the six months ended September 30, 2010 and the fiscal years 2010, our HFO generator set business accounted for an income of ₹ 181.97 million and ₹ 392.09 million, or 3.4% and 4.5% of our total income, respectively.

We own and operate five manufacturing facilities that are located in the states of Karnataka, Tamil Nadu and the union territories of Daman and Diu and Dadra and Nagar Haveli. While we source the engines and alternators used in our diesel generator sets from Cummins, we purchase other raw materials such as steel, switchgear and electronic circuitry from a variety of sources under short-term arrangements from a number of suppliers. Our distribution network comprises 17 sales and marketing offices in nine states, supported by 75 sales executives, and 11 service

centres located in Karnataka, Maharashtra and Tamil Nadu. We sell our diesel generator sets to industrial and corporate end-users in a number of customer segments, including the automotive, electronics, FMCG and agriculture, hospitality, information technology, mining, oil and gas, pharmaceutical, service and telecommunications sectors. Our major customers include leading global and Indian companies such as Aurobindo Pharma Limited, Magarpatta Township Development & Construction Company Limited, Mercedes-Benz India Private Limited, JSW Steel Limited, Lupin Limited and Walchandnagar Industries Limited. A significant number of our customers are repeat customers.

We commissioned our first wind farm in 2008. We have implemented, commissioned and currently operate five wind farms with an aggregate capacity 55.95 MW in the states of Gujarat and Tamil Nadu. We fully commissioned:

- a 4.8 MW wind farm in Jamnagar district, Gujarat in April 2008;
- a 16.5 MW wind farm in Tirunelveli district, Tamil Nadu in September 2009;
- a 14.85 MW wind farm in Jangi-Vandhiya, Kutch district, Gujarat in March 2010;
- a 9.9 MW wind farm in Theni district, Tamil Nadu in September 2010; and
- a 9.9 MW wind farm in Jangi-Vandhiya, Kutch district, Gujarat in January 2011.

The dates above refer to the date of commissioning of the last unit of each project.

We have recently entered into a memorandum of understanding with Vestas Wind Technology India Private Limited (“Vestas”), a leading wind turbine generator manufacturer, to jointly implement up to 225 MW of additional wind farms over the next three years. In addition to supplying the wind turbine generators, Vestas shall carry out wind data collection, supply electronic hardware and software and provide operations and maintenance services during and after the warranty period. Pursuant to this memorandum of understanding, we have entered into non-binding term sheets with Vestas in respect of two wind farms on a turnkey basis with an aggregate capacity of 48.6 MW. In addition, we are negotiating the definitive agreements with Vestas for the development of the 34.2 MW wind power project to be located at Bijapur, Karnataka. For the six months ended September 30, 2010 and the fiscal years 2010, our wind business accounted for an income of ₹ 214.46 million and ₹ 68.77 million, or 4.0% and 0.8% of our total income, respectively.

We also intend to enter into the business of providing installation and maintenance services for customers who wish to install wind power generators. Our operational wind farms located in Jangi-Vandhiya, Gujarat and Tirunelveli, Tamil Nadu are currently registered under the United Nations Framework Convention on Climate Change (“UNFCCC”) and consequently, we expect to generate and sell certified emissions reductions (“CERs”) under the Kyoto Protocol’s Clean Development Mechanism (“CDM”) project.

Our net profit, as restated, was ₹ 617.24 million and ₹ 1,053.57 million for the six months ended September 30, 2010 and the fiscal year 2010, respectively.

Our Competitive Strengths

We believe that we possess the following competitive strengths:

Our Established Market Leadership

Our Promoters have been involved in the sale of diesel generator sets since 1981 and our Company commenced the sale of diesel generator sets at its inception in 1984. Since then, we have established a leadership position in the MHP and HHP diesel generator set market in the regions in which we operate. We are one of three OEMs in India for Cummins India. For the fiscal year 2010, we had 33.1% market share, in terms of total revenues, of the total OEM market of Cummins India. During this same period, Cummins India’s market share was 33.9% in terms of total revenue of the diesel generator set market in India. (Source: *Frost & Sullivan, Demand and Market Assessment Report for Indian Diesel Genset Market (375-2000 kVA)*) In addition, for the fiscal year 2010, we had the largest share among the three OEMs of Cummins India, in the 375 kVA - 2,000 kVA range of diesel generator sets, both in terms of total revenue and number of units sold. We have also been able to generate significant repeat business, which illustrates our customers’ high level of satisfaction with our products and services. Our customers include

several leading global and India companies. Our end-to-end technical capability allows us to customise new diesel generator sets and related infrastructure to our customers' requirements. We have also entered into a dealership agreement with Cummins India to provide after-sales service in respect of Cummins diesel generator sets in certain assigned regions in Karnataka, Maharashtra and Tamil Nadu. Our diesel generator set business primarily focuses on corporate and industrial customers based in the states of Maharashtra, Karnataka, Andhra Pradesh, Kerala, Tamil Nadu, Goa and the union territory of the Andaman and Nicobar Islands. We believe that the lack of adequate power infrastructure will lead to an increase in demand for our products and services. For example, South India and Maharashtra had energy requirement deficits of 5.5% and 17.1%, respectively, from April 2010 to December 2010. (Source: Central Electricity Authority, Executive Summary January 2011, Actual Power Supply Position) Further, we believe that increasing industrialisation in India will lead to an increase in demand for our products and services and that we are in a unique position to take advantage of such increased demand in these regions.

Alliances with Industry Leaders

We enjoy strong alliances with technical partners that are leaders in their respective fields. Through these arrangements, we have been able to establish our presence as a market leader in the generator set business, as well as enter new lines of business such as wind power. We continue to maintain strong relationships with the following key partners:

Cummins: Cummins is one of the global leaders in the design, manufacture, distribution and servicing of engines. Cummins India is our long-term partner in the diesel generator set business. We have maintained our relationship with Cummins for approximately two decades. Initially acting as a sales agent for Cummins, our relationship has broadened and deepened such that we now sell a wide variety of co-branded diesel generator, which utilise Cummins engines and alternators. As part of our relationship with Cummins, we also work closely with Cummins India to formulate sales plans for the forthcoming year and Cummins also provides specialised training opportunities for our employees. We have also entered into a dealership agreement with Cummins India to provide exclusive after-sales services, including spare parts, for all diesel generator sets powered by Cummins engines that are installed in certain regions of Karnataka, Maharashtra and Tamil Nadu.

MAN: MAN is one of Europe's leading industrial players in transport-related engineering and is a major supplier of engines for high capacity HFO generators. Our relationship with MAN began in 1996 and we currently have an exclusive arrangement with them that encompasses the whole of India. We have an exclusive dealership agreement with MAN, pursuant to which we have been appointed as the exclusive dealers for the sale of their HFO generator products in India. We have also entered into a spare parts and service support agreement for selling spare parts and providing technical support in respect of such generator sets.

Vestas: Vestas is a global leader in wind turbine technology. We have collaborated with Vestas in the implementation of four of our five operational wind farms, with total generation capacity aggregating 51.15 MW. We have entered into a memorandum of understanding to jointly implement up to 225 MW of additional wind farms, in collaboration with Vestas, over the next three years. In addition to supplying the wind turbine generators, Vestas shall carry out wind data collection, supply electronic hardware and software and provide operations and maintenance services during and after the warranty period.

We believe that these alliances will help us to continue to grow our business and operations and provide superior products.

Technical and Execution Capabilities

We believe that we have advanced technical and superior execution capabilities because of our manufacturing facilities, engineering capabilities and our strong experience in power generation systems integration in India. We own and operate five manufacturing facilities at various locations in the states of Karnataka, Tamil Nadu, and the union territories of Daman and Diu and Dadra and Nagar Haveli, allowing us to supply our customers in various locations. Our engineering capabilities have allowed us to achieve a number of innovations, including commissioning an acoustic enclosure facility with an annual capacity of 1,000 diesel generator sets in 1998 and setting up an in-house control panel manufacturing facility dedicated to our diesel generator sets in 1986. In addition, our ability to innovate has allowed us to utilise certain technical features, such as acoustic soundproofing,

to improve the competitiveness of our products. Our quality management systems at our Bengaluru and Silvassa facilities have been awarded ISO 9001-2008 status. Our execution capabilities allowed us to implement a 12 MW power plant in Sudan. We believe that we were able to leverage our technical and execution capabilities in entering the wind power business, allowing us to implement our wind farms in short time frame. Our trained and technically proficient workforce complements our manufacturing facilities and engineering capabilities. As of December 31, 2010, our design and engineering team consisted of 60 engineers and more than 15.0% of our employees held engineering degrees. We conduct periodic training for engineers and technical team, including through collaboration with Cummins. As of December 31, 2010, 67 of our engineers have successfully completed Cummins certification courses, which are ordinarily undertaken for employees of all Cummins' OEMs.

Large and Diversified Customer Base

We have a large, diversified and premier customer base in India. Further, a significant number of our customers are repeat customers. We sell our diesel generator sets to industrial and corporate end-users in a number of customer segments, including the automotive, electronics, FMCG and agriculture, hospitality, information technology, mining, oil and gas, pharmaceutical, service and telecommunications sectors. Our major customers include leading global and Indian companies such as Aurobindo Pharma Limited, Magarpatta Township Development & Construction Company Limited, Mercedes-Benz India Private Limited, JSW Steel Limited, Lupin Limited and Walchandnagar Industries Limited. Over the years, we have leveraged our experience of being a trustworthy supplier of diesel generator sets to becoming a development partner for many of our customers to provide customised solutions. In the process, we offer our engineering capabilities and experience in manufacturing to develop the best-suited products for our customers. This has led to long-term mutually beneficial relationships with many of our customers, who we believe will provide us support as we diversify our business further into HFO generators and wind power generation.

Experienced and Proven Management Team

Our management team is well qualified and experienced in the industry and has been responsible for the growth in our operations. Naresh Oberoi, one of our Promoters, with over 40 years of experience in the generator set business, has driven our growth since our inception. Kharati Ram Puri, our other Promoter, also has over 40 years of experience in the generator set business. We believe we have a strong and experienced senior management team and most of our management have been working with us for more than 15 years. Through their commitment and experience in generator set business, our management team has helped us to grow our business and maintain high productivity.

Our Strategies

We intend to pursue the following principal strategies to exploit our competitive strengths and grow our business:

Capitalise on Continued Demand for Generator Sets

We believe that anticipated economic growth and lack of stable power supply and adequate power infrastructure may continue to lead to greater demand for generator sets in India. South India and Maharashtra, our two major markets, had energy requirement deficits of 5.5% and 17.1%, respectively, from April 2010 to December 2010, which provides scope for further growth in our target markets. (Source: Central Electricity Authority, Executive Summary January 2011, Actual Power Supply Position) We also believe that increasing industrialisation and growth in GDP in India, particularly in South India and Maharashtra, will lead to an increase in the demand for our products and services. We believe that our generator sets business would be ideally placed to cater to such demand. Our facilities currently operate on a single shift, which will enable us to leverage our existing infrastructure to meet higher demand. In addition, we may expand our product line to include natural gas generator sets in the future, depending upon availability of natural gas and demand for such generator sets. We have a fully developed manufacturing facility at a special economic zone in Chennai. We intend to utilise this facility as a low-cost manufacturing base.

Continue to Develop our Wind Power Business

We believe that continuing trends towards renewable energy on account of greater environmental awareness and the general trend away from non-renewable sources of energy provide us with a significant opportunity to expand our wind power business. In addition, we believe that regulatory requirements will require certain private entities to source their power requirements from renewable sources. For example, the Government of India's National Action Plan on Climate Change suggests a minimum renewable energy purchase requirement of 5.0% of total energy purchases in India, including those of state electricity utilities, from the fiscal year 2010 onwards, and an increase in that requirement by 1.0% for each of the next ten years. We commenced operations of our first wind farm in 2008. We have commissioned five wind farms with aggregate generation capacity of 55.95 MW and we intend to continue to develop our wind power business. We have entered into a memorandum of understanding with Vestas to jointly implement up to 225 MW of additional wind farms over the next three years. Pursuant to this memorandum of understanding, we have entered into non-binding term sheets with Vestas in respect of two wind farms on a turnkey basis with an aggregate capacity of 48.6 MW. In addition, we are negotiating the definitive agreements with Vestas for the development of the 34.2 MW wind power project to be located at Bijapur, Karnataka. We sell and intend to continue to sell power generated by such wind farms to state electricity boards. We also intend to diversify our wind business to become a developer where we will provide necessary installation services including evacuation infrastructure for wind farms owned by our customers. In the future, we may also sell wind farms that we develop and may also provide O&M services to third parties. We also intend to leverage our relationship with existing customers of our diesel generator set business to cater to their wind energy requirements, if any. As a result, we believe that we will be able to leverage our execution and implementation capabilities and our technical expertise in power evacuation infrastructure.

We have deployed the Vestas V82 1.65 MW model in four of our five operational wind farms. For our future wind farms, we intend to utilise the Vestas V100 1.8 MW wind turbine generator. The V82 and V100 wind turbine generators are suited for low to medium and low wind conditions, respectively. We intend to use these higher capacity turbines to maximise power generation from prevailing winds, to allow us to increase overall project efficiency and improve plant load factors.

Continue to Focus on the Diversification of our Revenue Streams

Since 1981, our Promoters have focused their business on the manufacture and sale of diesel generator sets, and our Company has been involved in the same field since its inception in 1984. However, in recent years, we have diversified our revenue streams, both through our arrangement with MAN in 1996 and our entering the wind power business in 2008. We intend to continue to focus on these new businesses power and energy sectors to achieve further growth. Our goal is to become a one-stop solution for our customers by providing power generation equipment of varying capacities, varying fuel types and varying suitability for both primary and secondary sources of power. We intend to further diversify our revenue stream through our recent agreement with Cummins India to offer after-sales service for diesel generator sets that are powered by Cummins engines. In addition, we intend to continue to focus on growing our leasing and O&M businesses to improve our margins. We will also continue to engage with our technological partners to expand our products and services as well as the geographic scope of our business within and outside India. For example, we intend to expand the scope of our MAN relationship to service territories outside India. We launched our wind power business in 2008, by commissioning our 4.8 MW wind farm in Jamnagar, Gujarat and we intend to continue to pursue the implementation of new wind farms to further diversify our income stream. In addition, we also intend to become a wind farm developer where we will provide installation services and evacuation infrastructure for wind farms owned by our customers.

Further Develop and Strengthen our Alliances

Our major partners, Cummins, MAN and Vestas, are among the global leaders for their particular market segments. We source engines rated up to 2,000 kVA from Cummins India and between 2,000 to 4,500 kVA from MAN, allowing us to offer a full suite of products and services based on their technologies. We will continue to explore opportunities to expand the scope of our relationship with these partners. For example, we have entered into a dealership agreement with Cummins India to provide exclusive after-sales services, including spare parts, for all diesel generator sets powered by Cummins engines installed in certain regions of Karnataka, Maharashtra and Tamil Nadu. We believe that similar arrangements will provide us with an opportunity to improve our engineering

capabilities to offer better products and services. We also intend to leverage these relationships, including the cost-advantage that India as a manufacturing base offers, to enter international markets. We also intend to continue to pursue strategic alliances that may provide us with greater access to advanced technology and allow us to diversify our product and customer base.

Description of Our Business

Our business and operations are divided into two major businesses, our generator set business, which comprises the sale and maintenance of diesel generator sets powered by Cummins engines and the sale, refurbishment, lease and maintenance of HFO generator sets, and our wind power business.

Our Generator Set Business

Our Cummins Division

Products

We manufacture a range of diesel generator sets powered by Cummins engines. We source the engines and alternators used in our diesel generator sets from Cummins India, assemble them along with components such as control panels and acoustic boxes manufactured by us and sell co-branded diesel generator sets. Our diesel generator sets range in power generation capacity up to 2,000 kVA.

The following table sets forth our sales of diesel generator sets powered by Cummins engines across product ranges for the periods indicated:

	Six Months ended September 30, 2010				Fiscal Year 2010				Fiscal Year 2009				Fiscal Year 2008			
Product Range (in kVA)	No. of units	Total MW installed	Total Sales (₹ in million)	Percent of Total Sales	No. of units	Total MW installed	Total Sales (₹ in million)	Percent of Total Sales	No. of units	Total MW installed	Total Sales (₹ in million)	Percent of Total Sales	No. of units	Total MW installed	Total Sales (₹ in million)	Percent of Total Sales
Up to 375 (LHP)	3,122	313	1,575.55	36.73	6,096	515	2,692.22	36.61	6,147	542	2,879.21	35.98	4,846	460	2,310.78	33.03
375-750 (MHP)	591	303	1,408.44	32.83	883	465	2,133.24	29.01	944	494	2,360.43	29.50	871	460	2,171.63	31.04
750-2,000 (HHP)	167	219	1,306.08	30.44	338	434	2,528.34	34.38	372	477	2,763.05	34.53	370	471	2,512.77	35.92
Total	3,880	835	4,290.07	100	7,317	1,414	7,353.80	100	7,463	1,514	8,002.69	100	6,087	1,391	6,995.18	100

For the nine months ended December 31, 2010, we sold 4,560 LHP units, comprising 457 MW, 909 MHP units, comprising 470 MW, and 289 HHP units, comprising 374 MW.

For the fiscal years 2010, 2009 and 2008, we produced 7,317, 7,447 and 6,083 diesel generator sets and 6,075, 6,958 and 5,179 control panels, respectively. 5,840, 6,641 and 5,011 control panels were used for captive consumption, during the fiscal years 2010, 2009 and 2008, respectively.

We sell our diesel generator sets to industrial and corporate end-users in a number of customer segments, including the automotive, electronics, FMCG and agriculture, hospitality, information technology, mining, oil and gas, pharmaceutical, service and telecommunications sectors.

	Nine Months ended December 31, 2010		Fiscal Year 2010	
Sector	No. of units	Total MW Installed	No. of units	Total MW Installed
Automotive	128	41.18	134	27.90

Electronics	105	26.42	110	28.98
FMCG and Agriculture	350	98.00	317	93.22
Hospitality	92	20.53	118	27.97
Information Technology	59	38.85	72	45.26
Mining	99	30.82	98	25.20
Oil and Gas	43	19.51	25	7.35
Pharmaceutical	64	37.65	74	42.12
Service	161	32.51	176	30.24
Telecommunications	25	4.05	1,004	50.08
Others	4,632	951.50	5,189	1,035.55
Total	5,758	1,301.02	7,317	1,413.87

Arrangement with Cummins

We have entered into the following material agreements with Cummins in India:

Agreement with Cummins India

Our Company has entered into an agreement dated March 23, 2004, with Cummins India pursuant to which our Company has been appointed as an original equipment manufacturer (“OEM”) on a non-exclusive basis for the states of Maharashtra, Karnataka, Andhra Pradesh, Kerala and Tamil Nadu, Goa and the union territory of the Andaman and Nicobar Islands. The agreement initially expired on March 31, 2009, and was renewed pursuant to extension letters dated October 2, 2009, September 13, 2010 and January 11, 2011. The agreement is now set to expire on June 30, 2011 and we have agreed to enter into a new contract on or before June 30, 2011. Under the terms of the agreement, Cummins India sells Cummins engines and other Cummins products to our Company, which we in turn utilise in the manufacture of diesel generator sets for sale in the territory assigned under the agreement on a non-exclusive basis. Our Company may sell products outside of our assigned territory, provided we inform Cummins India of any sales made outside of the regions. All prices of Cummins products that we purchase are to be notified by Cummins India from time to time, and the price prevailing at the time of delivery is payable. However, our Company retains the ability to set the final price for the fully assembled diesel generator set. Cummins India is not responsible for any damages caused by any defects arising out of its products. Our Company is also required to maintain a 5% interest-bearing deposit of ₹ 10.10 million with Cummins India through the duration of the agreement.

Cummins India retains the right to appoint additional OEMs for the assigned territory, if our Company fails to meet certain requirements, with respect to capital investment, customer satisfaction and sales targets. Cummins India has also agreed to assist our Company by providing sales literature, engineering data and supporting other marketing efforts, as well as providing service personnel to advise on technical and engine-related issues. The agreement requires us to maximise sales and revenue of Cummins India, open, operate and maintain an adequate number of sales offices and to pledge not to compete directly or indirectly with Cummins’ products. Our Company is also required to provide an advanced schedule of its requirements of Cummins products for each upcoming calendar year. Either party may terminate the agreement by giving 90 days notice in the event of a material breach that has remained uncured for 90 days. In addition, Cummins India may terminate the agreement at its sole discretion in the event of any disagreement with our management that may adversely affect the interests of Cummins India.

Dealership Agreement with Cummins India

Our Company has entered into a dealership agreement dated June 22, 2010, with Cummins India, pursuant to which our Company was appointed to sell Cummins products, including engines, components and other allied products, at such prices and terms as recommended by Cummins India and to provide after-sales services in respect of such products in the regions assigned under the agreement. The assigned regions and the effective dates have been set out below:

Region	State	Effective Date
Bagalkot, Bidar, Bijapur, Gulbarga, Belgaum, Bellary, Dharwad,	Karnataka	January 1, 2009

Gadag and Haveri		
Greater Mumbai, District Thane, all areas of the North of Sion, Panvel Express Way up to the intersection with Thane Belapur Road and Pavane in MIDC area and the green belt area of Borivali	Maharashtra	May 1, 2010
Districts of Chennai, Kanchipuram, Tiruvallur, Tiruvannamalai, North Arcot (Vellore as District Head Quarters)	Tamil Nadu	May 9, 2010

The prices at which the products may be sold are subject to maximum list prices that are determined by Cummins India. The agreement will expire on December 31, 2012. Cummins provides a warranty to the end-user for all Cummins components sold under this agreement. As consideration for support services rendered by Cummins India, our Company is required to pay 1.25% of the revenue received from the provision of products and services under this agreement to Cummins India. Pursuant to the agreement, we are required to maintain inventory equivalent to our requirements for 45 days, based on our annual sales for the previous year, as well as to meet a number of marketing standards including adequate sales force and appropriate signage that meets Cummins India's specifications. We are also bound by Cummins' code of conduct that requires us, among other things, to minimise our environmental impact through a program that is similar in standard to ISO 14001 and to maintain an employee safety management program that is similar in standard to OHSAS 18001.

Either party may terminate this agreement without cause, provided the terminating party provides 30 days notice. In addition, Cummins India may terminate this agreement at its sole discretion and give no notice. The agreement provides that it may not be construed as an authorisation for our Company to begin service centre operations, which entails the provision of training for Cummins certification.

As of any particular date, our order book consists of unbilled portions of firm orders that have been placed to us and for which we may or may not have commenced execution. Our orders are generally required to be executed over a three to four month period.

Warranties

We typically provide warranties on the same terms as provided to us by Cummins. The Cummins India standard warranty terms are applicable to all engines and generator sets supplied to us by Cummins. Issues relating to warranty failures of the Cummins engines are attended to by Cummins India or its area service dealer.

Our HFO Division

We are the exclusive dealers in India of MAN, one of the world's leading manufacturers of diesel engines, for the sale of MAN products in India. We also refurbish and lease existing HFO generator sets, using components sourced from MAN. We provide balance of plant services for each leased unit. In addition, we enter into operation and maintenance contracts with customers that use MAN HFO generator sets, including those parties that lease our HFO generators. The typical term of our O&M contracts ranges from three to five years. We lease out HFO generator sets ranging in power generation capacity from 2,000 kVA to 4,500 kVA, which are typically suitable for industrial consumers and the typical term of our lease agreement is three to five years. We currently have six active leases and 31 active O&M contracts. Since we initiated our HFO generator set business, we have leased or provided O&M services in respect of 113 such installations, aggregating total generation capacity of 242 MW. At the end of a particular lease period, we intend to refurbish the unit and re-lease the unit to the same or other consumers. We also utilise our technical staff to identify existing MAN installations in India to allow us to offer our refurbishment, leasing and operations and maintenance services to other potential clients.

Arrangement with MAN

We have entered into the following material agreements with MAN:

Exclusive Dealership Agreement

We have entered into an exclusive dealership agreement dated October 27, 2005, with MAN, pursuant to which we have been appointed as the exclusive dealers for the sale of their engine products. The agreement was irrevocable until December 31, 2010 and now does not have a termination date and allows us to import, market and sell the products only within India. However, since December 31, 2010, either party, with six months' written notice, may terminate the agreement. Either party may, without prior notice, terminate the agreement for cause, including if the other party fails to obtain necessary licenses or is facing other difficulties that cannot be resolved within a reasonable period of time. Additionally, MAN may terminate the agreement if our Company sells MAN products outside India or violates other fundamental provisions. Pursuant to the agreement, we are required to import our products at prices fixed by MAN and implement effective sales promotions campaigns and maintain adequate public relations, in coordination with MAN. We are free to resell the products at any price we choose. We are also required to maintain adequate service centres and manpower to provide after-sales service for such MAN products. This agreement does not preclude MAN from entering into a license or manufacturing agreement with a third party for the manufacture of its products in India nor does it prevent MAN from engaging in direct sales to customers in India, so long as such sales are considered to be necessary to secure an order or exploit a marketing opportunity arising in India. However, MAN is required to consult us before doing so, and we may elect to terminate the agreement by giving one month's written notice.

Pursuant to the exclusive dealership agreement, MAN has agreed to be liable for all defects in their products, which appear within a period of one year from delivery. In the event that such defects are not successfully remedied, we shall be entitled to a reduction in the purchase price of the product, in proportion to the reduced value of the product, up to a maximum of 15% of the purchase price of that product. Alternately, in the case of a substantial defect in the product, we may terminate the contract and will be entitled for compensation not exceeding 15% of the purchase price of the product.

In an agreement between MAN and our Company, dated January 12, 2011, both parties have confirmed that they must provide six months notice to terminate the agreement and their intention to sign a new exclusive dealership agreement, which will be expanded in scope to include international activities.

Spare Parts and Service Support Agreement

We have entered into a spare parts and service support agreement dated September 14, 2000 with MAN for obtaining spare parts and qualified technical support from them. The agreement is valid for a term of 10 years and in the event that it is not renewed, MAN may approach other parties directly for the sale of its products. We are in the process of renewing this agreement. The terms of payment for the spare parts shall be as agreed from time to time.

General Terms of Purchase Orders

Our purchases of products and services from MAN are typically covered under the general terms and conditions of MAN's purchase orders. Pursuant to such orders, we are required to pay the required sums within 30 days of the specified due date and failure to do so will result in penalty interest of 8% per annum over and above the rate of the main refinancing facility of the European Central Bank in force on the due date of the payment. Besides damage caused by the goods or services provided by MAN that are as a result of MAN's gross negligence or fraudulent misrepresentation, MAN will not be liable to us for any losses or damage suffered by us or any damage claimed by a third party. In addition, MAN's default in providing a part of the goods or services in question will not allow us to terminate the entire underlying contract.

Quality Control and Warranties

We are generally engaged as the operations and maintenance provider for our leased HFO generator sets. With respect to our components sourced from MAN, pursuant to the general terms and conditions covering MAN purchase orders, all such components are covered by a 12-month warranty from the date of delivery of the applicable goods or from the date of service rendered.

Our Manufacturing Facilities

The following table sets forth the details of our various manufacturing facilities:

Facility	Location	Date of Commissioning	Products	Quality Standards
Bengaluru DTA	Bengaluru, Karnataka	April 16, 1991	Diesel generator sets, standard panels and customised panels	ISO 9001-2008
Daman Factory Unit	Daman and Diu and Dadra and Nagar Haveli	January 6, 1993	Components for captive consumption	-
Bengaluru EOU	Bengaluru, Karnataka	July 19, 1994	Diesel generator sets, standard panels and customised panels	ISO 9001-2008
Chennai SEZ	Chennai, Tamil Nadu	March 12, 2003	Diesel generator sets	-
Silvassa	Silvassa, Dadra and Nagar Haveli	March 11, 2004	Diesel generator sets, standard panels and customised panels	ISO 9001-2008

Raw Materials

Apart from diesel engines and alternators that we source from Cummins, our major raw material requirements are:

- steel;
- switchgear;
- panels; and
- electrical components.

We generally source our items on a purchase order basis and do not enter into long term agreements for most of our raw materials.

Our Wind Power Business

We currently have five operational wind farms, aggregating total generation capacity of 55.95 MW. The table below sets forth a summary of our operational wind farms:

Wind Farm	Commissioning Date [#] or Expected Commissioning Date	Generation Capacity	Off-take Arrangements	Total Sales during Six Months ended September 30, 2010 (In ₹ million)	Plant Load Factor during the nine months ended December 31, 2010**	Total Sales during the Fiscal Year 2010 (In ₹ Million)
Jamnagar Wind Farm, Gujarat	April 8, 2008	4.8 MW (6 x 0.8 MW)	Long term arrangement with GUVNL	16.46	21.8%	33.39
Tirunelveli Wind Farm, Tamil Nadu*	September 24, 2009	16.5 MW (10 x 1.65 MW)	Long term arrangement with TNEB	128.70	41.7%	33.14
Jangi-Vandhiya Wind Farm, Gujarat*	March 31, 2010	14.85 (9 x 1.65 MW)	Long term arrangement with GUVNL	67.29	24.2%	2.23
Theni Wind Farm, Tamil Nadu	September 17, 2010	9.9 MW (6 x 1.65 MW)	Long term arrangement with TNEB	2.02	10.9%	-
Jangi-Vandhiya II Wind Farm, Gujarat	January 28, 2011	9.9 MW (6 x 1.65 MW)	Long term arrangement with GUVNL	n/a	n/a	n/a

- # Date of commissioning of the last unit of the project.
 * Indicates registration under the CDM, thus allowing the wind farm to generate and sell CERs.
 ** Plant load factor is given for the nine months of the fiscal year 2011, however, wind patterns are seasonal and plant load factors that are not measured over an entire year of operation may not be comparable.

Operational Wind Farms

Our operational wind farms are those wind farms where we are producing and selling power.

Jamnagar Wind Farm

Introduction

Our Company fully commissioned a 4.8 MW wind farm at Jamnagar district, Gujarat, on April 8, 2008.

Financing

The total cost of developing this wind farm was ₹ 240.00 million. We financed the Jamnagar Wind Farm entirely through internal cash accruals.

Land Arrangement

We have entered into a sub-lease agreement for the use of the land measuring 0.5 hectares for this project. We are required to make a rental payment of ₹ 10,000 per hectare to the Collector, Jamnagar.

Power Generation

The generating equipment consists of six 800 KW wind turbine generators manufactured by Enercon (India) Limited (“Enercon”). The Jamnagar Wind Farm achieved a plant load factor of 21.8%, 23.9% and 26.2%, respectively, for the nine months ended December 31, 2010 and the fiscal years 2010 and 2009, and generated 6.75 million, 9.91 million and 11.03 million units, respectively, of power during the same periods.

Off-take arrangements

Our Company has entered into a power purchase agreement dated August 27, 2008, with Gujarat Urja Vikas Nigam Limited (“GUVNL”) for the sale of all energy generated at the Jamnagar Wind Farm. GUVNL has agreed to pay a fixed rate of ₹ 3.37 per kWh for 20 years from the commercial date of operation. The agreement requires that our Company provide prompt payment rebates that are linked to the prevailing State Bank of India lending rate, if payment is made before the due date. In the case of late payment, GUVNL is required to pay our Company a late fee that is linked to the prevailing State Bank of India lending rate. The agreement will expire on March 30, 2028. Our Company is required to sell all available capacity to GUVNL on a first priority basis, and we are not permitted to sell energy to any other party. If GUVNL fails or refuses to pay any portion of any undisputed energy bill, this would constitute an event of default under the power purchase agreement.

Income from the sale of electricity generated by the Jamnagar Wind Farm for the six months ended September 30, 2010 and the fiscal years 2010 and 2009 was ₹ 16.46 million, ₹ 33.39 million and ₹ 36.33 million, respectively.

Operations and Maintenance

Pursuant to a maintenance contract dated April 8, 2008, Enercon has agreed to provide routine maintenance services for a period of ten years from March 31, 2008 at the Jamnagar Wind Farm. Under this agreement, the first two years of maintenance are provided without charge, and our Company is required to pay a fee from the third year of maintenance onwards. Under the terms of the supply agreement dated August 14, 2007, entered into between Enercon and our Company, Enercon has provided our Company with a power curve guarantee and a wind farm availability guarantee, and failure to meet such guarantees shall entitle us to receive liquidated damages. The power curve guarantee stipulates that our wind farm will meet certain preset power-related parameters. The guarantee with respect to the power curve is valid until the power curve has been tested successfully.

Power Evacuation

Our Company delivers power generated from the Jamnagar Wind Farm using 220 KV interfacing lines to the electric sending station at Sadodar. Our Company has borne the entire cost of setting up the interfacing lines up to the interconnection point. Our Company is required to maintain the interfacing lines up to the interconnection point.

Insurance

Our Company maintains burglary and house-breaking, general third-party liability insurance, and standard fire and special perils insurance.

Tirunelveli Wind Farm

Introduction

Our Company fully commissioned a 16.5 MW wind farm at Tirunelveli district, Tamil Nadu on September 24, 2009 (the Tirunelveli Wind Farm”).

Financing

The total cost of developing this wind farm was ₹ 1,018.17 million. We financed the Tirunelveli Wind Farm entirely through internal cash accruals.

Land Arrangement

We have purchased the land parcel required for this project.

Power Generation

The generating equipment consists of ten 1.65 MW wind turbine generators manufactured by Vestas. Vestas has granted us a non-exclusive, royalty-free and non-transferable limited license to use their supervisory control and data acquisition software (“SCADA”) to monitor and control various functions of the Tirunelveli Wind Farm. The Tirunelveli Wind Farm achieved a plant load factor of 41.7% and 10.7%, respectively, for the nine months ended December 31, 2010 and the fiscal year 2010, and generated 45.4 million and 8.9 million units, respectively, of power during the same periods. We fully commissioned the Tirunelveli Wind Farm in September 2009. Consequently, the plant was not operational for all of the fiscal year 2010.

Off-take arrangements

Our Company has entered into several power purchase agreements with the Tamil Nadu Electricity Board (“TNEB”) for the sale of energy generated by each wind turbine at the Tirunelveli Wind Farm. These agreements were executed on various dates in September 2009 and are valid for twenty years from the date of their execution. In accordance with the terms of these agreements, the TNEB has agreed to purchase energy at ₹ 3.39 per kWh. Further, for drawing reactive power equivalent to up to 10% of the net energy generated, it has agreed to pay reactive power charges at ₹ 0.25 per kVARh and for drawing reactive power in excess of 10% of the net energy generated, it has agreed to pay ₹ 0.50 per kVARh.

Income from the sale of electricity generated by the Tirunelveli Wind Farm for the six months ended September 30, 2010 and the fiscal year 2010 was ₹ 128.70 million and ₹ 33.14 million, respectively.

Operations and Maintenance

Pursuant to a service and availability agreement dated July 2, 2009, Vestas has agreed to provide scheduled and unscheduled maintenance services for a period of ten years from the date of commissioning at the Tirunelveli Wind Farm. Under the terms of the supply agreement dated July 2, 2009, entered into between Vestas and our Company, Vestas has provided our Company with a power curve guarantee, and failure to meet such guarantee shall entitle us to receive liquidated damages. The power curve guarantee stipulates that our wind farm will meet certain preset power-related parameters. This guarantee is valid for a term of nine months after the commencement of operations.

Power Evacuation

Our Company delivers power generated from the Tirunelveli Wind Farm using a 220 KV transmission line to the TNEB sub-station at Veeranam. TNEB has borne the entire cost of setting up the interfacing lines up to the interconnection point. In the future, we may have to reimburse TNEB the entire cost of interfacing lines if we elect to use the power for captive use or if we sell the power generated to any other third party.

Insurance

Our Company maintains general third-party liability insurance, burglary and house breaking insurance and standard fire and special perils insurance.

Jangi-Vandhiya Wind Farm

Introduction

Our Company fully commissioned a 14.85 MW wind farm at Jangi-Vandhiya, Kutch district, Gujarat, on March 31, 2010 (the “Jangi-Vandhiya Wind Farm”).

Financing

The total cost of developing this project was ₹ 890.16 million. We financed the Jangi-Vandhiya Wind Farm entirely through internal cash accruals.

Land Arrangement

We have purchased the land parcel required for this project.

Power Generation

The generating equipment consists of nine 1.65 MW wind turbine generators manufactured by Vestas. Vestas has granted us a non-exclusive, royalty-free and non-transferable limited license to use their SCADA software to monitor and control various functions of the Jangi-Vandhiya Wind Farm. The Jangi-Vandhiya Wind Farm achieved a plant load factor of 24.2% for the nine months ended December 31, 2010 and generated 22.79 million units of power during the same period.

Off-take arrangements

Our Company has entered into a power purchase agreement dated March 9, 2010, with GUVNL for the sale of all energy generated at the Jangi-Vandhiya Wind Farm. GUVNL has agreed to pay a fixed rate of ₹ 3.56 per kWh for 25 years from the commercial date of operation. The agreement requires that our Company provide prompt payment rebates that are linked to the prevailing State Bank of India lending rate, if payment is made before the due date. In the case of late payment, GUVNL is required to pay our Company a late fee that is linked to the prevailing State Bank of India lending rate. The agreement will expire on April 8, 2035. Our Company is required to sell all available capacity to GUVNL on a first priority basis, and we are not permitted to sell energy to any other party. If GUVNL fails or refuses to pay any portion of any undisputed energy bill, this would constitute an event of default under the power purchase agreement.

Income from the sale of electricity generated by the Jangi-Vandhiya Wind Farm for the six months ended September 30, 2010 was ₹ 67.29 million.

Operations and Maintenance

Pursuant to a service and availability agreement dated December 12, 2009, Vestas has agreed to provide scheduled and unscheduled maintenance services for a period of ten years from the date of commissioning at the Jangi-Vandhiya Wind Farm. Under the terms of the supply agreement dated December 12, 2009, entered into between Vestas and our Company, Vestas has provided our Company with a power curve guarantee, and failure to meet such guarantee shall entitle us to receive liquidated damages. The power curve guarantee stipulates that our wind farm will meet certain preset power-related parameters. This guarantee is valid for a term of nine months after the commencement of operations.

Power Evacuation

Pursuant to our power purchase agreement with GUVNL, power is delivered to GUVNL along a 66 KV transmission line through electric sending stations maintained by our Company near Vandhiya, Gujarat.

Insurance

Our Company maintains general third-party liability insurance, burglary and house breaking insurance and standard fire and special perils insurance.

Theni Wind Farm

Introduction

Our Company fully commissioned a 9.9 MW wind farm at Theni district, Tamil Nadu on September 17, 2010 (the “Theni Wind Farm”).

Financing

The total cost of developing this project was ₹ 599.64 million. We financed the Theni Wind Farm entirely through internal cash accruals.

Land Arrangement

We have purchased the land parcel required for this project.

Power Generation

The generating equipment consists of six 1.65 MW wind turbine generators manufactured by Vestas. Vestas has granted us a non-exclusive, royalty-free and non-transferable limited license to use their SCADA software to monitor and control various functions of the Theni Wind Farm. The Theni Wind Farm achieved a plant load factor of 10.9% for the nine months ended December 31, 2010, and generated 2.81 million units of power during the same period. We fully commissioned the Theni Wind Farm in September 2010. Consequently, the plant was not operational for all of the nine months ended December 31, 2010.

Off-take arrangements

Our Company has entered into several power purchase agreements with the Tamil Nadu Electricity Board (“TNEB”) for the sale of energy generated by the Theni Wind Farm. These agreements were executed on various dates in September 2010 and are valid for twenty years from the date of their execution. In accordance with the terms of these agreements, the TNEB has agreed to purchase energy at ₹ 3.39 per kWh. Further, for drawing reactive power equivalent to up to 10% of the net energy generated, it has agreed to pay reactive power charges at ₹ 0.25 per kVARh and for drawing reactive power in excess of 10% of the net energy generated, it has agreed to pay ₹ 0.50 per kVARh.

Income from the sale of electricity generated by the Theni Wind Farm for the six months ended September 30, 2010 ₹ 2.02 million.

Operations and Maintenance

Pursuant to a service and availability agreement dated June 30, 2010, Vestas has agreed to provide scheduled and unscheduled maintenance services for a period of ten years from the date of commissioning at the Theni Wind Farm. Under the terms of the supply agreement dated June 30, 2010, entered into between Vestas and our Company, Vestas has provided our Company with a power curve guarantee, and failure to meet such guarantee shall entitle us to receive liquidated damages. The power curve guarantee stipulates that our wind farm will meet certain preset power-related parameters. This guarantee is valid for a term of nine months after the commencement of operations.

Power Evacuation

Our Company delivers power generated from the Theni Wind Farm using a 110 KV transmission line to the TNEB sub-station at Kadimanur and Ardipatti. TNEB has borne the entire cost of setting up the interfacing lines up to the

interconnection point. In future, we may have to reimburse TNEB the entire cost of interfacing lines if we elect to use the power for captive use or if we sell the power generated to any other third party.

Insurance

Our Company maintains general third-party liability insurance, all risk property insurance and general insurance including special policy risks.

Jangi-Vandhiya II Wind Farm

Introduction

Our Company fully commissioned a 9.9 MW wind farm at Jangi-Vandhiya, Kutch district, Gujarat on January 28, 2011 (the “Jangi-Vandhiya II Wind Farm”).

Financing

The total cost of developing this project was ₹ 564.00 million. We financed the Jangi-Vandhiya II Wind Farm through a combination of secured debt and internal cash accruals. We secured financing of US\$ 10.00 million for the implementation of the Jangi-Vandhiya II Wind Farm from Standard Chartered Bank. As of September 30, 2010, ₹ 456.00 million in principal amount of secured loans remained outstanding.

Land Arrangement

We have purchased the land parcel required for this project.

Power Generation

The generating equipment consists of six 1.65 MW wind turbine generators manufactured by Vestas. Vestas has granted us a non-exclusive, royalty-free and non-transferable limited license to use SCADA software to monitor and control various functions of the Jangi-Vandhiya II Wind Farm.

Off-take arrangements

Our Company has entered into a power purchase agreement dated January 5, 2011, with GUVNL for the sale of all energy generated at the Jangi-Vandhiya II Wind Farm. GUVNL has agreed to pay a fixed rate of ₹ 3.56 per kWh during the estimated 25-year life of the project. The agreement requires that our Company provide prompt payment rebates that are linked to the prevailing State Bank of India lending rate, if payment is made before the due date. In the case of late payment, GUVNL is required to pay our Company a late fee that is linked to the prevailing State Bank of India lending rate. The agreement will expire on January 4, 2026. Our Company is required to sell all available capacity to GUVNL on a first priority basis, and we are not permitted to sell energy to any other party. If GUVNL fails or refuses to pay any portion of any undisputed energy bill, this would constitute an event of default under the power purchase agreement.

Operations and Maintenance

Pursuant to a service and availability agreement dated November 30, 2010, Vestas has agreed to provide scheduled and unscheduled maintenance services for a period of ten years from the date of commissioning at the Jangi-Vandhiya II Wind Farm. Under the terms of the supply agreement dated November 30, 2010, entered into between Vestas and our Company, Vestas has provided our Company with a power curve guarantee, and failure to meet such guarantee shall entitle us to receive liquidated damages. The power curve guarantee stipulates that our wind farm will meet certain preset power-related parameters. This guarantee is valid for a term of nine months after the commencement of operations.

Power Evacuation

Pursuant to our power purchase agreement with GUVNL, power is to be delivered to GUVNL at our expense along a 220 KV transmission line through electric sending stations maintained by our Company near Vandhiya, Gujarat.

Insurance

Our Company maintains motor insurance, general third-party liability insurance, burglary and house breaking insurance and standard fire and special perils insurance.

Planned Wind Farms

Memorandum of Understanding – Vestas Wind Technology India Private Limited

We have entered into a non-binding MoU dated September 13, 2010 with Vestas for the implementation of wind farms in collaboration with Vestas for an aggregate capacity of 225 MW. Subject to entering into definitive documentation in respect of each site, Vestas will supply the wind turbine generators (“WTGs”), carry out wind data collection, supply electronic hardware and software for operating the WTGs and to provide operation and maintenance services during the warranty period, and our responsibilities will include project implementation including activities pertaining to power evacuation and balance of plant, procurement of approvals and lease of land for 30 years. Vestas may transfer land required for such project to us or we may be required to purchase such land on Vestas’ behalf. We have agreed that we will transfer such project upon completion to Vestas or any other customer identified by Vestas. We will be paid a lump sum amount for such services offered, which shall be agreed on a project-by-project basis. However, we have the first right to purchase any project so developed, with an aggregate capacity of 200 MW, at terms and conditions to be mutually agreed between the parties. Of the 200 MW, 70 MW shall be made available in the fiscal year 2012 and 130 MW in the fiscal year 2013. In the event that our Company exercises its first right to purchase, the consideration paid shall not be lower than fair value.

Non-Binding Term Sheets with Vestas

Pursuant to the MoU dated September 13, 2010 with Vestas, our Company entered into non-binding term sheets with Vestas to implement two wind farms with capacities of 27.0 MW and 21.6 MW wind farm at Jangi-Vandhiya, Kutch district, Gujarat on January 6, 2011. The estimated cost of these projects, excluding operations and maintenance services, is ₹ 1,830.00 million and ₹ 1,464.00 million, respectively. Pursuant to the terms of the non-binding term sheet, Vestas and our Company have agreed to enter into a supply agreement, erection and commissioning agreement and comprehensive operations, service and availability agreement. We are currently under discussion with Vestas to enter into this agreement.

Memorandum of Understanding with the Government of the State of Gujarat

Our Company has entered into a memorandum of understanding with the Government of the State of Gujarat, dated January 12, 2011, for the implementation of a 50 MW wind farm in Gujarat. Pursuant to the terms of the memorandum, the state government will assist our Company in obtaining the necessary approvals and clearances. The proposed investment under the memorandum of understanding is ₹ 3,000.00 million and implementation is to commence in 2011. For details, see “Objects of the Issue” beginning on page 74 of this Draft Red Herring Prospectus.

Expression of Interest with the Government of the State of Karnataka

Our Company has signed an expression of interest with the Government of the State of Karnataka, dated January 12, 2011, pursuant to which the state government will assist our Company in implementing a wind farm at a location that is yet to be determined. The state government will endeavour to provide or assist in providing the required infrastructure, including land, as well as the necessary approvals and clearances at the state and central level. Our Company will submit an investment proposal, which details the implementation of the project, to the Government of the State of Karnataka. The proposed cost of the wind farm is ₹ 7,000.00 million. For details, see “Objects of the Issue” beginning on page 74 of this Draft Red Herring Prospectus.

Letter of Undertaking by Vestas

Pursuant to the MoU dated September 13, 2010, by way of its letter dated February 8, 2011, Vestas has informed us that it has received the requisite approvals and agreed to expedite the negotiation of all agreements with our

Company, in relation to the 34.2 MW wind power project to be located at Bijapur, Karnataka. For details, see “Objects of the Issue” beginning on page 74 of this Draft Red Herring Prospectus.

Our Subsidiaries

We currently have two subsidiaries, Powerica International FZE, a wholly owned subsidiary incorporated in the United Arab Emirates, and Quadrant Engineers Limited, a wholly owned subsidiary incorporated in Maharashtra, India. Although both subsidiaries were incorporated for specific business purposes, neither currently conducts any significant business. For details, see “History and Other Corporate Matters” beginning on page 130 of this Draft Red Herring Prospectus.

Sales and Marketing

We have a sales and marketing team consisting of 75 sales executives in 17 marketing offices in the states of Gujarat, Haryana, West Bengal, Andhra Pradesh, Karnataka, Kerala, Maharashtra, Goa and Tamil Nadu. Each marketing office possesses a sales team, each of which is led by a branch head. Our sales teams organise regular marketing events involving our customers and dealers as part of their marketing initiatives. We also enter into dealership arrangements with third parties from time to time for the sale of our diesel generator sets to certain customers. We incurred sales commissions and advertising expenses of ₹ 6.19 million and ₹ 17.76 million for the six months ended September 30, 2010 and the fiscal year 2010, respectively.

We sell our diesel generator sets to industrial and corporate end-users in a number of customer segments, including the automotive, electronics, FMCG and agriculture, hospitality, information technology, mining, oil and gas, pharmaceutical, service and telecommunications sectors. Our major customers include leading global and Indian companies such as Aurobindo Pharma Limited, Magarpatta Township Development & Construction Company Limited, Mercedes-Benz India Private Limited, JSW Steel Limited, Lupin Limited, Walchandnagar Industries Limited, Suguna Poultry Farm Limited, Ramky Infrastructure Limited, Exide Industries Limited, Sobha Developers Limited, Finolex Cable Limited, Kumar Urban Development Limited, Orchid Chemicals & Pharmaceuticals Limited and Supreme Industries Limited.

The customers of our wind power business are primarily state electricity boards such as the Gujarat State Electricity Board and the Tamil Nadu Electricity Board, who purchase power from our wind farms for use in their respective state grids.

Intellectual Property

Our Company has registered the Powerica label as a trademark under Class 9 in respect of generator sets and under Class 37 in respect of repairs, installation and after sales services. However, we have not received the certificate of registration. For details, see “Government Approvals” on page 307 of this Draft Red Herring Prospectus.

Competition

We face competition across our various lines of business. Our diesel generator set business competes across a number of factors, such as size of the generator unit, location of the project, customisation needs of the customer and our previous relationship with the customer. Given that we operate in specified geographies under our agreement with Cummins, our competition also depends on the relative advantage of our competitors in these identified geographies. For example, in the MHP and HHP categories we face competition from several companies including Kirloskar Oil Engines Limited, Greaves Cotton Limited, MTU India Limited and Caterpillar India Limited. In the LHP segment, our competitors include all our competitors in the MHP and HHP categories, and additionally, our Mahindra and Mahindra Limited, Ashok Leyland Limited, Eicher India Limited and the large unorganised sector. For further details, see “Industry Overview” beginning on page 93 of this Draft Red Herring Prospectus.

Our HFO generator set business faces competition from the producers of larger generator sets including manufacturers such as Wartsila India Limited and Caterpillar India Limited.

Our wind power business competes against other independent power producers for suitable land for wind farm construction, wind turbine generators, engineering and construction services and power purchase agreements with state electricity boards and private customers. We further face competition from alternative energy based generating units including biomass units and cogeneration units. Further the relative attractiveness of the wind energy business, would depend upon the cost of electricity generation from more conventional sources of energy, such as fossil fuels.

Human Resources

As of January 31, 2011, we employed 1,474 employees. The following table illustrates the breakdown of our employees by primary function:

Function	Number of Employees
Administration, Human Resources and Legal	205
Accounting and Finance	51
Information Technology	15
Operations and Technical	599
Business Development	4
Secretarial	24
Sales and Marketing, Projects, Design and Engineering	576
Total	1,474

We possess an educated and highly trained workforce. The following table illustrates the breakdown of our employees by education levels:

Education Level	Number of Employees
Graduates/Post-graduate degrees in engineering	178
Graduates/Post-graduate/Professional degrees in non-technical areas	444
Diploma holders in engineering	70
Employees with a minimum of one-year certification course	50
Other employees	732
Total	1,474

As of January 31, 2011, 137 of our employees, representing 9.3% of our workforce, are members of labour unions. We have signed two agreements with labour unions at Bengaluru and Talaja, which are both set to expire March 31, 2011. Under certain of our agreements we have guaranteed bonuses, guaranteed wage increases and linked wages to productivity. For details, see “Any disruption affecting our manufacturing facilities could have an adverse effect on our business, financial condition and results of operations” in “Risk Factors” beginning on page 13 of this Draft Red Herring Prospectus.

We provide various training programs for our employees. Employee training needs are assessed on an individual basis through the use of competency tests. After analysis of the results, we work with our employees to prepare an appropriate training calendar.

In addition, as of January 31, 2011, we employed 636 contract workers at our factories.

Information Technology Systems

We use a licensed version of financial software, which we have purchased from a third party. We also utilise a specialised software for the management of our dealership services. We purchased the license to use this software from the previous licensee.

Health, Safety and Environmental Matters

We are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations governing our manufacturing processes and facilities. Such laws and regulations address, among other things, air emissions (particularly volatile organic compounds), waste water discharges, the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. We believe that we have complied, and will continue to comply, with

all applicable environmental laws, rules and regulations. We have obtained, or are in the process of renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. We incur additional costs by providing safety-related training programs for our employees. We have incurred, and expect to continue to incur, operating costs to comply with applicable laws and regulations.

Our wind farms located in Jangi-Vandhiya, Gujarat and Tirunelveli, Tamil Nadu, aggregating total generation capacity of 31.35 MW, are currently registered under the UNFCCC. Consequently, our registered wind farms may generate and sell CERs under the Kyoto Protocol's CDM project. The current clean development mechanism status of all relevant wind farms is indicated in the table below:

Wind Farm	Status
Jangi-Vandhiya Wind Farm	Registered on September 18, 2010, host country approval on March 17, 2010
Tirunelveli Wind Farm	Registered on October 21, 2010, host country approval on November 30, 2009
Theni Wind Farm	Registration in process, host country approval on November 15, 2010

Insurance

Our operations are subject to various risks inherent in manufacturing, assembling and supply as well as fire, theft, earthquake, flood acts of terrorism and other *force majeure* events as may be applicable for manufacturing and supply of power. We maintain insurance coverage for our movable and immovable properties in India including our wind mills, as well as other types of policies including but not limited to standard fire and special perils, public liability, non-industrial risk policy for operations and maintenance, vehicle insurance and burglary and housebreaking, marine cargo policy, corporate guard - directors and officers liability insurance policy, group personal accident policy, group health policy and workmen's compensation policy. Our insurance policies are generally for a period of one year. Although we believe that we maintain insurance that is customary and in line with industry standards, our insurance coverage may not be sufficient. For further details, see "Risk Factors" on page 13 of this Draft Red Herring Prospectus.

Properties

Our Company's registered office is located at 74, A Wing, Mittal Court, Nariman Point, Mumbai 400 021. We have corporate offices at Mittal Court, Nariman Point, Mumbai 400 021. Our registered and corporate offices are owned by us.

Our operational facilities include five manufacturing units in India, of which four manufacturing units are owned by us and one manufacturing unit is occupied on a lease basis. In addition, we also have (i) 17 marketing offices, of which 12 marketing offices are owned by our Company and five marketing offices are occupied on a leave and license basis; and (ii) 12 service centres, of which 11 service centres are occupied on a leave and license basis, and one marketing office is owned by us.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

Regulations Governing Renewable Energy

The Electricity Act, 2003

The Electricity Act, 2003 (the “**Electricity Act**”), governs the generation, transmission and distribution of electricity in India. Section 86 of the Electricity Act promotes renewable energy by ensuring grid connectivity and sale of renewable electricity. The section creates a demand for renewable energy by requiring State Electricity Regulatory Commissions (the “**SERCs**”) to specify percentages for renewable energy purchased within the area of a distribution licensee.

Section 61 of the Electricity Act relates to tariff determination and provides that the State Electricity Regulatory Commissions shall, subject to the provisions of the Electricity Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by *inter alia*, the promotion of co-generation and generation of electricity from renewable sources of energy.

The National Electricity Policy, 2005

Section 5.2.20 of the National Electricity Policy, 2005 (“**National Electricity Policy**”) promotes private participation in renewable energy. The section states that: “*Feasible potential of non-conventional energy resources, mainly small hydro, and wind and bio-mass would also need to be exploited fully to create additional power generation capacity. With a view to increase the overall share of non-conventional energy sources in the electricity mix, efforts will be made to encourage private sector participation through suitable promotional measures.*”

Section 5.12.1 of the National Electricity Policy targets the reduction in capital costs of renewable energy technologies through competition. The section emphasizes the need to promote generation of electricity based on non-conventional sources of energy and recognizes that for this purpose, efforts need to be made to reduce the capital cost of projects based on non-conventional and renewable sources of energy and that cost of energy can also be reduced by promoting competition within such projects. The section states that adequate promotional measures would also have to be taken for development of technologies and a sustained growth of these sources.

Section 5.12.2 of the National Electricity Policy states that SERCs should specify appropriate tariffs in order to promote renewable energy (until non-conventional technologies can compete within the competitive bidding system), specifying percentages of the total consumption of electricity in the area of a distribution licensee, that progressively increase the share of electricity generated from renewable sources. Such purchase by distribution companies shall be through competitive bidding process. Recognizing that it will take some time before non-conventional technologies compete with conventional sources, in terms of cost, the SERCs are permitted to determine an appropriate differential in prices to promote these technologies.

The National Tariff Policy, 2006

Section 6.4 of the National Tariff Policy, 2006 (“**National Tariff Policy**”) requires all SERCs to specify minimum percentages for electricity to be purchased from renewable energy sources by April 1, 2006, taking into account the availability of such resources in the region and its impact on retail tariffs. It provides that procurement by distribution companies shall be done at preferential tariffs determined by the appropriate commission. Such procurement by distribution companies for future requirements is to be done, as far as possible, through competitive bidding process under Section 63 of the Electricity Act among suppliers offering energy from same type of non-conventional sources.

National Action Plan on Climate Change

The National Action Plan on Climate Change issued by the Government of India in 2008 has recommended that the national renewable energy generation standard may be set at 5% of total grid purchase and the same shall increase by 1% each year for 10 years. It further provides that the central and state governments may set up verification mechanisms on actual procurement of renewable based power as per the applicable standard and issue of tradeable certificates in case of fulfillment of the same. The plan also includes imposition of penalty under the Electricity Act in case of utilities falling short. The press release dated September 17, 2009 issued by the Central Electricity Regulatory Commission, New Delhi (“**CERC**”) whereby it has been stated that the CERC (Terms and Conditions of Tariff) Regulations, 2009 has been notified pursuant to the objective of promoting co-generation and generation of electricity from renewable sources of energy.

Special Economic Zones

The Government of India has enacted the Special Economic Zone Act, 2005 (the “**SEZ Act**”) and the Special Economic Zone Rules, 2006 as amended for the establishment, development and management of special economic zone (the “**SEZs**”) for the promotion of exports. An SEZ is a specifically delineated duty free enclave, deemed to be a foreign territory for the purposes of trade as well as duties and tariffs. A Board of Approval (“**SEZ Board**”) has been set up under the SEZ Act, which is responsible for promoting the SEZ and ensuring its orderly development. The SEZ Board has various powers, including the authority to approve proposals for the establishment of an SEZ, the operations that may be carried out in the SEZ by the developer, monitoring foreign collaborations and foreign direct investments in SEZs. The units operating in the SEZs are typically exempted from duties and levies like customs duty, excise and service tax etc. on fulfillment of certain conditions as prescribed.

Export Oriented Units

Chapter 6 of the Foreign Trade Policy for the year 2009-14 provides for the rules and regulations for the export oriented units (“**EOUs**”) in India which are similar to the rules regulating the SEZs. The SEZ Board approves an application for setting up of units in EOUs. The EOUs are typically exempted from duties and levies like customs duty, income tax etc. on fulfillment of certain conditions as prescribed. The EOUs are required to maintain a minimum level of stipulated net foreign exchange earning and export performance. Subject to certain restrictions, the EOUs are allowed to export goods to the domestic tariff area. The transactions where goods are supplied to the domestic tariff area and the payment for the same are made either in Indian rupees or in free foreign exchange are termed as “deemed exports”. The deemed exports are eligible for certain benefits like deemed export drawback, exemption from terminal excise duty, etc.

Environmental Regulations

Our Company is subject to Indian laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during its manufacturing processes. The principal environmental regulations applicable to industries in India are the Water (Prevention and Control of Pollution) Act, 1974, the Water Access Act, 1977, the Air (Prevention and Control of Pollution) Act, 1981, the Environment Protection Act, 1986 and the Hazardous Wastes (Management and Handling) Rules, 1989. Further, environmental regulations require a company to file an Environmental Impact Assessment (“**EIA**”) with the State Pollution Control Board (“**PCB**”) and the Ministry of Environment and Forests (“**MEF**”) before undertaking a project entailing the construction, development or modification of any plant, system or structure. If the PCB approves the project, the matter is referred to the MEF for its final determination. The estimated impact that a particular project might have on the environment is carefully evaluated before granting clearances. When granting clearance, conditions may be imposed and the approving authorities may direct variations to the proposed project.

Kyoto Protocol and Carbon Credits

The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change with the objective of reducing greenhouse gases (“**GHG**”) that cause climate change. The Kyoto Protocol was agreed on December 11, 1997 at the third conference of the parties to the treaty when they met in Kyoto, and entered into force on February 16, 2005. India ratified the Kyoto Protocol on August 22, 2006.

Noise Pollution

The Ministry of Environment and Forests has issued the Environment (Protection) Second Amendment Rules, 2002, whereby maximum permissible sound pressure level for new diesel generator sets with rated capacity up to 1000 KVA, manufactured on or after the July 1, 2003 shall be 75 dB(A) at one metre from the enclosure surface. The diesel generator sets should be provided with integral acoustic enclosure at the manufacturing stage itself. Every manufacturer or importer of diesel generator sets must have valid certificates of Type Approval and also valid certificates of Conformity of Production for each year, for all the product models being manufactured or imported from July 1, 2003. For this purpose, the Central Pollution Control Board is the nodal agency.

Hazardous Waste (Management and Handling) Rules, 1989

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous wastes to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous wastes is required to obtain an approval from the relevant state PCB for collecting, storing and treating hazardous wastes.

Foreign Investment Regulation

The industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment. The procedure for investment in the power sector has been simplified for facilitating FDI. FDI is allowed under the automatic route for 100% in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and the quantum of FDI.

Labour Laws

The employment of construction workers for our Company's business is regulated by various labour laws, rules and regulations including the Workmen Compensation Act, 1923, the Payment of Wages Act, 1936, the Employees' State Insurance Act, 1948, the Factories Act, 1948, the Minimum Wages Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Payment of Bonus Act, 1965, the Contract Labour (Regulation and Abolition) Act, 1970 and the Payment of Gratuity Act, 1972, where applicable.

Intellectual Property Laws

In India, trademarks enjoy protection under both statutory and common law. The Trade Marks Act, 1999 protects a distinct 'mark'. The Registrar of Trademarks is the authority responsible for registration of the trademarks, settling opposition proceedings and rectification of the register of trademarks.

The Indian Patent Act, 1970 protects any new invention/ inventive step allowing the inventor the opportunity to reap the benefits of his effort. The patent may be for a process or a product. An application for patent can be filed at any of the four patent offices in India.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Property Laws

The Transfer of Property Act, 1882 (“**TP Act**”) lays down general principles for the transfer of immovable property in India. It specifies the categories of property that can be transferred, the persons competent to transfer property, the legitimacy of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act recognizes, among others, sale, mortgage, charge and lease as forms in which an interest in an immovable property may be transferred.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company

Our Company was incorporated as a private limited company, Consolidated Power Systems Private Limited on May 4, 1984 under the Companies Act. Subsequently, the business of Hindustan Industrial & Electrical Engineers, a partnership firm between Naresh Chander Oberoi, Kharati Ram Puri and Mitter Sen formed pursuant to the partnership deed was assigned to Consolidated Power Systems Private Limited by an Agreement to Assign dated May 23, 1984. Further, with effect from June 15, 1988, the status of our Company was changed to a public limited company by virtue of amendments to the Companies Act in 1988 and consequently the name of our Company was changed to Consolidated Power Systems Limited. The name of our Company was changed from Consolidated Power Systems Limited to Powerica Limited. Pursuant to the same, a fresh certificate of incorporation was issued on October 5, 1989 by the RoC.

Changes in Registered Office

The details of changes in the Registered Office are set forth below:

Date of the Resolution	Details of the address of Registered Office	Reasons for change
February 12, 2009	Change in registered office from 115B, Mittal Court, Nariman Point, Mumbai 400 021 to 74, A Wing, Mittal Court, Nariman Point, Mumbai 400 021	The registered office of our Company was changed for administrative reasons

The Main Objects of Company

The main objects, *inter alia*, contained in the Memorandum of Association of our Company are as follows:

1. To acquire and purchase from the parties concerned and interested therein and to take over and work upon such terms the business of manufacturing Diesel Engines and accessories thereof now being carried on under the firm name and style of Messrs Hindustan Industrial and Electrical Engineers together with the firm's name, goodwill and other rights and all or any of the assets and all or any liabilities of the said business and to pay therefore in cash or share of our Company or partly in one or partly in the other and with the objects aforesaid to adopt to enter into and to effect all such deeds and instruments as may be necessary or may be deemed advisable or proper pursuant to an agreement to be entered into and on take over the firm shall stand dissolved.
2. To carry on the business of manufacturers, buyers, sellers, exporters, importers, distributors, suppliers and dealers in all types of generating sets, diesel, hydraulic or any other kind and types of generating sets and in all types of electrical and power driven plant and machinery, industrial plant and equipment, electrical transformers, engines, pumps, motors, control instrumentation, checking instruments, internal combustion engines including oil and petrol engines, gas turbines, steam turbines, thermal equipment, electric devices and spare parts.
3. To carry on in India or elsewhere the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit accumulate, employ, distribute, develop, handle, protect, supply and to act as agent, broker, representative, consultant, collaborator, or otherwise to deal in electric power in all its branches at such place or places as may be permitted by appropriate authorities by establishment of hydraulic power plants, atomic power plants, wind power plants, solar power and other power plants based on any source of energy as may be developed or invented in future and to undertake manufacture of the equipments, components, ancillaries and auxiliaries to the equipments required for the generation & distribution of power from any of the power plants referred to above.
4. To construct, laydown, establish promote, erect, build install, commission, carry out and run all necessary power sub-stations, work shops, repair shops, wires, cables, transmission lines, accumulators, street lights

for the purpose of conservation, distribution, and supply of electricity to participating industries, State Electricity Boards and other Boards for industrial, commercial, domestic, public and other purposes and also to provide regular services for repairing and maintenance of all distribution and supply lines.

5. To acquire, concessions, facilities or licenses from Electricity Boards, government, semi-government or local authorities for generation, distribution, production, transmission or use of electric power and to take over along with all movable and immovable properties, the existing facilities on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of the foregoing objects.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently carried out as well as business proposed to be carried out and the activities proposed to be undertaken pursuant to the Objects of the Issue.

Amendments to the Memorandum of Association

Our MoA was amended from time to time pursuant to the change in, or reclassification of, the authorised share capital of our Company. For details of change in the authorised capital of our Company since its incorporation, see the chapter “Capital Structure” beginning on page 62 of this Draft Red Herring Prospectus. The said details along with the amendment of our MoA due to change in the objects clause is set out below:

Date of shareholders' resolution	Nature of Amendment
July 15, 1988	The name of our Company was changed from Consolidated Power Systems Private Limited to Consolidated Power Systems Limited
September 16, 1989	The name of our Company was changed from Consolidated Power Systems Limited to Powerica Limited
December 28, 2007	Clause III of the Objects Clause was altered and the following additional sub-clauses (3), (4) and (5) were inserted as follows: 1. To carry on in India or elsewhere the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit accumulate, employ, distribute, develop, handle, protect, supply and to act as agent, broker, representative, consultant, collaborator, or otherwise to deal in electric power in all its branches at such place or places as may be permitted by appropriate authorities by establishment of hydraulic power plants, atomic power plants, wind power plants, solar power and other power plants based on any source of energy as may be developed or invented in future and to undertake manufacture of the equipments, components, ancillaries and auxiliaries to the equipments required for the generation & distribution of power from any of the power plants referred to above. 2. To construct, laydown, establish promote, erect, build install, commission, carry out and run all necessary power sub-stations, work shops, repair shops, wires, cables, transmission lines, accumulators, street lights for the purpose of conservation, distribution, and supply of electricity to participating industries, State Electricity Boards and other Boards for industrial, commercial, domestic, public and other purposes and also to provide regular services for repairing and maintenance of all distribution and supply lines. 3. To acquire from Electricity Boards, government, semi-government or local authorities for generation, distribution, production, transmission or use of electric power and to take over along with all movable and immovable properties, the existing facilities on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of the foregoing objects.

Promoters

The Promoters of our Company are Naresh Chander Oberoi and Kharati Ram Puri. For details, see the chapter “Our Promoters” beginning on page 158 of this Draft Red Herring Prospectus.

Capital raising activities through equity or debt

For details regarding our debt capital raising, see the chapter “Financial Indebtedness” and our equity capital raising, see the chapter “Capital Structure” beginning on pages 277 and 62, respectively of this Draft Red Herring Prospectus.

Our Shareholders

For details regarding our shareholders, see the chapter “Capital Structure” beginning on page 62 of this Draft Red Herring Prospectus.

Major events of our Company

The table below sets forth some of the key events in the history of our Company:

Year	Event
1984	Commenced generator set business in India
1986	Setting up an in-house control panel manufacturing facility dedicated to our diesel generator sets
1996	Commenced HFO generator set business in India
1998	Setting up an acoustic enclosure facility with annual capacity of 1,000 gensets at Taloja
2003	Alliance with MAN for HFO generator
2004	Entered into the GOEM agreement with Cummins India
2005	Entered into an exclusive dealership agreement with MAN
2007	SCP II subscribes to certain shares of our Company by way of private placement and SCP III purchases certain shares from Naresh Chander Oberoi
	Commissioning of the Sudan project
2008	Commenced wind power business in India
2010	Entered into the dealership agreement with Cummins India
2010	Entered into a memorandum of understanding with Vestas for joint development of wind farms

Awards and Recognitions

Year	Award/ Letters of Appreciation
2005	Received “Star Performer Silver Shield 2004-05 (Medium Enterprises)” from EEPC India, Western Region
2007	Ranked 118 in the ‘Businessworld Best Mid Size Companies List.’

Summary of key agreements

A. Shareholders’ Agreements

1. *Share Subscription cum Shareholders Agreement dated September 25, 2007 (“Agreement”) between our Company, SCP II, SCP III and Naresh Chander Oberoi and Associates*

Our Company, SCP II, SCP III and Naresh Chander Oberoi and Associates (the “Parties”) entered into the Agreement for stipulating the terms and conditions with respect to the issue of 458,857 equity shares of ₹ 10 each at a price of ₹ 3,268.99 per equity share aggregating to an amount of ₹ 1,499.99 million on preferential basis to SCP II. The Agreement, amongst other things, provides that:

- (i) the shareholders of our Company shall have pre-emptive rights in relation to any further issue of

Equity Shares;

- (ii) our Company shall amend its articles of association to reflect the provisions of the Agreement;
- (iii) the Board of Directors shall have a maximum of 12 Directors. SCP II and SCP III shall jointly have the right to appoint one director on the Board of Directors who is not in a position of conflict of interest with our Company. Further, SCP II and SCP III shall jointly have the option to nominate its director or its alternate on any committee/sub-committee formed by the Board of Directors;
- (iv) SCP II and SCP III shall jointly have affirmative voting rights pertaining to certain reserved matters of our Company (including its subsidiaries);
- (v) Our Company shall be subject to certain covenants, including, upon reasonable notice and expenses, right to visit and inspect our Company's properties and that of its subsidiaries, to examine books of accounts and records and make copies of and take extracts therefrom and to discuss our Company's/subsidiaries affairs, finances and accounts with their officers at all such reasonable times during ordinary business hours as may be requested in writing by SCP II or SCP III;
- (vi) Promoters (as defined in the Agreement) shall not create an encumbrance on all or their equity shares without the prior consent of SCP II and SCP III; and
- (vii) the Oberoi Family (which includes Naresh Chander Oberoi, Naresh Oberoi HUF, Bharat Oberoi and Rajat Oberoi) shall have a right of first refusal and SCP II and SCP III have tag along rights.

The Agreement further includes various customary clauses including representations and warranties, non-disposal undertaking by the promoters (as defined in the Agreement), indemnity, dispute resolution and confidentiality.

The Agreement was amended pursuant to an Addendum to Share Subscription and Shareholders Agreement dated February 25, 2008, whereby the Parties have agreed to extend the time period to October 31, 2008 for completion of the two conditions of transfer of properties mentioned in Schedule 4 to the Agreement and assignment of shareholders agreement dated June 22, 2006 between MAN B&W Diesel India Limited and Naresh Chander Oberoi to our Company along with all rights and shares held by Naresh Chander Oberoi.

The Agreement has been amended through an agreement dated February 28, 2011 (the "**Amendment Agreement**"), whereby the Parties have, *inter alia*, undertaken the following amendments to the Agreement:

- a) adoption of new set of Articles of Association and removal of Part II of the old articles of association;
- b) SCP II and SCP III shall have a right to transfer their shares to a strategic investor if the initial public offering by our Company ("**IPO**") does not occur by November 30, 2011 in place of September 30, 2010 and the consequent right to transfer their rights of appoint a director on the Board and tag along rights to such strategic investor effective till November 30, 2011;
- c) Undertaking of the promoters (as defined in the Agreement) and our Company to conduct an IPO changed from March 31, 2010 to November 30, 2011; and
- d) SCP II and SCP III shall have a right to exit our Company through an IPO or through an offer for sale if the IPO does not occur by November 30, 2011 in place of March 31, 2010.
- e) SCP II and SCP III shall have the right to appoint a director on the Board till the SCP II and SCP

III hold not less than 50 per cent of the originally subscribed shares or 12 months after the IPO in place of September 30, 2011 whichever is earlier.

2. ***Share Purchase Agreement between our Company, SCP III and Naresh Chander Oberoi dated September 25, 2007 (“SPA”)***

Our Company, SCP III and Naresh Chander Oberoi (collectively referred to as the “**Parties**”) had entered into the SPA. Pursuant to the SPA, Naresh Chander Oberoi agreed to transfer 152,952 equity shares of ₹10 each to SCP III at a price of ₹ 3,268.99 per equity share aggregating to ₹ 499.99 million.

B. Other Material Documents

1. ***Agreement to Assign***

An Agreement to Assign dated May 23, 1984 was entered between Hindustan Industrial & Electrical Engineers through its partners Naresh Chander Oberoi, Kharati Ram Puri and Mitter Sen (“**Assignors**”) and Consolidated Power Systems Private Limited (“**Assignee**”). Pursuant to this agreement, the Assignors agreed to assign and the Assignee agreed to take over the said business of the Assignors together with all their assets, properties, moveable and immovable and all debts, outstanding and liabilities and together with the benefits of all their contracts and all the rights, benefits and advantages of whatever kind or nature appertaining to the said business including trademarks, patents and others. In this regard, Assignees shall pay a total consideration of ₹ 925,000 by allotment of 45,000 equity shares of ₹ 10 each to Naresh Chander Oberoi and Kharati Ram Puri and 2,500 equity shares of ₹ 10 each to Mitter Sen and balance in capital and/or current and/loan account reduced by the allotment of above equity shares to be paid to the Assignors in cash or kept in loan account in their names.

2. ***Order of the High Court of Judicature at Mumbai dated January 6, 1993 and January 22, 1993 (“Orders”) for amalgamation of Auto Power Controls (Bombay) Private Limited (“Auto Power”) and Pondy Diesel Power and Controls Private Limited (“Pondy Diesel”) respectively with our Company.***

The scheme of amalgamation of Auto Power and Pondy Diesel with our Company was approved by the High Court of Judicature at Mumbai pursuant to the Orders. Under the said Orders, subject to the provisions of the scheme of amalgamation and the applicable provisions of the Companies Act, in relation to the mode of transfer and vesting, the undertaking and the entire business and all the properties, assets, capital work-in-progress, current assets, investment, powers, authorities, allotments, approvals and consents, licenses, registration, contracts, engagements, arrangements, rights, title, interest, benefits and advantages or whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control or vested in or granted in favour of or enjoyed by Auto Power and Pondy Diesel, respectively, including but without being limited to all patents, trademarks, trade names and other industrial rights of any nature and licenses in respect thereof, privileges, liberties, easements, advantages, benefits, and all other interests arising to Auto Power and Pondy Diesel, shall be transferred to the and be vested with our Company with effect from October 1, 1991 (“**Appointed Date**”). The transfer/vesting shall be subject to existing charges/hypothecation/mortgage in respect of the assets or any part thereof.

Upon the scheme becoming finally effective, in consideration of the transfer of and vesting of the said assets and said liabilities of Auto Power and Pondy Diesel, our Company shall without any further application or deed:

- a. Issue and allot one equity share of ₹ 10 each of our Company, credited as fully paid-up to the shareholders of Auto Power for every 100 equity shares of ₹ 10 each.
- b. Issue and allot five equity shares of ₹ 10 each of our Company, credited as fully paid up to the shareholders of Pondy Diesel whose names are recorded in its register of members on the record date to be fixed by board of directors of our Company for every one equity share of ₹ 100 each.

Consequently, Auto Power and Pondy Diesel shall stand dissolved without any further action in relation to

winding up.

Financial and Strategic Partners

Our Company does not have any financial or strategic partners.

Injunction or restraining order

Our Company is under no injunction or restraining order.

Technology and market competence

For details on the technology and market competence of our Company, see the chapter “Business” beginning on page 107 of this Draft Red Herring Prospectus.

Competition

For details on the competition faced by our Company, see “Competition” in chapter “Business” beginning on page 107 of this Draft Red Herring Prospectus.

Our Subsidiaries

Our Company has two wholly-owned Subsidiaries. None of our Subsidiaries have made any public or rights issue in the last three years and have not become sick companies under the meaning of SICA and are not under winding up.

Unless otherwise specified, all information in this chapter is as of the date of this Draft Red Herring Prospectus.

Interest of the Subsidiaries in our Company

None of our Subsidiaries hold any equity shares in our Company. Except as stated in “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus, our Subsidiaries do not have any other interest in our Company’s business.

1. Powerica International FZE

Corporate Information

Powerica International FZE (“**Powerica International**”) was incorporated on February 5, 2006 under the laws of United Arab Emirates. Powerica International is a free zone limited liability establishment registered with Sharjah Airport International Free Zone, Sharjah, United Arab Emirates bearing commercial license number 01-01-03630. Powerica International is involved in sourcing of textile yarn from India and re-exporting to overseas customers and offering trade services. However, during the Fiscal 2010, no business activities were undertaken by Powerica International.

Capital Structure and Shareholding Pattern

The share capital of Powerica International is 1 equity share of AED 150,000.

The shareholding pattern of Powerica International is as follows:

S. No	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding (%)
1.	Powerica Limited	1	100
	Total	1	100

2. Quadrant Engineers Limited

Corporate Information

Quadrant Engineers Limited was originally incorporated as Quadrant Consultancy Services Private Limited under the Companies Act on July 24, 1981. The name of Quadrant Consultancy Services Private Limited was changed to Quadrant Engineers Private Limited on August 1, 2007. On change of status from a private company to a public company, the name of Quadrant Engineers Private Limited was changed to Quadrant Engineers Limited on January 14, 2009. Quadrant Engineers Limited is involved in the business of providing technical consultancy for execution.

Capital Structure and Shareholding Pattern

The authorised share capital of Quadrant Engineers Limited is ₹ 2,000,000 divided into 200,000 equity shares of face value of ₹ 10 each and the issued, subscribed and paid up capital is ₹ 1,400,000 divided into 140,000 equity shares of face value of ₹ 10 each.

The shareholding pattern of Quadrant Engineers Limited is as follows:

S. No	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding (%)
1.	Powerica Limited	139,994	99.99
2.	Naresh Oberoi (held on behalf of Powerica Limited)	1	0.0001
3.	Bharat Oberoi (held on behalf of Powerica Limited)	1	0.0001
4.	Rajat Oberoi (held on behalf of Powerica Limited)	1	0.0001
5.	Renu Sachin Mehra (held on behalf of Powerica Limited)	1	0.0001
6.	P N Madhavan (held on behalf of Powerica Limited)	1	0.0001
7.	Naresh Oberoi HUF (held on behalf of Powerica Limited)	1	0.0001
	Total	140,000	100

Unless otherwise specified, all information in this chapter is as of the date of this Draft Red Herring Prospectus.

MANAGEMENT

Board of Directors

Under the Articles of Association, our Company is required to have not less than three Directors and not more than 12 Directors excluding any technical or expert directors, if any. Our Company currently has 10 Directors.

The following table sets forth details regarding the Board of Directors of our Company as of the date of filing this Draft Red Herring Prospectus:

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
Naresh Chander Oberoi <i>Father's name:</i> Sunderdas Oberoi <i>Designation:</i> Chairman and Managing Director <i>Term:</i> Five years from April 1, 2011 <i>DIN:</i> 00009000 <i>Occupation:</i> Entrepreneur <i>Nationality:</i> Indian <i>Address:</i> 181-B, Jolly Maker Apartments, Cuffe Parade, Colaba, Mumbai 400 005	68	1. Everest Kanto Cylinder Limited; 2. MAN Diesel Power India Private Limited; 3. deGustibus Hospitality Private Limited; and 4. L.N. Health Care Private Limited.
Bharat Oberoi <i>Father's name:</i> Naresh Chander Oberoi <i>Designation:</i> Joint Managing Director <i>Term:</i> Five years from April 1, 2011 <i>DIN:</i> 00083664 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Address:</i> 31-B, Maker Tower, Cuffe Parade, Colaba, Mumbai 400 005	39	1. Powerica Sales & Services Private Limited; 2. Nishkama Jagruti Developers Private Limited; and 3. deGustibus Hospitality Private Limited.
Rajat Oberoi <i>Father's name:</i> Naresh Chander Oberoi	38	1. Powerica Sales & Services Private Limited; 2. Quadrant Engineers Limited; 3. MAN Diesel Power India Private Limited; and

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
Designation: Joint Managing Director (Wind & Renewable Energy Division) Term: Three years from November 1, 2009 DIN: 00014977 Occupation: Business Nationality: Indian Address: 181-B, Jolly Maker Apartments, Cuffe Parade, Colaba, Mumbai 400 005		4. L.N. Health Care Private Limited.
Kharati Ram Puri Father's name: Kharak Singh Puri Designation: Executive Director Term: Five years from April 1, 2011 DIN: 00015011 Occupation: Entrepreneur Nationality: Indian Address: 50, Sunita, Cuffe Parade, Colaba, Mumbai 400 005	84	1. ASA Electro Power Systems Private Limited; and 2. Ashutosh Traders Private Limited.
Nainesh Jaisingh Father's name: J. Jaisingh Designation: Non-Executive Non-Independent director Term: Liable to retire by rotation DIN: 00061014 Occupation: Service Nationality: Indian Address: 31, Urvashi, Petit Hall, 66 Nepeansea, (Nr.)	43	1. Standard Chartered Private Equity Advisory (I) Private Limited; 2. Endurance Technologies Private Limited; 3. Interglobe Technology Quotient (ITQ) Private Limited; 4. Coffee Day Resorts Private Limited; 5. Firepro Systems Private Limited; 6. ABG Shipyard Limited; 7. Sutherland Global Services Inc.; and 8. Amalgamated Bean Coffee Trading Company Limited.

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
Priyadarshini Park Mumbai 400 006		
Mukul Nag <i>Father's name:</i> Rajendra Gopal Nag <i>Designation:</i> Alternate Director to Nainesh Jaisingh <i>DIN:</i> 03168627 <i>Occupation:</i> Service <i>Nationality:</i> Indian <i>Address:</i> B-503, Ashok Towers, Dr B. Ambedkar Road, Parel, Mumbai 400 012	40	Nil
Dinesh Kumar <i>Father's name:</i> Indar Sain <i>Designation:</i> Independent Director <i>Term:</i> Liable to retire by rotation <i>DIN:</i> 01133565 <i>Occupation:</i> Professional <i>Nationality:</i> Indian <i>Address:</i> 21, 17 th Cross, Malleswaram, Bangalore 560 055	70	Nil
Malini Thadani <i>Father's name:</i> R N Thadani <i>Designation:</i> Independent Director <i>Term:</i> Liable to retire by rotation <i>DIN:</i> 01516555 <i>Occupation:</i> Service <i>Nationality:</i> Indian	54	1. Absolute Homes Private Limited; 2. Junior Achievement India Services; and 3. SIFE India.

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
Address: 21 A, Kalpataru Habitat, Dr. S.S. Rao Road, Parel, Mumbai 400 012		
Anand Narotam Desai Father's name: Narotam Desai Designation: Independent Director Term: Liable to retire by rotation DIN: 00165894 Occupation: Professional Nationality: Indian Address: 6 A, Suvas, 68 L, Jagmohandas Marg, Mumbai 400 006	51	1. Motilal Oswal Investment Advisors Private Limited; and 2. NRB Bearings Limited.
Ghanshyam Dass Father's name: Sansar Chand Designation: Independent Director Term: Liable to retire by rotation DIN: 01807011 Occupation: Professional Nationality: Indian Address: 31 A, Shobha Emerald, Shobha Suburbia, Behind Jakkur Flying Club, Jakkur, Bangalore 560 064	58	1. Dhanalakshmi Bank Limited; 2. Jain Irrigation Systems Limited; 3. Jubilant Industries Limited; 4. Mayar Infrastructure Development Private Limited; 5. Bio Pure Limited; and 6. Carbon Clean Solutions Private Limited.
Krishen Dev Father's name: Rattan Lal Designation: Independent Director Term: Liable to retire by rotation DIN: 00001534	72	1. JBF Industries Limited; and 2. Everest Kanto Cylinder Limited.

Name, Father's Name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
Occupation: Professional Nationality: Indian Address: Plot No. 16, Palod Farms II, Baner, Pune 411 045		

Relationship between the Directors

The details of the related directors are as follows:

Name of the Director	Relationship
Bharat Oberoi	Son of Naresh Chander Oberoi
Rajat Oberoi	Son of Naresh Chander Oberoi
Kharati Ram Puri	Brother-in-law of Naresh Chander Oberoi

Brief Biographies

Naresh Chander Oberoi

Naresh Chander Oberoi, Chairman and Managing Director of our Company, has been associated with our Company since its inception and was re-appointed as its Chairman and Managing Director with effect from April 1, 2011. He does not hold any degree or diploma. He has 44 years of experience in power generating set industry. Prior to joining our Company, he was associated with Powerica Sales & Services Private Limited and continues to be associated with them.

Bharat Oberoi

Bharat Oberoi, Joint Managing Director of our Company, has been associated with our Company since 1994. He was designated as the Joint Managing Director on August 18, 2008 and was re-appointed on February 10, 2011. He holds a bachelors degree in Commerce from University of Bombay. He has 16 years of experience in marketing generating sets. He continues to be on the board of Powerica Sales & Services Private Limited.

Rajat Oberoi

Rajat Oberoi, Joint Managing Director (Wind & Renewable Energy Division) of our Company, has been associated with our Company as a Whole-Time Director since 2006 and was appointed as the Joint Managing Director (Wind & Renewable Energy Division) of our Company with effect from February 10, 2011. He holds a bachelors degree in Commerce from Bombay University. He has 14 years of experience in the manufacturing of control units for diesel generating sets manufactured by our Company, development and marketing of heavy fuel oil large size genset business in association with MAN. He continues to be on the board of Powerica Sales & Services Private Limited.

Kharati Ram Puri

Kharati Ram Puri, Executive Director of our Company, has been associated with our Company since inception and was re-appointed as a Whole-Time Director of our Company with effect from April 1, 2011. He holds a bachelors degree in Arts. He has over four decades of experience in power generating set industry and managing business enterprises. Prior to joining our Company, he was associated and is still with Powerica Sales & Services Private Limited.

Nainesh Jaisingh

Nainesh Jaisingh, a Non-Executive and Non-Independent director of our Company, has been associated with our Company since October 1, 2007, when he was appointed as a director of our Company pursuant to the provisions of the SCPE Shareholders Agreement. He holds a bachelors degree (honours) in Technology from Institute of Technology, Benaras Hindu University, Varanasi and a masters degree in Business Administration from Indian Institute of Management, Bangalore. He has over 19 years of experience in financial services and has worked in various fields such as investment banking, private equity, venture capital, structured finance, corporate advisory and commercial banking roles in South East Asia and India.

Mukul Nag

Mukul Nag, an alternate director to Nainesh Jaisingh, has been associated with our Company since July 30, 2010 when he was appointed as an alternate director of our Company pursuant to the provisions of the SCPE Shareholders Agreement. He holds a bachelors degree (honours) in Electrical & Electronics Engineering from Birla Institute of Technology & Science, Pilani and a masters degree in Business Administration from Indian Institute of Management, Bangalore. He has over 16 years of experience in financial services and has worked in various fields such as investment banking, corporate advisory and private equity in India.

Dinesh Kumar

Dinesh Kumar, an Independent Director of our Company, has been associated as an independent director with our Company since June 25, 2009 when he was appointed as the director of our Company. He holds a graduation degree from National Defence Academy and a post graduation degree from Military Studies from Defence Services Staff College, Wellington. He has 17 years of experience in electrical equipments. Prior to joining our Company, he was associated with Trident Powercraft Private Limited as its chairman.

Malini Thadani

Malini Thadani, an Independent Director of our Company, has been associated with our Company as an independent director since February 10, 2011, when she was appointed as the director of our Company. She holds a graduation degree and a masters degree in History from Delhi University and a masters degree in Public Administration from Ohio University, USA. She has also done the Cycle Special Etranger at the Ecole Nationale d'Administration in Paris. Currently, she is Head of Communications, Public Policy and Corporate Sustainability for HSBC. Prior to joining HSBC in 1995, she spent 14 years in the Indian Revenue Services.

Anand Narotam Desai

Anand Narotam Desai, an Independent Director of our Company, has been associated with our Company as an independent director since February 10, 2011, when he was appointed as the director of our Company. He holds a graduation degree in law from Bombay University and a post graduation degree in Law from International Law University, Edinburgh. He has 27 years of experience in Law. Currently, he is the managing partner of DSK Legal, Advocates and Solicitors. Prior to joining DSK Legal, Advocates and Solicitors, he was associated with Mahimtura & Co., Advocates and Solicitors.

Ghanshyam Dass

Ghanshyam Dass, an Independent Director of our Company, has been associated with our Company as an independent director since February 10, 2011, when he was appointed as the director of our Company. He holds a graduation degree with honours in Economics from Delhi University and a post graduation degree in Linguistics from Jawaharlal Nehru University, New Delhi. Currently, he holds the position of the senior advisor with KPMG. Prior to joining KPMG, he was associated with Asia Pacific, NASDAQ OMX as the managing director.

Krishen Dev

Krishen Dev, an Independent Director of our Company, has been associated with our Company since February 10, 2011 as an independent director. He holds a graduation degree in Chemical Engineering from Indian Institute of Technology, Kharagpur. Prior to joining our Company, he was associated with Century Enka Limited.

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Terms of Appointment of the Chairman and Managing Director and the Executive Directors

Naresh Chander Oberoi

Naresh Chander Oberoi has been re-appointed as the Chairman and Managing Director (whole-time Director) of our Company pursuant to the board resolution dated February 10, 2011 and shareholders' resolution dated February 10, 2011, with effect from February 10, 2011. The revised terms of his appointment to be effective from April 1, 2011 for a period of five years beginning from April 1, 2011 and ending on March 31, 2016, are summarized as follows:

Particulars	Remuneration
Salary	₹ 1,000,000 per month with salary to increase by 20 per cent p.a. on progressive basis.
Commission and Perquisites	• Commission on profit: Commission of two per cent on the net profit of our Company as computed under Section 349 of the Companies Act; • Provident fund: not exceeding 12 per cent of basic salary; and • Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

Bharat Oberoi

Bharat Oberoi has been re-appointed as the Joint Managing Director (whole-time Director) of our Company pursuant to the board resolution dated February 10, 2011 and the shareholders' resolution dated February 10, 2011 with effect from February 10, 2011. The revised terms of his appointment to be effective from April 1, 2011 for a period of five years beginning from April 1, 2011 and ending on March 31, 2016, are summarized as follows:

Particulars	Remuneration
Salary	₹ 800,000 per month with salary to increase by 20 per cent p.a. on progressive basis.
Perquisites	• Commission on profit: Commission of 1.5 per cent on the net profit of our Company as computed under Section 349 of the Companies Act; • Provident fund: not exceeding 12 per cent of basic salary; and • Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

Rajat Oberoi

Rajat Oberoi has been appointed as the Joint Managing Director (Wind & Renewable Energy Division) of our Company pursuant to the board resolution dated February 10, 2011 and the shareholders' resolution dated February 10, 2011 with effect from February 10, 2011. The revised terms of his appointment to be effective from April 1, 2011 for a period of five years beginning from April 1, 2011 and ending on March 31, 2016, are summarized as follows:

Particulars	Remuneration
Salary	₹ 700,000 per month with salary to increase by 20 per cent p.a. on progressive basis.
Perquisites	• Commission on profit: Commission of one per cent on the net profit of our Company as computed under Section 349 of the Companies Act; • Provident fund: not exceeding 12 per cent of basic salary; and • Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

Kharati Ram Puri

Kharati Ram Puri has been re-appointed as a Whole-Time Director of our Company pursuant to the board resolution dated February 10, 2011 and the shareholders' resolution dated February 10, 2011 with effect from February 10, 2011. The revised terms of his appointment to be effective from April 1, 2011, for a period of five years beginning from April 1, 2011 and ending on March 31, 2016, are summarized as follows:

Particulars	Remuneration
Salary	₹ 3,000,000 per annum with salary to increase by 20 per cent p.a. on progressive basis.
Perquisites	• Housing Rent Allowance: ₹ 600,000 per annum; • Other Earning: ₹ 2,400,000 per annum; • Provident fund: not exceeding 12 per cent of basic salary; • Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

Other than SCP II and SCP III, Company has not entered into any arrangement or understanding with any other shareholders, customers, suppliers or others, pursuant to which the Director was selected as a Director or a member of senior management.

Payment or benefit to Directors/ officers of our Company

The sitting fees/other remuneration paid to the Directors for the Fiscal 2010 are as follows:

1. Remuneration to Executive Directors:

The aggregate value of salary and perquisites paid for the Fiscal 2010 to our Executive Directors are set forth in the table below:

Sr. No	Name of the Director	Gross Salary (In ₹ million)	Bonus & Incentive (In ₹ million)	Super-annuation (In ₹ million)	Provident Fund (In ₹ million)	Total (In ₹ million)
1.	Naresh Chander Oberoi	8.67	-	-	0.86	9.53
2.	Bharat Oberoi	6.42	15.00	0.90	0.72	23.04
3.	Rajat Oberoi	5.62	7.50	0.36	0.29	13.77
4.	Kharati Ram Puri	3.77	-	-	0.22	3.99

2. Remuneration to Non- Executive Directors:

The details of the sitting fees and other payments paid to the Non-Executive Directors and Independent Directors of our Company in Fiscal 2010 are set forth in the table below:

Sr. No	Name of the Director	Total Sitting Fees paid for attending Board and Audit committee meetings (In ₹ million)
1.	Nainesh Jaisingh	0.06
2.	Dinesh Kumar	0.08
3.	Malini Thadani	—*
4.	Anand Narotam Desai	—*
5.	Ghanshyam Dass	—*
6.	Krishen Dev	—*

**Joined the Board on February 10, 2011*

Except as stated in this chapter “Management” beginning on page 137 of this Draft Red Herring 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 officers including the Directors and key management personnel.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company. Further, except statutory benefits and contractual payments like gratuity and leave encashments, upon termination of their employment in our Company or retirement, no officer of our Company, including the Directors and our key management personnel, are entitled to any benefits upon termination of employment.

No loans have been availed by the Directors or the key managerial personnel from our Company.

Shareholding of Directors

The Articles of our Company do not require our Directors to hold any qualification Equity Shares of our Company. The shareholding of the Directors as of the date of filing of this Draft Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares held
Naresh Chander Oberoi	24,710,472
Kharati Ram Puri	5,883,120
Bharat Oberoi	4,181,994
Rajat Oberoi	3,888,054

Borrowing Powers of Board

In accordance with the Article of Association, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, accept deposits from the 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 purpose of our Company. Provided however, where the money to be borrowed together with the money already borrowed (apart from temporary loan obtained from our Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of our 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 our Company in a general meeting.

Pursuant to a resolution passed by our shareholders at the EGM held on February 10, 2011, the shareholders of our Company has authorized the Board, in accordance with the provisions of Section 293(1)(d) of the Companies Act and the Articles of Association, to borrow from time to time, as it may consider fit, any sum or sums of monies which together with money already borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company’s bankers in the ordinary course of business) may exceed the aggregate, of the paid-up capital of our Company and our free reserves i.e. reserves not set apart for any specific purposes, by not more than ₹ 10,000 million.

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. Our Company believes that it is in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Company's Board of Directors has been constituted in compliance with the Companies Act and Listing Agreement with Stock Exchanges and in accordance with best practices relating to corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides the Board of Directors with detailed reports on its performance periodically.

Currently the Board has ten Directors, of which the Chairman of the Board is an Executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, we have four executive directors, one non-executive and non-independent and five independent directors.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Dinesh Kumar;
2. Krishen Dev;
3. Ghanshyam Dass; and
4. Naresh Chander Oberoi (as Invitee).

The Audit Committee was constituted by a meeting of our Board of Directors held on August 11, 2008 and re-constituted on February 10, 2011. The scope and function of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement and its terms of reference and the powers of the audit committee as revised on February 10, 2011 include the following:

1. Overseeing our Company's financial reporting process and disclosure of its financial information;
2. Recommending to the Board the appointment, re-appointment and replacement of statutory auditor and the fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) 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 statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
8. 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;
9. Discussion with internal auditors on any significant findings and follow up there on;
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
12. To look 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;
13. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and
14. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the internal auditor.

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; 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 (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement.

Remuneration Committee

The members of the Remuneration Committee are:

1. Malini Thadani;
2. Ghanshyam Dass; and
3. Nainesh Jaisingh.

The Remuneration Committee was constituted by a meeting of our Board of Directors held on February 10, 2011.

The terms of reference of the Remuneration Committee include the following:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee 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 our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment;
3. Approve the remuneration of executive Directors of our Company as may be required pursuant to the provisions of the Companies Act, 1956; and
4. Perform such functions as are required to be performed by the Remuneration 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.
5. 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.

Shareholders/Investors Grievance Committee

The members of the Shareholders/Investors Grievance Committee are:

1. Malini Thadani;
2. Anand Narotam Desai; and
3. Bharat Oberoi.

The Shareholders/Investors Grievance Committee was constituted by our Board of Directors at their meeting held on February 10, 2011. The terms of reference of the Shareholders/Investors Grievance Committee shall include redressal of shareholders'/investors' complaints including but not limited to transfer of shares, non-receipt of balance sheet, non-receipt of dividends and any other grievance that a shareholder or investor of our Company may have against our Company.

Share Transfer Committee

The members of the Share Transfer Committee are:

1. Rajat Oberoi;
2. Kharati Ram Puri; and

3. Malini Thadani.

The Share Transfer Committee was constituted by our Board of Directors at their meeting held on February 10, 2011. The terms of reference of the Share Transfer Committee include the matters relating to the transfer of securities of our Company.

IPO Committee

The members of the IPO Committee are:

1. Naresh Chander Oberoi;
2. Nainesh Jaisingh; and
3. Anand Narotam Desai.

The IPO Committee was constituted by a meeting of our Board of Directors held on February 10, 2011. The terms of reference of the IPO Committee include the following:

- a) To decide on the timing, pricing and all the terms and conditions of the issue of the equity shares pursuant to the Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- b) To appoint and enter into arrangements with the book running lead managers, underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, registrars, legal advisors and any other agencies or persons or intermediaries to the Issue and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letter of the Book Running Lead Managers, negotiation, finalization and execution of the memorandum of understanding with the Book Running Lead Managers etc.;
- c) To finalize, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the Issue, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Issue with the power to authorise one or more officers of our Company to execute all or any of the aforesaid documents;
- d) To finalize, settle, approve and adopt the draft red herring prospectus, the red herring prospectus, and the prospectus for the issue of equity shares and take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI or any other relevant Governmental and Statutory authorities;
- e) To make applications, if necessary, to the Foreign Investment Promotion Board, or to any other statutory or governmental authorities in connection with the Issue and, wherever necessary, incorporate such modifications/amendments/ alterations/corrections as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus;
- f) To open and operate bank account(s) of our Company in terms of the escrow agreement for handling of refunds for the Issue and to authorise one or more officers of our Company to execute all documents/deeds as may be necessary in this regard;
- g) To open and operate a bank account of our Company in terms of section 73(3) of the Companies Act and to authorise one or more officers of our Company to execute all documents/deeds as may be necessary in this regard;
- h) To determine and finalize the floor price/price band for the Issue and to revise the price band, approve the basis for allocation and confirm allocation of the equity shares to various categories of persons as disclosed in the draft red herring prospectus, the red herring prospectus and the prospectus, in consultation with the BRLMs and do all such acts and things as may be necessary and expedient for, and incidental and ancillary

to, the Issue;

- i) To issue receipts/allotment letters/confirmations of allocation notes either in physical or electronic mode representing the underlying equity shares in the capital of our Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of our Company to sign all or any of the aforestated documents;
- j) To make applications for listing of the equity shares in one or more stock exchange(s) for listing of the equity shares of our Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
- k) To do all such deeds and acts as may be required to dematerialize the equity shares of our Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, Registrar & Transfer Agents and such other agencies, as may be required in this connection with power to authorise one or more officers of our Company to execute all or any of the aforestated documents;
- l) To authorize and approve the incurring of expenditure and payment of fees, commissions, remuneration and expenses in connection with the Issue;
- m) To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalize the basis of allocation and to allot the equity shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
- n) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit; and
- o) To delegate any of the powers mentioned in (a) to (o) to the following persons, namely Naresh Chander Oberoi and Nainesh Jaisingh.

Interest of Directors

All of the Directors may be deemed to be interested to the extent of fees payable to them as applicable, for attending meetings of the Board of Directors or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

The 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 and other entites, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the 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.

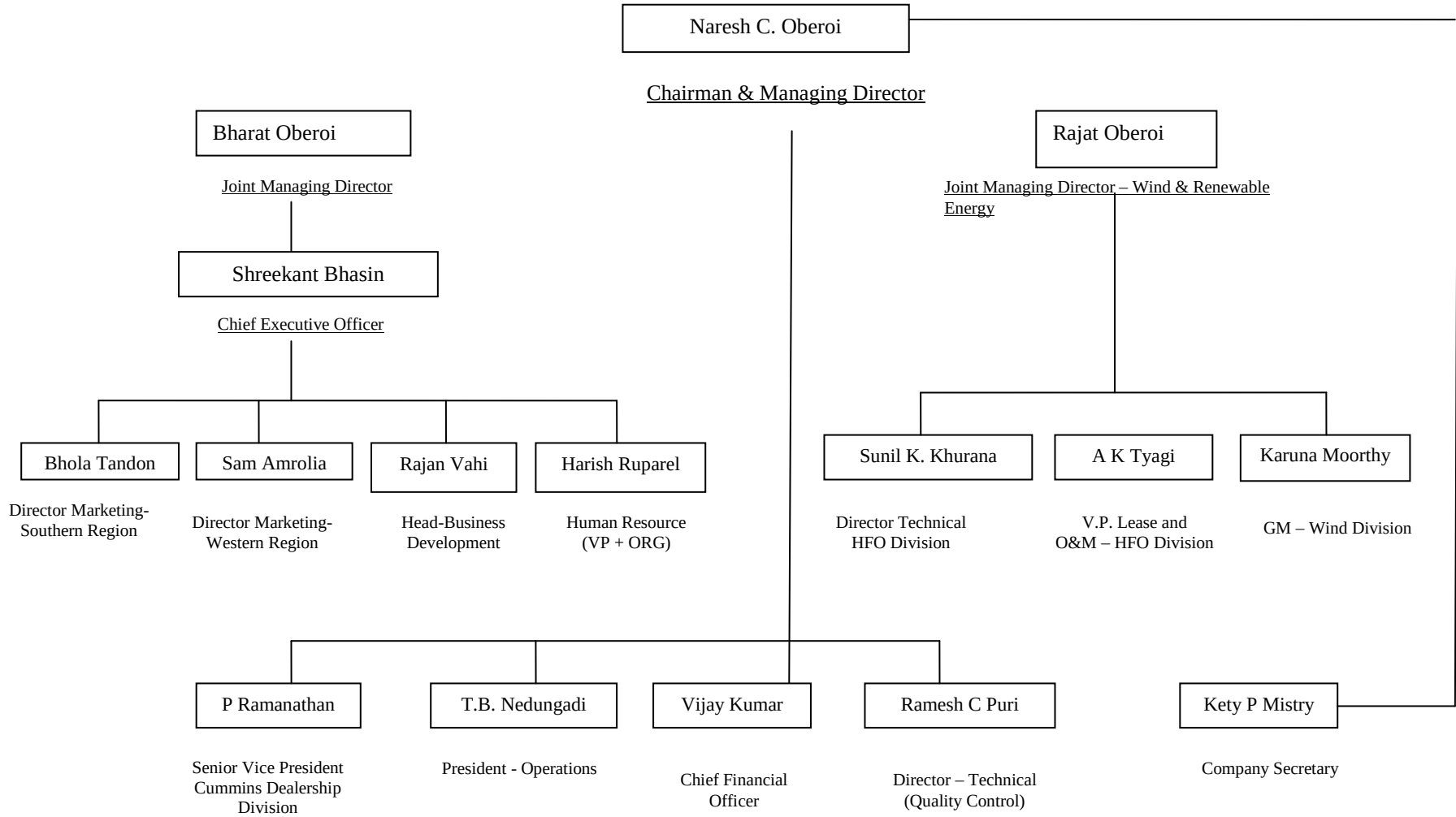
The Directors have no interest in any property acquired or proposed to be acquired by our Company within two years from the date of this Draft Red Herring Prospectus.

Except as stated in “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus and described herein to the extent of shareholding in our Company, if any, the Directors do not have any other interest in our business.

Changes in the Board of Directors during the last three years:

Name	Date of Appointment/ Change/ Cessation	Reason
Rajan Vahi	August 11, 2008	Appointed as an additional director
Bharat Oberoi	November 1, 2008	Appointed as the joint managing director
Rajan Vahi	June 25, 2009	Resigned as a director
Dinesh Kumar	June 25, 2009	Appointed as an additional director
Dhiraj Poddar	July 15, 2010	Ceased to be an alternate director
Mukul Nag	July 30, 2010	Appointed as an alternate director to Nainesh Jaisingh
Sam Amrolia	February 10, 2011	Resigned as a director
Bhola Tandon	February 10, 2011	Resigned as a director
Ramesh C. Puri	February 10, 2011	Resigned as a director
Sunil K. Khurana	February 10, 2011	Resigned as a director
Anand Narotam Desai	February 10, 2011	Appointed as a director
Ghanshyam Dass	February 10, 2011	Appointed as a director
Malini Thadani	February 10, 2011	Appointed as a director
Krishen Dev	February 10, 2011	Appointed as a director

Management Organisation Structure



Key Management Personnel

The details of the key management personnel as of the date of this Draft Red Herring Prospectus are as follows:

Bhola Tandon

Bhola Tandon, 58, is the Director (Marketing - South) of our Company. He has been associated with our Company since its inception. He holds a bachelors degree in Commerce from University of Bangalore. He has 29 years of experience in power generating set industry. Prior to joining our Company, he was self employed and was involved in exports. Bhola Tandon was a director of our Company and has been appointed as key managerial personnel of our Company from February 10, 2011. Accordingly, during the Fiscal 2010, he has received remuneration as a director of our Company, amounting to ₹ 4.41 million. The brief terms of the appointment of Bhola Tandon are as follows:

Particulars	Remuneration
Period	For a period of five years from from February 10, 2011
Salary	₹ 1,50,000 per month
Perquisites	- House rent allowance of ₹ 30,000 per month; - Other allowances of ₹ 120,000 per month; - Provident fund: not exceeding 12 per cent of basic salary; - Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

Sam Amrolia

Sam Amrolia, 72, is the Director (Marketing - West) of our Company. He has been associated with our Company since 1984. He does not hold any degree. He has 26 years of experience in marketing of power generating sets. Prior to joining our Company, he was associated with Powerica Sales & Services Private Limited. Sam Amrolia was a director of our Company and has been appointed as a key managerial personnel of our Company from February 10, 2011. Accordingly, during the Fiscal 2010, he has received remuneration as a director of our Company, amounting to ₹ 3.47 million. The brief terms of the appointment of Sam Amrolia are as follows:

Particulars	Remuneration
Period	For a period of five years from from February 10, 2011
Salary	₹ 150,000 per month
Perquisites	- House rent allowance of ₹ 30,000 per month; - Other allowances of ₹ 120,000 per month; - Provident fund: not exceeding 12 per cent of basic salary; - Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

Ramesh C Puri

Ramesh C Puri, 69, is the Director (Technical) of our Company. He has been associated with our Company since 1992. He holds a graduation degree from Institute of Engineers India Limited (considered equivalent to bachelors degree in Mechanics). He has 43 years of experience in various disciplines of power sector. Prior to joining our Company, he was associated with Bharat Heavy Electricals Limited. Ramesh C. Puri was a director of our Company and has been appointed as a managerial personnel of our Company from February 10, 2011. Accordingly, during the Fiscal 2010, he has received remuneration as a director of our Company, amounting to ₹ 3.57 million. The brief terms of the appointment of Ramesh C Puri are as follows:

Particulars	Remuneration
Period	For a period of five years from from February 10, 2011
Salary	₹ 150,000 per month
Perquisites	House rent allowance of ₹ 30,000 per month;

Particulars	Remuneration
	- Other allowances of ₹ 120,000 per month; - Provident fund: not exceeding 12 per cent of basic salary; - Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

Sunil K. Khurana

Sunil K Khurana, 63, is the Director (Technical) of our Company. He has been associated with our Company since 1991. He holds a bachelors degree in Mechanical Engineering from Sardar Patel University, Gujarat. He has 42 years of experience in diesel engine industry including power generation application. Prior to joining our Company, he was associated with Mohamed Abdul Rahman Al-Bahar- a Caterpillar dealer in Gulf. Sunil K. Khurana was a director of our Company and has been appointed as managerial personnel of our Company from February 10, 2011. Accordingly, during the Fiscal 2010, he has received remuneration as a director of our Company, amounting to ₹ 3.95 million. The brief terms of the appointment of Sunil K. Khurana are as follows:

Particulars	Remuneration
Period	For a period of five years from February 10, 2011
Salary	₹ 150,000 per month
Perquisites	- House rent allowance of ₹ 30,000 per month; - Other allowances of ₹ 120,000 per month; - Provident fund: not exceeding 12 per cent of basic salary; - Other perquisites like medical benefits for self and wife, leave travel concession, earned and privilege leave.

T.B. Nedungadi

T.B. Nedungadi, 74, is the President (Operations) of our Company and manages factory operations in Bangalore and has been associated with our Company since its inception. Prior to joining our Company, he was associated with Voltas for a period of 12 years. During the Fiscal 2010, T.B. Nedungadi was paid remuneration amounting to ₹ 3.62 million. The brief terms of the appointment of T.B. Nedungadi are as follows:

Particulars	Remuneration
Period	From October 1, 2008 to September 30, 2013
Salary	₹ 62,500 per month
Perquisites	- House rent allowance; - Medical allowance; - Leave travel allowance; and - Expenses and others.

Shreekant Bhasin

Shreekant Bhasin, 61, is the chief executive officer of our Company and has been associated with our Company since 1984. He holds bachelors degree in Technology and master degree in Management (Marketing) and Science (industrial engineering) from Indian Institute Technology, Kharagpur. He has over 30 years of experience in manufacturing industries. Prior to joining our Company, he was associated with Organo Rubber Industries as Manager (Sales and Marketing). During the Fiscal 2010, Shreekant Bhasin was paid remuneration amounting to ₹ 7.84 million. The brief terms of the appointment of Shreekant Bhasin are as follows:

Particulars	Remuneration
Period	From January 8, 1992 to October 30, 2007, which has been extended till further notice
Salary	₹ 158,000 per month
Perquisites	- House rent allowance; - Medical allowance;

Particulars	Remuneration
	• Leave travel allowance; and • Expenses and others.

Vijay Kumar

Vijay Kumar, 56, is the chief financial officer of our Company and has been associated with our Company since 2008. He holds bachelors degree and master degree in Management, Law and Commerce. He is a qualified chartered accountant, cost accountant and company secretary. He has over 25 years of experience in general administration, finance and treasury functions in different sectors. Prior to joining our Company, he was associated with Quali Foods Limited. During the Fiscal 2010, Vijay Kumar was paid remuneration amounting to ₹ 4.46 million. The brief terms of the appointment of Vijay Kumar are as follows:

Particulars	Remuneration
Period	From April 1, 2008 to May 31, 2012
Salary	₹ 62,500 per month
Perquisites	• Housing rent allowance; • Medical allowance; • Leave travel allowance; • Entitled to the pension scheme; and • Reimbursement.

Rajan Vahi

Rajan Vahi, 51, is the Head, Business Development, of our Company. He holds a bachelors degree in science from Case Western Reserve University, U.S.A. and masters degree in Management from Weatherhead School of Management, Ohio, U.S.A. He has over 25 years of experience in finance, marketing and accountancy. During the Fiscal 2010, Rajan Vahi was paid remuneration amounting to ₹ 2.44 million. The brief terms of the appointment of Rajan Vahi are as follows:

Particulars	Remuneration
Period	From June 26, 2009 till super annuation i.e. March 31, 2017 post which the employment can be renegotiated on mutually acceptable fresh terms and conditions.
Salary	₹ 75,000 per month
Perquisites	• Housing rent allowance; • Medical allowance; • Leave travel allowance; and • Entitled to the pension scheme.

P. Ramanathan

P. Ramanathan, 53, is the Senior Vice President (Dealership) of our Company and has been associated with our Company since 1999. He holds a diploma degree in Electrical Engineering from the University of Madras. He has over 34 years of experience in diesel generating set industry. Prior to joining our Company, he was associated with Batliboi Limited as sales manager. During the Fiscal 2010, P. Ramanathan was paid remuneration amounting to ₹ 2.74 million. The brief terms of the appointment of P. Ramanathan are as follows:

Particulars	Remuneration
Period	From May 1, 1998 to June 30, 2015
Salary	₹ 125,000 per month
Perquisites	• House rent allowance • Medical allowance; and • Others

Anil Kumar Tyagi

Anil Kumar Tyagi, 44, is the Vice President (Lease and O&M, HFO) of our Company. He holds a bachelors degree in Engineering from Bangalore University. He has over 21 years of experience in power generation industry. Prior to joining our Company, he was associated with Rai Prexim India Private Limited. During the Fiscal 2010, Anil Kumar Tyagi was paid remuneration amounting to ₹ 1.59 million. The brief terms of the appointment of Anil Kumar Tyagi are as follows:

Particulars	Remuneration
Period	From April 1, 1997 to November 30, 2024
Salary	₹ 125,000 per month
Perquisites	• House rent allowance • Medical allowance; and • Others.

Kety P. Mistry

Kety P. Mistry, 54, is our Company secretary of our Company and has been associated with our Company since May 1, 1998. She holds a bachelors degree in Law and masters degree in Commerce from The University of Bombay. She is also a Fellow Member of the Institute of Company Secretaries of India. She has over 20 years of experience in secretarial and legal department. Prior to joining our Company, she was associated with Ruttonsha International Rectifier Limited. During the Fiscal 2010, Kety P. Mistry was paid remuneration amounting to ₹ 0.60 million. The brief terms of the appointment of Kety P. Mistry are as follows:

Particulars	Remuneration
Period	From May 1, 1998 to March 31, 2014
Salary	₹ 24,594 per month
Perquisites	• House rent allowance; • Medical allowance; • Leave travel allowance; and • Others.

None of the key management personnel are related to each other.

Except T.B. Nedungadi, Bhola Tandon, Sam Amroliya, Ramesh C Puri and Sunil K. Khurana who has been employed for a period of five years, all our key management personnel are permanent employees of our Company.

Shareholding of key management personnel

As of the date of filing this Draft Red Herring Prospectus, other than T.B. Nedungadi who holds 398,043 Equity Shares in our Company, no other key management personnel hold any Equity Shares.

Bonus or profit sharing plan of the key management personnel

Our Company does not have any definite bonus or profit sharing plan for the key managerial personnel.

Interests of key management personnel

The key management personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and their shareholding in our Company.

Except as disclosed, none of the key management personnel have been paid any consideration of any nature from our Company, other than their remuneration.

There are no arrangements or understanding with major shareholders, customers etc. pursuant to which any of the key managerial personnel have been appointed as a member of the senior management.

Changes in the key management personnel

The changes in the key management personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Vijay Kumar	Chief Financial Officer	April 1, 2008	Appointment
T.B. Nedungadi	President (Operations)	October 1, 2008	Appointment
Rajan Vahi	Head, Business Development	June 26, 2009	Appointment
Bhola Tandon	Director (Marketing, South)	February 10, 2011	Appointment
Sam Amrolia	Director (Marketing, West)	February 10, 2011	Appointment
Ramesh C Puri	Director (Technical)	February 10, 2011	Appointment
Sunil K. Khurana	Director (Technical)	February 10, 2011	Appointment

Payment or Benefit to officers of our Company

Except as stated otherwise in this Draft Red Herring Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the key managerial personnel and our Directors.

OUR PROMOTERS

The Promoters of our Company are Naresh Chander Oberoi and Kharati Ram Puri.



Naresh Chander Oberoi, aged 68 years, is the Chairman cum Managing Director of our Company. He is a resident Indian national. For further details, see the chapter “Management” beginning on page 137 of this Draft Red Herring Prospectus.

His voter identification card number is MT/04/019/0040013. His passport number is F7802028.



Kharati Ram Puri, aged 84 years, is the Executive Director of our Company. He is a resident Indian national. For further details, see the chapter “Management” beginning on page 137 of this Draft Red Herring Prospectus.

His voter identification card number is MT/04/019/027007. His passport number is F5885450.

For detailed profile and other details, please see the chapter “Management” beginning on page 137 of this Draft Red Herring Prospectus.

Our Company confirms that the permanent account number, bank account number and passport number of Naresh Chander Oberoi and Kharati Ram Puri shall be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

Interests of Promoters and Common Pursuits

The Promoters are interested in our Company to the extent of their shareholding. For details on the shareholding of the Promoters in our Company, see the chapter “Capital Structure” beginning on page 62 of this Draft Red Herring Prospectus.

Further, the Promoters are also Directors and 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. For further details see the chapter “Management” beginning on page 137 of this Draft Red Herring Prospectus.

Further, the Promoters are also director on the boards, or are a member, or are a partner, of certain Promoter Group entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, see “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to the Promoters in respect of the contracts, agreements or arrangements which are proposed to be made with the Promoters including the properties purchased by our Company other than in the normal course of business.

Further, except Powerica Sales and Service Private Limited, the Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict of interest as and when it may arise.

Payment of benefits to the Promoters

Except as stated in “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus, there has been no payment of benefits to the Promoters during the two years preceding the filing of this Draft Red Herring Prospectus.

Confirmations

None of the Promoters have been declared as a wilful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by the Promoters in the past and no proceedings for violation of securities laws are pending against them.

Further, none of the Promoters or the Promoter Group or the Directors has been restrained from accessing the capital markets for any reasons by SEBI or any other entity.

Companies with which the Promoters have disassociated in the last three years

The Promoters have not disassociated from any company during the preceding three years from the date of this Draft Red Herring Prospectus.

Change in the management and control of the Issuer

Other than as disclosed in the Draft Red Herring Prospectus, there has been no change in the management and control of our Company.

Promoter Group

The following persons form part of the Promoter Group:

Individuals

1. Lata Oberoi
2. Vidya Tandon
3. Motia Verma
4. Bharat Oberoi
5. Rajat Oberoi
6. Renu Mehra
7. Bhola Tandon
8. Gopal Kishan Tandon
9. Bhushan Tandon
10. Hari Tandon
11. Sheela Verma
12. Beena Kapoor
13. Shobha Puri
14. Suresh Puri
15. Neeru Kohli
16. Shashi Bhasin
17. Darshan Puri
18. Prem Lata Ghai
19. Raj Kumari Kharbanda

HUF and Trusts

1. Naresh Oberoi HUF
2. Oberoi Family Trust

Companies

1. Powerica Sales and Services Private Limited.
2. MAN Diesel Power India Private Limited.
3. ASA Electro Power Systems Private Limited
4. Ashutosh Traders Private Limited
5. L.N.Health Care Private Limited
6. deGustibus Hospitality Private Limited
7. Art-Yarn Exports India (Private) Limited
8. Powerica Generators Private Limited

GROUP COMPANIES

Companies forming part of Group Companies

Unless otherwise stated, none of the companies forming part of Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, all the Group Companies are unlisted companies and they have not made any public issue of securities in the preceding three years.

The details of Group Companies are set forth below:

1. Powerica Sales and Services Private Limited (“PSSPL”)

Corporate Information

PSSPL was incorporated on March 15, 1980 under the Companies Act. The registered office of PSSPL is situated at 114, B Wing, Mittal Court, Nariman Point, Mumbai 400 021. PSSPL is engaged in the business of project execution, commission and investments in diesel generator sets.

Interest of the Promoter

Naresh Chander Oberoi and Kharati Ram Puri hold an interest of 18.28% and 11.08% shareholding respectively in PSSPL.

Financial Information

The summary audited financial information of PSSPL for the last three Fiscals is as follows:

(In ₹ million, except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity capital	3.61	3.61	3.61
Reserves (excluding revaluation reserves) and surplus	151.79	147.01	144.83
Income (including other income)	33.95	63.72	280.92
Profit After Tax	4.78	2.17	2.38
Earning Per Share (face value of ₹ 10 each)	13.24	6.02	6.60
Net asset value per share	430.46	417.22	411.20

2. MAN Diesel Power India Private Limited (“MDPIPL”)

Corporate Information

MDPIPL was incorporated on December 7, 2006 under the Companies Act. The registered office of MDPIPL is situated at 601, Dakshana, Sector 11, CBD Belapur, Navi Mumbai 400 614. MDPIPL was incorporated to engage in the business of sale and service activities in India for a range of four stroke products for land based HFO supplied through MAN and all types of equipments including generating sets, diesel hydraulic or any other type of generating sets and other devices and spare parts. However, this company has not undertaken any business activity since its inception.

Interest of the Promoter

Naresh Chander Oberoi holds an interest of 50% shareholding in MDPIPL.

Financial Information

The summary audited financial information of MDPIPL for the last three Fiscals is as follows:

(In ₹ million, except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008 (period between December 7, 2007 and March 31, 2008)
Equity capital	0.10	0.10	0.10
Reserves (excluding revaluation reserves) and surplus	(0.24)	(0.23)	(0.22)
Income (including other income)	0.00	0.00	0.00
Profit / (Loss) After Tax	(0.01)	(0.01)	(0.22)
Earning Per Share (face value of ₹ 10 each)	(1.15)	(1.16)	(21.95)
Net asset value per share	(14.26)	(13.11)	(11.95)

3. ASA Electro Power Systems Private Limited (“AEPSP”)

Corporate Information

AEPSP was incorporated on May 18, 2005 under the Companies Act. The registered office of AEPSP is situated at 39/1, The Arcade, World Trade Center Complex, Cuffe Parade, Mumbai 400 005. AEPSP is engaged in the business of manufacturing, trading including export-import of all electrical, mechanical and electronic equipment and other allied products related to generation and distribution of power and electrical works as well as to do its development and research in India and abroad.

Interest of the Promoter

Kharati Ram Puri holds an interest of 35% shareholding in AEPSP.

Financial Information

The summary audited financial information of AEPSP for the last three Fiscals is as follows:

(In ₹ million, except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity capital	0.10	0.10	0.10
Reserves and surplus (excluding revaluation reserves)	10.47	12.23	4.57
Income (including other income)	12.46	95.54	49.96
Profit/ (Loss) After Tax	(1.76)	7.66	2.08
Earning Per Share (face value of ₹ 10 each)	(175.82)	765.96	207.73
Net asset value per share	1,057.25	1,233.08	467.12

4. Ashutosh Traders Private Limited (“ATPL”)

Corporate Information

ATPL was incorporated on February 10, 1984 under the Companies Act. The registered office of ATPL is situated at 19, Commerce House, Nagindas Master Road, Fort, Mumbai 400 023. ATPL is engaged in the business of trading of gift items and articles.

Interest of the Promoter

Kharati Ram Puri holds an interest of 75.76% shareholding in ATPL.

Financial Information

The summary audited financial information of ATPL for the last three Fiscals is as follows:

(In ₹ million, except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity capital	0.13	0.13	0.13
Reserves (excluding revaluation reserves) and surplus	1.56	1.68	1.77
Income (including other income)	0.43	0.66	1.23
Profit/ (Loss) After Tax	(0.12)	(0.09)	0.13
Earning Per Share (face value of ₹ 100 each)	(87.81)	(68.92)	94.97
Net asset value per share	1,281.21	1,369.03	1,437.94

5. **L. N. Health Care Private Limited (“LNHCPL”)**

Corporate Information

LNHCPL was incorporated on November 9, 2010 under the Companies Act. The registered office of LNHCPL is situated at 115, B Wing, Mittal Court, Nariman Point, Mumbai 400 021. This company has been recently incorporated and has not undertaken any business activity.

Interest of the Promoter

Naresh Chander Oberoi holds an interest of 50% shareholding in LNHCPL.

Financial Information

Since this company has been recently incorporated, the financial information of this company has not been prepared.

6. **deGustibus Hospitality Private Limited (“deGustibus”)**

Corporate Information

deGustibus was incorporated on February 27, 1996 under the Companies Act. The registered office of deGustibus is situated at 2nd Floor, Badamia Manor, S.K. Rathod Marg, Mahalaxmi, Mumbai 400 034. deGustibus is engaged in the business of hospitality and owning and managing restaurants in Mumbai.

Interest of the Promoter

Naresh Chander Oberoi holds an interest of 19.88% shareholding in deGustibus.

Financial Information

The summary audited financial information of deGustibus for the last three Fiscals is as follows:

(In ₹ million, except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity capital	48.42	23.16	23.15
Reserves (excluding revaluation reserves) and surplus	128.34	(5.70)	25.88
Income (including other income)	372.81	234.99	208.98
Profit / (Loss) After Tax	(50.31)	(30.80)	12.40
Earning Per Share (face value of ₹ 10 each)	(10.39)	(13.30)	5.36
Net asset value per share	36.50	7.54	21.18

Group Companies with negative net worth

Other than MDPIPL, none of our Group Companies have negative net worth.

Nature and Extent of Interest of Group Companies

(a) In the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

(b) In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Red Herring Prospectus with SEBI

None of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of the Draft Red Herring Prospectus.

(c) In transactions for acquisition of land, construction of building and supply of machinery

None of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits amongst the Group Companies and Associate Companies with our Company

There are no common pursuits amongst any of our Group Companies and our Company except in case of Powerica Sales and Services Private Limited.

Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company

For details, see “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus.

Sale/Purchase between Group Companies, Subsidiaries and Associate Companies

There have been no sales or purchases between the Group Companies, Subsidiaries and Associate Companies, where the sales or purchases exceed in value in in the aggregate ten per cent of the total sales or purchases of our Company except as disclosed in “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus.

Business Interest of Group Companies, Subsidiaries and Associate Companies in our Company

For details, see “Related Party Transactions” in chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus. Except as disclosed in this Draft Red Herring Prospectus, none of our Group Companies and associate companies has any business interest in our Company.

Defunct Companies

None of the Group Companies has become defunct and has made an application to the RoC for striking off their name in the five years preceding the date of filing of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of our Company, in their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements contractual restrictions and overall financial position of our Company. The dividend and dividend tax paid by our Company during the last three Fiscals are presented below:

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Face value of equity shares (in ₹ Per equity share)	10	10	10
Dividend (in ₹ Million)	208.00	130.00	52.00
Dividend per equity share (₹)	40	25	10
Dividend Rate (%)	400	250	100
Dividend Tax (in ₹ Million)	34.75	22.10	8.84

For the current Fiscal, our Company has declared an interim dividend of ₹ 20 per equity share of face value ₹ 10 each.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditors' Report on Restated Standalone Financial Statements:

To,

The Board of Directors,
Powerica Limited

Dear Sirs,

Re: Public Issue of Equity Shares of Powerica Limited

- 1) We have examined the attached standalone financial information of Powerica Limited, as approved by the Board of Directors of the Company, prepared in terms of the requirements of 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 as amended (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated October 28, 2010 in connection with proposed issue of Equity shares of the Company.
- 2) These information have been prepared by the management from the financial statements for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010.
- 3) We have also examined the financial information of the Company for the period 1st April, 2010 to 30th September, 2010 prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company mentioned in paragraph (1) above (the broken period ending not before six months from the date of prospectus).

The standalone financial information for the above period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the standalone financial information appropriately.

- 4) In accordance with requirements of paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:
 - a) The Standalone Restated Statement of Assets and Liabilities of the Company, as at 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and as at 30th September, 2010 are examined by us, as set out in Annexure 1 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on Adjustments for Standalone Financial Statements and Significant Accounting Policies. (Refer Annexure 4 and 5 respectively).
 - b) The Standalone Restated Statement of Profit or Loss of the Company for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and for the period ended 30th September, 2010 are examined by us, as set out in Annexure 2 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on Adjustments for Standalone Financial Statements and Significant Accounting Policies. (Refer Annexure 4 and 5 respectively).

- c) The Standalone Restated Statement of Cash Flow, as restated for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and for the period ended 30th September, 2010 are examined by us, as set out in Annexure 3 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on Adjustments for Standalone Financial Statements and Significant Accounting Policies. (Refer Annexure 4 and 5 respectively).
- d) Based on the above, we are of the opinion that the restated financial information have been made after incorporating:
- i. Adjustments for changes in accounting policies retrospectively in respective financial year/period to reflect the same accounting treatment as per changed accounting policy for all the reporting year/period.
 - ii. Adjustments for material amounts in the respective financial years to which they relate.
 - iii. And there are no extra-ordinary items that need to be disclosed separately in the accounts requiring adjustments and qualifications in the Auditors Report that require adjustments.
- 5) We have also examined the following other financial information set out in Annexure prepared by the management and approved by the Board or Directors relating to the company for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and for the period ended 30th September, 2010.

Details of other financial information	Annexure reference
Statement of Share Capital	7
Statement of Reserves and Surplus	8
Statement of Secured Loans	9
Details of Secured Loans Outstanding	9A
Statement of Fixed Assets	10
Statement of Capital Work in Progress	10A
Statement of Investments	11
Statement of Inventories	12
Statement of Sundry Debtors	13
Statement of Cash and Bank Balance	14
Statement of Loans & Advances	15
Statement of Current Liabilities	16
Statement of Provisions	17
Statement of Sales	18
Statement of Other Income	19
Statement of Cost of Materials	20
Statement of Personnel Expenses	21
Statement of Manufacturing and Other Expenses	22
Details of Related Party Transactions	23
Statement of Dividend paid/proposed	24
Statement of Accounting Ratios	25
Capitalisation Statement	26
Segment Reporting	27
Statement of Tax Shelters	28

In our opinion the financial information contained in Annexure 1 to 28 of this report read along with the Notes on Adjustment for Standalone Restated Financial Statements, Significant Accounting Policies and Notes to the Standalone Restated Financial Statements as given in Annexure 4, 5 and 6 respectively prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with paragraph B of part II of Schedule II of the Act and the SEBI Guidelines.

- 6) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

For Kapoor & Parekh Associates
(ICAI FRN 104803 W)
Chartered Accountants

N. M. Parekh
M. No. 33528
Partner

Place: Mumbai
Date: February 10, 2011

Annexure 1:
Standalone Statement of Assets And Liabilities, As Restated
(₹ in million)

	Particulars	Ann. No.	As at 30th September,	As at 31st March,				
			2010	2010	2009	2008	2007	2006
A	Fixed Assets							
	Gross Block	10	5,004.74	3,512.50	1,408.69	1,022.09	660.04	451.77
	Less : Accumulated Depreciation		799.78	583.84	369.43	262.79	188.26	143.72
	Net Block		4,204.96	2,928.66	1,039.26	759.30	471.78	308.05
	Capital Work in Progress		70.69	56.47	76.87	228.09	86.94	42.19
	Subtotal		4,275.65	2,985.13	1,116.13	987.39	558.72	350.24
B	Investments	11	2,564.62	3,302.08	3,317.75	2,840.04	677.12	270.97
C	Current Assets, Loans and Advances							
	Inventories	12	1,099.39	537.63	867.33	782.38	799.54	434.70
	Sundry Debtors	13	1,119.11	1,033.56	1,140.83	1,119.30	819.50	666.98
	Cash and Bank Balances	14	229.14	127.37	205.44	206.04	258.88	239.59
	Loans and Advances	15	692.36	651.73	420.41	581.98	440.19	242.32
	Subtotal		3,140.00	2,350.29	2,634.01	2,689.70	2,318.11	1,583.59
D	Total (D = A + B + C)		9,980.27	8,637.50	7,067.89	6,517.13	3,553.95	2,204.80
E	Liabilities and Provisions							
	Secured Loans	9	556.65	-	-	-	-	-
	Deferred Tax Liability		607.95	428.89	61.65	23.15	12.94	2.00
	Current Liabilities	16	2,158.24	2,027.51	1,706.92	1,962.69	1,516.74	980.40
	Provisions	17	53.39	195.72	127.16	82.80	39.06	19.61
	Total		3,376.23	2,652.12	1,895.73	2,068.64	1,568.74	1,002.01
	Net Worth (D - E)		6,604.04	5,985.38	5,172.16	4,448.49	1,985.21	1,202.79
	Net Worth represented by							
	Share Capital	7	52.00	52.00	52.00	52.00	47.42	30.79
	Reserves and Surplus	8						
	Capital Reserve		1.39	1.39	1.39	1.39	1.39	1.39
	Capital Redemption Reserve		5.02	5.02	5.02	5.02	5.02	5.02
	Securities Premium		1,474.75	1,474.75	1,474.75	1,474.75	-	-
	General Reserve		677.39	677.39	572.05	484.73	382.58	282.58
	Profit and Loss Account		4,393.49	3,774.83	3,066.95	2,430.60	1,548.80	883.01
	Subtotal		6,552.04	5,933.38	5,120.16	4,396.49	1,937.79	1,172.00
	Net Worth		6,604.04	5,985.38	5,172.16	4,448.49	1,985.21	1,202.79

The above statement should be read in conjunction with the Notes on Adjustments for Restated Standalone Financial Statements

Significant Accounting Policies and Notes to Restated Standalone Financial Statements (as appearing in Annexure 4,5 and 6 respectively).

Annexure 2:

Standalone Statement of Profit & Loss Account, As Restated

(₹ in million)

	Particulars	Ann. No.	For the Period Ended 30th September,	For the Year Ended 31st March,				
			2010	2010	2009	2008	2007	2006
A	Income							
	Sales & Services - Gross	18	5,663.07	8,783.11	10,024.34	9,013.51	7,111.68	5,132.63
	Less : Excise Duty & Service Tax		432.96	564.82	882.59	920.06	735.68	543.33
	Sales & Services - Net		5,230.11	8,218.29	9,141.75	8,093.45	6,376.00	4,589.30
	Other Income	19	105.26	433.10	227.45	135.89	84.38	46.22
	Subtotal		5,335.37	8,651.39	9,369.20	8,229.34	6,460.38	4,635.52
B	Expenditure							
	Cost of Materials	20	3,694.13	5,860.78	6,735.52	5,688.38	4,476.58	3,472.97
	Personnel Expenses	21	249.43	356.95	359.82	309.93	236.72	209.20
	Manufacturing and Other Expenses	22	372.71	775.60	913.50	869.77	634.19	375.55
	Depreciation and Amortisation		220.78	233.73	133.10	78.49	50.22	35.78
	Subtotal		4,537.05	7,227.06	8,141.94	6,946.57	5,397.71	4,093.50
C	Net Profit before tax as per audited financial statements		798.32	1,424.33	1,227.26	1,282.77	1,062.67	542.02
	Less : Provision for Taxation							
	- Current Tax		147.73	211.26	305.00	215.00	205.00	110.00
	- MAT Credit Entitlement		(147.73)	(211.26)	-	-	-	-
	- Deferred Tax		179.06	367.24	38.49	11.50	10.94	(0.26)
	- Fringe Benefit Tax		-	-	7.61	8.17	7.03	4.96
	- Wealth Tax		0.60	1.10	0.65	0.60	0.45	0.20
	Income Tax for Earlier Year Written Off (Back)		-	2.51	2.35	1.00	(4.54)	5.70
	Net Profit after tax, as per audited financial statements		618.66	1,053.48	873.16	1,046.50	843.79	421.42
	Adjustment made on account of Restatement		-	2.51	2.62	0.79	(7.77)	3.14
	Net Profit after tax, as restated		618.66	1,055.99	875.78	1,047.29	836.02	424.56
	Balance brought forward from previous year, as restated		3,774.83	3,066.95	2,430.60	1,548.80	883.01	533.97

	Particulars	Ann. No.	For the Period Ended 30th September,	For the Year Ended 31st March,				
			2010	2010	2009	2008	2007	2006
	Amount Available for Appropriation		4,393.49	4,122.94	3,306.38	2,596.09	1,719.03	958.53
	Appropriations:							
	Proposed Final Dividend		-	-	-	-	-	11.19
	Interim Dividend		-	208.02	130.01	52.00	61.59	11.19
	Tax on Interim Dividend		-	34.74	22.10	8.84	8.64	3.14
	Transferred to General Reserve		-	105.35	87.32	104.65	100.00	50.00
	Balance carried to Balance Sheet, as restated		4,393.49	3,774.83	3,066.95	2,430.60	1,548.80	883.01

The above statement should be read in conjunction with the Notes on Adjustments for Restated Standalone Financial Statements,

Significant Accounting Policies and Notes to Restated Standalone Financial Statements (as appearing in Annexure 4,5 and 6 respectively).

Annexure 3:

Standalone Statement of Cash Flow, as Restated

(₹ in million)

	Particulars	As at 30th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
A	Cash flows from Operating Activities						
	Net Profit before Tax as per audited financial						
	Statements	798.32	1,424.32	1,227.26	1,282.77	1,062.67	542.02
	Adjustments	-	-	0.03	(0.02)	0.01	(0.01)
	Net Profit before Tax, as restated	798.32	1,424.32	1,227.29	1,282.75	1,062.68	542.01
	Adjustments for:						
	Depreciation	220.78	233.73	133.07	78.51	50.21	35.78
	Assets Discarded	-	5.98	-	-	-	-
	(Profit) Loss on sale of Assets	(0.19)	0.20	0.19	(2.89)	(2.43)	(1.25)
	(Profit) Loss on sale of Long Term Investments	-	(8.98)	(37.07)	(28.36)	(9.91)	(2.06)
	(Profit) Loss on sale of Current Investments	49.92	(121.49)	(7.46)	(12.23)	(13.90)	(13.04)
	Dividend recd from Long Term Investments	-	-	(3.10)	(27.54)	(12.90)	(2.38)
	Dividend recd from Current Investments	(10.66)	(116.85)	(151.41)	(22.70)	(12.35)	(5.17)
	Investments Written off	-	0.08	0.03	-	-	-
	Bad Debts Written Off (Back)	(18.34)	33.33	59.67	(3.94)	31.52	30.59
	Provision for Doubtful Debts	3.57	-	-	-	-	-
	Provision for Derivative Loss	11.59	-	-	-	-	-
	Provision for Diminution in value of Current Investments	-	62.83	130.15	-	4.34	-
	Provision for Diminution in value of Current Investments written back	(62.83)	(130.15)	-	(4.34)	-	-
	Right Issue Expenses	-	-	-	-	0.02	-
	Employee Benefit as on 01.04.2007 adjusted against General Reserve	-	-	-	(3.79)	-	-
	Interest Received	(8.65)	(19.26)	(13.71)	(19.02)	(14.71)	(9.69)
	Operating Profit before Working Capital Changes	983.51	1,363.74	1,337.65	1,236.45	1,082.57	574.79
	Adjustments for:						
	Trade & Other Receivables	(5.29)	120.71	60.43	(417.05)	(379.62)	(227.22)
	Inventories	(561.76)	329.70	(84.95)	17.16	(364.83)	(70.31)
	Trade Payables	158.73	303.35	(246.69)	461.77	537.09	113.74
	Cash Generated from Operations.	577.19	2,117.50	1,066.44	1,298.33	875.21	391.03
	Interest Received	9.48	24.09	12.91	19.15	12.42	9.54
	Direct Taxes (Paid) Refund (Net)	(107.56)	(288.87)	(287.66)	(277.43)	(184.35)	(117.06)
	Net Cash from Operating Activities	477.11	1,852.72	791.69	1,040.05	703.28	283.51

	Particulars	As at 30th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
B	Cash flows from Investing Activities						
	(Purchase) Sale of Fixed Assets	(1,511.10)	(2,108.91)	(261.75)	(504.48)	(256.17)	(124.58)
	(Purchase) Sale of Investments	750.37	213.38	(587.08)	(2,117.99)	(386.69)	2.17
	Investment in Subsidiary	-	-	23.71	-	-	-
	Dividend from Investments	10.66	116.85	154.51	50.24	25.25	7.55
	Net Cash from Investing Activities	(750.07)	(1,778.68)	(670.61)	(2,572.23)	(617.61)	(114.86)
C	Cash flows from Financing Activities						
	Proceeds from Issue of Equity Shares, including premium	-	-	-	1,479.34	16.62	8.42
	Increase (Decrease) in Borrowings	556.65	-	-	-	-	(93.30)
	Dividend & Tax on Dividend	(181.92)	(152.11)	(121.68)	-	(82.98)	(25.51)
	Right Issue Expenses	-	-	-	-	(0.02)	-
	Net Cash from Financing Activities	374.73	(152.11)	(121.68)	1,479.34	(66.38)	(110.39)
	Net Increase (Decrease) in Cash & Cash Equivalents	101.77	(78.07)	(0.60)	(52.84)	19.29	58.26
	Cash and Cash Equivalents as at the beginning of the year	127.37	205.44	206.04	258.88	239.59	181.33
	Cash and Cash Equivalents as at the end of the year	229.14	127.37	205.44	206.04	258.88	239.59

- 1) The above statement should be read in conjunction with the Notes on Adjustments for Restated Standalone Financial Statements, Significant Accounting Policies and Notes to Restated Standalone Financial Statements (as appearing in Annexure 4,5 and 6 respectively).
- 2) The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 "Cash Flow Statements".
- 3) Figures in brackets indicates Outflow.

Annexure 4:**Notes on Adjustments for Restated Standalone Financial Statements****Note 1: Adjustments**

Following adjustments have been made in the Standalone Statement of Assets & Liabilities, Standalone Statement of Profit and Losses and Standalone Statement of Cash Flows as under:

(₹ in million)

Particulars	Period Ended 30 th September,	Year Ended 31 st March,				
		2010	2009	2008	2007	2006
Net Profit After Tax, as per Audited Financial Statements (A)	618.66	1,053.48	873.16	1,046.50	843.79	421.42
I) Prior Period Items (Refer Note (a) below)						
Depreciation	-	-	0.28	(0.21)	0.11	(0.05)
II) Income Tax – Excess (Short) Provision (Refer Note (b) below)	-	2.51	2.34	1.00	(7.88)	3.19
Total of Adjustments (B)	-	2.51	2.62	0.79	(7.77)	3.14
Net Profit After Tax, as restated (A+B)	618.66	1,055.99	875.78	1,047.29	836.02	424.56

Note:**(a) Prior Period Items:**

Adjustments are made in the respective years to which it pertains.

(b) Income Tax – Excess (Short) Provision:

Adjustments are made in the respective years in respect of short/excess provision for Income-tax on the basis of income tax assessments completed for the respective years.

Note 2: Non- Adjustment**Gratuity:**

From the year ended 31st March, 2008, the Company had accounted for its gratuity liability based on an actuarial valuation determined by the actuary on the Project Unit Credit Method consequent to adoption of Accounting Standard 15 on “Employee Benefits” (Revised 2005). However necessary adjustments and disclosures for the prior periods have not been made due to non availability of relevant data for those periods.

Note 3: Balance in Profit & Loss Account as at 1st April, 2005, as Restated:

Due to the accounting of prior period items, the balance in Profit & Loss account as at 1st April, 2005 have been restated as per the following details:

(₹ in million)

Particulars	Amount
Balance in Profit and Loss Account as at 1st April, 2005, as per audited financial statements	535.25
Increase (Decrease) in the accumulated profit as at 1st April, 2005 as a result of:	
Depreciation	(0.13)
Short Income Tax Provision	(1.15)
Balance in Profit and Loss account as at 1st April, 2005 as restated	533.97

The above information should be read in conjunction with the Significant Accounting Policies and Notes to the Restated Standalone Financial Statements (as appearing in Annexure 5 and 6 respectively).

Note 4: Material Adjustments

Appropriate adjustments have been made in the restated standalone financial statements, wherever required, by a reclassification of the corresponding items of assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the period ended 30th September, 2010.

Note 5: Auditors Qualification

There were no audit qualifications during any of the years, which required any corrective adjustments in the financial information.

The audit qualifications which do not require any corrective adjustments in the restated financial statements are as under:

a) For the year ended 31st March 2010

i. CARO :- Clause i (a)

The Company is in process of compiling records showing full particulars, including quantitative details and situation of fixed assets.

ii. CARO :- Clause ix (a)

Except in few cases where there have been delays, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.

b) For the year ended 31st March 2009

i. CARO :- Clause i (a)

The Company is in process of compiling records showing full particulars, including quantitative details and situation of fixed assets.

ii. CARO :- Clause vii

According to the information and explanations given to us, we are of the opinion that internal audit system needs to be strengthened in respect of manufacturing units at Silvassa and Taloja to commensurate with the size of the Company and nature of its business.

iii. CARO :- Clause ix (a)

Except in few cases where there have been delays, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.

c) **For the year ended 31st March 2008**

i. **CARO :- Clause i (a)**

The Company is in process of compiling records showing full particulars, including quantitative details and situation of fixed assets.

ii. **CARO :- Clause vii**

According to the information and explanations given to us, we are of the opinion that internal audit system needs to be strengthened in respect of manufacturing units at Silvassa and Taloja to commensurate with the size of the Company and nature of its business.

iii. **CARO :- Clause ix (a)**

Except in few cases where there have been delays, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year. Except Sales Tax amounting to ₹ 0.55 Lacs there were no undisputed amounts payable in respect of aforesaid dues were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable.

d) **For the year ended 31st March 2007**

i. **CARO :- Clause vii**

According to the information and explanations given to us, we are of the opinion that internal audit system needs to be strengthened to commensurate with the size of the Company and nature of its business.

ii. **CARO :- Clause ix (a)**

Except in few cases where there have been delays, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.

e) **For the year ended 31st March 2006**

i. **CARO :- Clause ix (a)**

Except in few cases where there have been delays, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.

Annexure 5:

Significant Accounting Policies for Restated Standalone Financial Statements

1. Basis of preparation of Financial Statements:

The Restated Standalone Financial Statement of Assets and Liabilities of the Company as at 31st March, 2006, 2007, 2008, 2009, 2010 and 30th September, 2010 and the Restated Standalone Financial Statement of Profits and Losses, as restated and Restated Standalone Financial Statement of Cash Flows, as restated for the year ended 31st March, 2006, 2007, 2008, 2009, 2010 and period ended 30th September, 2010 (collectively, the “Restated Standalone Financial Statements”) and Other Standalone Financial Information have been extracted by the Management from the Audited Standalone Financial Statements of the Company for the year ended 31st March, 2006, 2007, 2008, 2009, 2010 and period ended 30th September, 2010.

These Restated Standalone Financial Statements have been prepared for the proposed Public Offer (referred to as the “Offer”), in accordance with the requirements of:

- a) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (‘the Act’); and
- b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India (“SEBI”), as amended from time to time, (the “SEBI Regulations”);

Other Standalone Financial Information has been prepared in accordance with the SEBI Regulation.

Restated Standalone Financial Statements and Other Standalone Financial Information have been made, after incorporating:

- a) The impact arising on account of changes in accounting policies adopted by the Company as at and for the period ended 30th September, 2010 applied with retrospective effect in the Restated Standalone Financial Statements;
- b) Adjustments for the material amounts in the respective financial years to which they relate;

The Restated Standalone Financial Statements have been prepared to comply in all material aspects with the notified Accounting Standards issued by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. These Restated Standalone Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies followed by the Group as at and for the period ended 30th September, 2010 are as stated herein after.

2. Use of Estimates:

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumptions to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the period in which results are known / materialized.

3. Investments:

Long-term investments are stated at cost of acquisition less permanent fall in its realisable value, which is provided for. Current Investments are valued at lower of cost and fair market value. Cost for overseas investment comprises the Indian rupee value of the consideration paid for the instrument translated at the exchange rate prevalent on the date of investment.

4. Fixed Assets:

Fixed assets are stated at historical cost of acquisition or construction less accumulated depreciation. Subsequent expenditure, which substantially enhances the previously assessed standard of performance of assets, is added to carrying value of fixed assets.

5. Inventories:

Raw Materials are valued at lower of cost or estimated net realisable value. Cost for this purpose includes basic cost of material and all identifiable direct cost.

Finished Goods are valued at lower of cost or estimated realisable value. Cost for this purpose comprises of Raw Material cost and proportionate overheads allocated on the assumption of normal operating capacity

6. Asset Impairment:

Carrying amounts of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. Impairment loss will be recognized when the carrying amount of an asset exceeds its estimated recoverable amount. In assessing the recoverable amount, estimated future cash flows are discounted to represent the present value.

7. Revenue Recognition:

Revenue on sale and services is recognized when risk and rewards of ownership of products are passed on to customers, which is generally on dispatch of goods or when services are provided. Gross Sales and Services are inclusive of excise duty & service tax.

Revenue from Fixed Price Contracts, where there is no uncertainty as to measurement or collectability of consideration is recognized based upon the percentage of completion. Percentage of Completion is determined as a proportion of milestone achieved to total estimated contract cost.

Revenue from Power Supply is accounted for on the basis of billings to customers and includes unbilled revenues accrued upto the end of the accounting year/period.

Interest income is recognized using a time proportion method, based on rates implicit in the transaction. Dividend income is recognized when the company's right to receive dividend is established.

8. Depreciation:

Tools & Jigs are depreciated over estimated useful life as per management perception. Premium on leasehold land is amortized over the period of lease. Depreciation on other tangible fixed assets is provided on written down value basis at rates prescribed in Schedule XIV of the Companies Act, 1956.

Assets given on lease are depreciated over the primary period of lease.

Software is amortised over its estimated useful life.

9. Employee Benefits:

Short Term Employee Benefits:

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

Post Employment Benefits:

Company's contribution for the period paid / payable to defined contribution retirement benefit schemes

are charged to Profit and Loss Account. Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the balance sheet date.

10. Foreign Currency Transaction:

Transactions in foreign currencies are accounted at exchange rates prevailing on the date of transaction. Current Assets and Current Liabilities are restated at prevailing rates of exchange at Balance Sheet date. The exchange difference between rate prevailing on the date of transaction and the date of settlement as also on restatement of Current Assets & Current Liabilities at end of the year, has been recognized as income or expense, as the case may be.

11. Taxation:

Provision current tax is provided on taxable income using applicable tax rates and tax laws. Deferred Tax for timing differences between the book and tax profits for the year is accounted for using tax rates and laws that have been enacted or substantively enacted as of Balance Sheet date. MAT Credit Entitlement as per the provisions of Income Tax Act, 1961 is treated as assets by credit to the Profit & Loss Account.

12. Lease:

Assets given under operational lease are capitalised in the books of the Company. Lease income is recognised over the period of lease so as to yield a constant rate of return on net investment, in accordance with the lease agreement.

Initial direct costs relating to the assets given on lease are charged to Profit & Loss Account.

13. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

Annexure 6:**Notes to Accounts for Restated Standalone Financial Statements****1. Contingent Liabilities:**

	(₹ in million)					
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
a) Advance/Performance Bank Guarantee given to customers	415.87	425.51	352.70	382.92	504.41	320.47
b) Stamp duty demands disputed pending in appeal	5.85	5.85	5.85	1.43	1.43	1.43
c) Bank Letter of Credit outstanding at the year end/period.	55.03	13.70	16.81	Nil	Nil	Nil
d) Estimated amount of contracts remaining to be executed on capital amount and not provided for, net of advance.	22.52	17.07	38.92	79.92	27.60	30.06
e) Sales Tax demanded by department, Contested by company in appeal.	9.05	9.05	3.62	3.62	2.41	Nil
Amount paid there against and shown as Advances recoverable.	0.60	0.60	0.60	0.60	Nil	Nil
f) Service Tax demanded by department contested by company in appeal.	0.26	3.83	3.83	Nil	Nil	Nil
Amount paid there against and shown as Advances recoverable.	Nil	3.57	3.57	Nil	Nil	Nil
g) Excise Duty demanded by department contested by company in appeal.	0.93	0.93	0.80	0.37	0.37	0.14
Amount paid there against and shown as Advances recoverable.	Nil	Nil	0.26	0.26	Nil	Nil
h) Guarantees given on behalf of Subsidiary Company.	Nil	Nil	Nil	17.61	19.25	Nil
Amount outstanding against above	Nil	Nil	Nil	₹ 3,123	0.37	Nil
i) Custom Duty	0.10	2.80	Nil	Nil	Nil	Nil

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
demand disputed, contested in appeal.						
Amount paid there against and shown as Advances Recoverable	Nil	Nil	Nil	Nil	Nil	Nil
j) Disputed Labour Matters	Nil	0.48	Nil	Nil	Nil	Nil
k) Claims against the Company not acknowledged as debt	1.62	1.50	1.29	Nil	Nil	Nil

2. As per the information available with the company, the following are the details of dues to the creditors who have confirmed their registration under the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act):

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
a) Principal amount remaining unpaid	13.12	11.60	1.05	1.83	Nil	Nil
b) Interest due thereon	Nil	Nil	Nil	Nil	Nil	Nil
c) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil	Nil	Nil	Nil
d) Interest due and payable for the period of delay in making payment.	Nil	Nil	Nil	Nil	Nil	Nil
e) Interest accrued and remaining unpaid	Nil	Nil	Nil	Nil	Nil	Nil
f) Amount of interest due and payable on previous year's outstanding amount.	Nil	Nil	Nil	Nil	Nil	Nil

3. a) Profit under section 349 of Companies Act, 1956:

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Profit before Taxation	798.32	1,424.33	1,227.26	1,282.77	1,062.67	542.02
Add – Depreciation Charged in accounts	220.78	233.73	133.10	78.49	50.22	35.78
Managerial Remuneration	37.00	65.73	47.44	39.87	88.05	58.03
Directors Sitting Fees	0.12	0.32	0.19	Nil	Nil	Nil
	1,056.22	1,724.11	1,407.99	1,401.13	1,200.94	635.83
Less – Depreciation as per section 350 of the Companies Act, 1956	220.78	233.73	133.10	78.49	50.22	35.78

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Profit (Loss) on sale of Fixed Assets	0.19	(6.19)	(0.19)	2.13	2.43	1.25
Profit (Loss) on sale of Investments	(49.92)	130.47	44.53	40.58	23.81	15.10
Net Profit as per Section 198 of the Companies Act, 1956	885.17	1,366.10	1,230.55	1,279.93	1,124.48	583.70
Maximum Commission @ 1% above	88.52	13.66	12.31	12.79	11.24	5.84
Commission to Managing Director	Nil	Nil	Nil	Nil	0.40	0.40

b) Managerial Remuneration under section 198 of the Companies Act, 1956:

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Salaries	30.70	58.00	40.00	35.14	83.14	52.20
Perquisites	2.86	3.25	2.96	2.05	1.98	3.00
Commission	Nil	Nil	Nil	Nil	0.40	0.40
Contribution to Provident Fund	1.91	2.59	2.59	1.64	1.58	1.53
Superannuation Fund	1.53	1.89	1.89	1.04	0.95	0.90
Total	37.00	65.73	47.44	39.87	88.05	58.03

4. Deferred Taxes:

The deferred tax assets / (liabilities) arising out of timing differences comprise of the following components:

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Fixed Assets	(639.02)	(534.52)	(78.67)	(33.36)	(13.97)	(2.77)
Equity Shares Issue Expenses	Nil	Nil	Nil	Nil	0.01	Nil
Leave Encashment	5.50	4.57	4.79	4.40	1.02	0.76
Gratuity	8.38	0.12	5.76	3.06	Nil	Nil
Disallowance under the Income Tax Act, 1961	9.12	5.94	6.47	2.75	Nil	0.01
Unabsorbed Depreciation	6.88	73.65	Nil	Nil	Nil	Nil
Provision for Doubtful Debts	1.19	Nil	Nil	Nil	Nil	Nil
Diminution in the value of Current Investments	Nil	21.35	Nil	Nil	Nil	Nil
Deferred Tax Assets (Liabilities) - Net	(607.95)	(428.89)	(61.65)	(23.15)	(12.94)	(2.00)

5. Employee Benefits

a) Defined Contribution Plans:

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers eligible workers. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the pension fund is made only by the Company. The contributions are normally based on a certain portion of the employee's salary.

The Company has recognised the following amounts

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Provident Fund and Employee's Pension Scheme	11.45	18.30	18.46	13.39	-	-
Employees State Insurance	1.34	1.95	1.90	2.02	-	-
Super Annuation Fund	2.00	4.01	3.74	3.07	-	-
TOTAL	14.79	24.26	24.10	18.48	-	-

b) Defined Benefit Plans

Gratuity:

The Company makes annual contributions to the Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of the LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

- i) On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.

- ii) On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

c) Disclosures for defined benefit plans based on actuarial reports.

(₹ in million)							
		As At 30 th September,	Gratuity (Funded Plan) As At 31 st March,				
		2010	2010	2009	2008	2007	2006
i)	Changes in Defined Benefit Obligation						
	Opening defined benefit obligation	40.15	45.44	35.06	26.06	-	-
	Current service cost	2.23	4.21	4.97	4.09	-	-
	Interest cost	1.65	3.75	2.63	2.15	-	-
	Actuarial loss / (gain)	21.49	(10.81)	4.19	3.62	-	-

		As At 30 th September,	Gratuity (Funded Plan) As At 31 st March,				
		2010	2010	2009	2008	2007	2006
	Liabilities settled on sale of business	Nil	Nil	Nil	Nil	-	-
	Benefit (paid)	(28.21)	(2.44)	1.40	0.78	-	-
	Closing defined benefit obligation	37.31	40.15	45.44	35.06	-	-
ii)	Changes in Fair Value of Assets						
	Opening fair value of plan assets	39.81	28.48	26.06	22.27	-	-
	Expected return on plan assets	1.16	2.92	2.34	2.07	-	-
	Actuarial gain / (loss)	(0.68)	0.41	0.14	0.34	-	-
	Contributions of employer (30.09.2010 – ₹ 2,234)		10.44	1.35	2.16	-	-
	Assets distributed on sale of business	Nil	Nil	Nil	Nil	-	-
	Benefits (paid)	(28.21)	(2.44)	1.40	0.78	-	-
	Closing fair value of plan assets	12.08	39.81	28.48	26.06	-	-
iii)	Amount recognised in the Balance Sheet						
	Present value of the obligations as at year end (Funded+ Non Funded)	37.31	40.15	45.44	35.06	-	-
	Fair value of the plan assets as at year end	12.08	39.81	28.48	26.06	-	-
	Amount not recognised as an asset	Nil	Nil	Nil	Nil	-	-
	Net (asset) / liability recognised as on 31st March	25.23	0.34	16.96	9.00	-	-
iv)	Expenses recognised in the Profit and Loss Account						
	Current service cost	2.23	4.21	4.97	4.01	-	-
	Interest on defined benefit obligation	1.66	3.75	2.63	2.15	-	-
	Expected return on plan assets	(1.16)	(2.92)	(2.34)	(2.07)	-	-
	Net actuarial loss / (gain) recognized in the current year	22.17	(11.22)	4.05	3.28	-	-
	Effect of the limit in Para 59(b) of the revised AS 15	Nil	Nil	Nil	Nil	-	-
	Total expenses	24.90	(6.18)	9.30	7.38	-	-
v)	Asset information						
	Government of India Securities	-	-	-	-	-	-
	Corporate Bonds	-	-	-	-	-	-

		As At 30 th September,	Gratuity (Funded Plan) As At 31 st March,				
		2010	2010	2009	2008	2007	2006
	Special Deposit Scheme	-	-	-	-	-	-
	Others – Policy of Insurance	100%	100%	100%	100%	-	-
vi)	Principal actuarial assumptions used						
	Discount rate (p.a.)	8.3%	8.3%	7.5%	8.3%	-	-
	Expected rate of return on plan assets (p.a.)	9.0%	9.0%	9.0%	9.0%	-	-
	Annual increase in salary cost (p.a.)	5.5%	5.5%	5.5%	6.3%	-	-

The estimate of future increase in compensation levels, considered in the actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Annexure 7:**Restated Summary Statement of Share Capital****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Authorised :						
Number of Equity Shares	20,000,000	10,000,000	10,000,000	10,000,000	5,000,000	5,000,000
Face Value (In ₹)	10	10	10	10	10	10
Total Value	200.00	100.00	100.00	100.00	50.00	50.00
Issued, Subscribed and Paid-Up :						
Number of Equity Shares	5,200,380	5,200,380	5,200,380	5,200,380	4,741,523	3,079,371
Face Value (In ₹)	10	10	10	10	10	10
Total Value	52.00	52.00	52.00	52.00	47.42	30.79

Note :- Above Includes :

- 1) 1,40,445 Equity Shares allotted for consideration other than cash.
- 2) 10,41,540 Equity Shares allotted as bonus shares by capitalisation of reserve.

Annexure 8:

Restated Summary Statement of Reserves and Surplus

(₹ in million)

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Capital Reserve						
As per last Balance Sheet	1.39	1.39	1.39	1.39	1.39	1.39
Capital Redemption Reserve						
As per last Balance Sheet	5.02	5.02	5.02	5.02	5.02	5.02
Securities Premium Account						
As per last Balance Sheet	1,474.75	1,474.75	1,474.75	-	-	-
Add : Received on Preferential Allotment	-	-	-	1,495.41	-	-
Less : Utilised for meeting the Share Issue						
Expenses	-	-	-	20.66	-	-
Closing Balance	1,474.75	1,474.75	1,474.75	1,474.75	-	-
General Reserve						
As per last Balance Sheet	677.39	572.05	484.73	382.58	282.58	232.58
Add : Transferred from Profit & Loss Account	-	105.34	87.32	104.65	100.00	50.00
Less : Transitional Liability on Account of AS-15 (Revised)	-	-	-	2.50	-	-
Closing Balance	677.39	677.39	572.05	484.73	382.58	282.58
Profit and Loss Account	4,393.49	3,774.83	3,066.95	2,430.60	1,548.80	883.01
	6,552.04	5,933.38	5,120.16	4,396.49	1,937.79	1,172.00

Annexure 9:**Restated Summary Statement of Secured Loans****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Term Loan from Bank – Foreign Currency	456.00	-	-	-	-	-
Working Capital Loans from Banks						
- Foreign Currency Loan	68.45	-	-	-	-	-
- Rupee Loan	32.20	-	-	-	-	-
	556.65	-	-	-	-	-

Annexure 9A

Details of Outstanding Secured Loan as on 30th September, 2010

(₹ in million)					
Sr. No.	Nature of Loan and Name of Lender	Sanctioned Amount	Balance Outstanding as on 30.09.2010	Rate of Interest per annum as on 30.09.2010	Repayment Schedule
1	Foreign Currency Term Loan – Standard Chartered Bank	USD 10 million	456.00	LIBOR plus 2.25 %	Bullet repayment at the end of 3 years from date of disbursement.
2	Foreign Currency Working Capital Loan - Standard Chartered Bank	USD 2 million	68.45	LIBOR plus 2.00 %	6 months from the date of availment
3	Rupee Working Capital Loan - BNP Paribas	574.00	32.20	9.00 %	Repayment happens as and when bank balance is adequate

Notes:

Security Clause

- A) Foreign Currency Term Loan from Standard Chartered Bank: The term loan is to be secured against:
- 1) Hypothecation by way of first exclusive charge on a) all present and future movable properties of the borrower comprising the 6 Windmills presently installed at Village Vandhiya (Lakhapur), Kutch District, Gujarat State and b) all present and future movable properties of the borrower comprising the 5 Windmills presently installed at Village Vandhiya, Kutch District, Gujarat State.
 - 2) Charge/lien on mutual funds / fixed maturity plans / NABARD Bond aggregating to ₹ 399.90 million.
- B) Working Capital Loans from Banks are secured by hypothecation of all movable assets, stocks and book debts of the Company.

Annexure 10:

Restated Summary Statement of Fixed Assets

Statement of Fixed Assets as at 30th September, 2010

(₹ in million)

Gross Block					Depreciation / Amortisation				Net Block	
Description	As At 01.04.2010	Additions	Deduction / Adjustments	As At 30.09.2010	Upto 01.04.2010	For the Year	Deduction / Adjustments	Upto 30.09.2010	As At 30.09.2010	As At 31.03.2010
<u>Owned Tangibles</u>										
Freehold Land	112.18	76.09	-	188.27	-	-	-	-	188.27	112.18
Leasehold Land	7.11	-	-	7.11	0.50	0.05	-	0.55	6.56	6.62
Buildings	643.74	765.31	-	1,409.05	148.38	22.88	-	171.26	1,237.79	495.35
Plant & Machinery	182.52	13.17	0.14	195.55	83.66	10.45	0.09	94.02	101.53	98.85
Wind Mill	2,148.33	599.64	-	2,747.97	159.08	157.26	-	316.34	2,431.63	1,989.26
Office Equipments	36.60	1.06	-	37.65	18.51	1.32	-	19.83	17.82	18.09
Furniture & Fixture	69.65	3.38	-	73.03	41.33	2.76	-	44.09	28.94	28.32
Computers	25.17	4.96	-	30.13	18.01	2.07	-	20.08	10.05	7.16
Vehicles	128.42	17.70	6.62	139.50	75.86	8.02	4.74	79.14	60.36	52.56
<u>Owned Intangibles</u>										
Software	4.76	5.15	-	9.91	3.20	1.02	-	4.22	5.70	1.56
<u>Leased Assets</u>										
Plant & Machinery	154.02	12.55	-	166.57	35.31	14.95	-	50.25	116.31	118.71
Total	3,512.50	1,499.00	6.76	5,004.74	583.84	220.78	4.83	799.78	4,204.96	2,928.66
Capital Work in Progress (including Advance for Capital Expenses)									70.69	56.47
									4,275.65	2,985.13

Statement of Fixed Assets as at 31st March, 2010

(₹ in million)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As At	Additions	Deduction /	As At	Upto	For the	Deduction /	Upto	As At	As At
	01.04.2009		Adjustments	31.03.2010	01.04.2009	Year	Adjustments	31.03.2010	31.03.2010	31.03.2009
<u>Owned Tangibles</u>										
Freehold Land	108.55	3.62	-	112.18	-	-	-	-	112.18	108.55
Leasehold Land	5.87	1.24	-	7.11	0.42	0.08	-	0.50	6.62	5.45
Buildings	540.81	108.90	5.97	643.74	107.20	42.77	1.60	148.38	495.35	433.61
Plant & Machinery	163.97	26.24	7.69	182.52	67.41	20.53	4.27	83.66	98.85	96.57
Wind Mill	240.00	1,908.33	-	2,148.33	36.48	122.60	-	159.08	1,989.26	203.52
Office Equipments	35.47	2.72	1.60	36.60	17.01	2.77	1.27	18.51	18.09	18.45
Furniture & Fixture	74.56	0.46	5.36	69.65	38.52	6.36	3.54	41.33	28.32	36.04
Computers	22.97	2.37	0.17	25.17	14.09	4.06	0.14	18.01	7.16	8.88
Vehicles	125.30	14.25	11.13	128.42	67.76	16.11	8.01	75.86	52.56	57.54
<u>Owned Intangibles</u>										
Software	3.94	1.30	0.49	4.76	2.59	1.10	0.49	3.20	1.56	1.35
<u>Leased Assets</u>										
Plant & Machinery	87.24	66.79	-	154.02	17.95	17.36	-	35.31	118.71	69.29
Total	1,408.69	2,136.22	32.41	3,512.50	369.43	233.73	19.32	583.84	2,928.66	1,039.26
Capital Work in Progress (including Advance for Capital Expenses)									56.47	76.87
									2,985.13	1,116.13

Statement of Fixed Assets as at 31st March, 2009

(₹ in million)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As At	Additions	Deduction /	As At	Upto	For the	Deduction /	Upto	As At	As At
	01.04.2008		Adjustments	31.03.2009	01.04.2008	Year	Adjustments	31.03.2009	31.03.2009	31.03.2008
<u>Owned Tangibles</u>										
Freehold Land	108.55	-	-	108.55	-	-	-	-	108.55	108.55
Leasehold Land	5.87	-	-	5.87	0.32	0.10	-	0.42	5.45	5.55
Building	346.79	194.02	-	540.81	77.32	29.88	-	107.20	433.61	269.46
Plant & Machinery	150.65	13.33	-	163.97	45.47	21.93	-	67.41	96.57	105.18
Wind Mill	120.00	120.00	-	240.00	0.05	36.43	-	36.48	203.52	119.95
Office Equipments	32.86	2.61	-	35.47	14.23	2.78	-	17.01	18.46	18.63
Furniture & Fixture	63.83	10.72	-	74.56	32.01	6.51	-	38.52	36.04	31.82
Computers	40.41	4.02	21.46	22.97	29.60	5.95	21.46	14.09	8.88	10.81
Vehicles	114.43	17.52	6.64	125.30	54.71	17.77	4.71	67.76	57.54	59.72
<u>Owned Intangibles</u>										
Software	3.84	0.11	-	3.94	1.73	0.86	-	2.59	1.35	2.11
<u>Leased Assets</u>										
Plant & Machinery	34.86	52.38	-	87.24	7.35	10.61	-	17.95	69.29	27.51
Total	1,022.09	414.70	28.10	1,408.69	262.79	132.82	26.17	369.43	1,039.26	759.30
Capital Work in Progress (including Advance for Capital Expenses)									76.87	228.09
									1,116.13	987.39

Statement of Fixed Assets as at 31st March, 2008

(₹ in million)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As At	Additions	Deduction /	As At	Upto	For the	Deduction /	Upto	As At	As At
	01.04.2007		Adjustments	31.03.2008	01.04.2007	Year	Adjustments	31.03.2008	31.03.2008	31.03.2007
<u>Owned Tangibles</u>										
Freehold Land	21.49	87.06	-	108.55	-	-	-	-	108.55	21.49
Leasehold Land	5.22	0.65	-	5.87	0.23	0.08	-	0.32	5.55	4.98
Buildings	291.15	57.05	1.41	346.79	54.51	23.70	0.89	77.32	269.46	236.64
Plant & Machinery	103.78	46.98	0.11	150.65	25.94	19.59	0.06	45.47	105.18	77.84
Wind Mill	-	120.00	-	120.00	-	0.05	-	0.05	119.95	-
Office Equipments	23.66	9.20	-	32.86	12.02	2.21	-	14.23	18.63	11.64
Furniture & Fixture	52.59	11.24	-	63.83	26.46	5.55	-	32.01	31.82	26.13
Computers	35.39	5.03	-	40.41	24.01	5.59	-	29.60	10.81	11.38
Vehicles	89.40	30.49	5.47	114.43	41.81	16.12	3.22	54.71	59.72	47.59
<u>Owned Intangibles</u>										
Software	2.50	1.34	-	3.84	0.69	1.03	-	1.73	2.11	1.80
<u>Leased Assets</u>										
Plant & Machinery	34.86	-	-	34.86	2.58	4.77	-	7.35	27.51	32.29
Total	660.04	369.04	6.99	1,022.09	188.26	78.70	4.17	262.79	759.30	471.78
Capital Work in Progress (including Advance for Capital Expenses)									228.09	86.94
									987.39	558.72

Statement of Fixed Assets as at 31st March, 2007

(₹ in million)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As At	Additions	Deduction / Adjustments	As At	Upto	For the	Deduction / Adjustments	Upto	As At	As At
	01.04.2006			31.03.2007	01.04.2006	Year		31.03.2007	31.03.2007	31.03.2006
<u>Owned Tangibles</u>										
Freehold Land	21.96	0.22	0.69	21.49	-	-	-	-	21.49	21.96
Leasehold Land	5.22	0.59	0.59	5.22	0.18	0.05	-	0.23	4.98	5.04
Buildings	188.42	107.86	5.13	291.15	43.18	13.16	1.83	54.51	236.64	145.24
Plant & Machinery	71.39	33.25	0.86	103.78	16.51	9.53	0.10	25.94	77.84	54.88
Office Equipments	19.80	3.86	-	23.66	10.48	1.55	-	12.02	11.64	9.32
Furniture & Fixture	47.57	5.02	-	52.59	21.38	5.08	-	26.46	26.13	26.18
Computers	27.27	8.12	-	35.39	19.08	4.93	-	24.01	11.38	8.19
Vehicles	69.36	25.56	5.50	89.40	32.42	13.04	3.65	41.81	47.59	36.94
<u>Owned Intangibles</u>										
Software	0.80	1.70	-	2.50	0.50	0.19	-	0.69	1.80	0.30
<u>Leased Assets</u>										
Plant & Machinery	-	34.86	-	34.86	-	2.58	-	2.58	32.29	-
Total	451.78	221.05	12.77	660.04	143.73	50.10	5.58	188.26	471.78	308.05
Capital Work in Progress (including Advance for Capital Expenses)									86.94	42.19
									558.72	350.24

Statement of Fixed Assets as at 31st March, 2006

(₹ in million)

Gross Block					Depreciation / Amortisation				Net Block	
Description	As At 01.04.2005	Additions	Deduction / Adjustments	As At 31.03.2006	Upto 01.04.2005	For the Year	Deduction / Adjustments	Upto 31.03.2006	As At 31.03.2006	As At 31.03.2005
Owned Tangibles										
Freehold Land	9.71	12.25	-	21.96	-	-	-	-	21.96	9.71
Leasehold Land	0.89	4.33	-	5.22	0.17	0.01	-	0.18	5.04	0.72
Buildings	130.44	57.98	-	188.42	34.42	8.76	-	43.18	145.24	96.02
Plant & Machinery	41.66	29.73	-	71.39	9.90	6.61	-	16.51	54.88	31.76
Office Equipments	17.94	1.86	-	19.80	9.07	1.41	-	10.48	9.32	8.87
Furniture & Fixture	40.96	6.61	-	47.57	16.47	4.91	-	21.38	26.18	24.49
Computers	21.46	5.80	-	27.27	16.10	2.98	-	19.08	8.19	5.36
Vehicles	51.70	23.14	5.48	69.36	25.26	10.96	3.80	32.42	36.94	26.45
Owned Intangibles										
Software	0.80	-	-	0.80	0.30	0.20	-	0.50	0.30	0.50
Total	315.57	141.69	5.48	451.78	111.70	35.83	3.80	143.73	308.05	203.86
Capital Work in Progress (including Advance for Capital Expenses)									42.19	56.37
									350.24	260.23

Annexure 10A:**Restated Statement of Capital Work in Progress (Including Advance for Capital Expenses)**

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Building and Civil Works	63.43	56.47	76.87	107.47	73.96	40.84
Plant and Machinery	7.26	-	-	12.25	7.19	-
Furniture & Fixture	-	-	-	0.07	-	-
Windmill	-	-	-	108.30	-	-
Advances for Capital Expenditure	-	-	-	-	5.80	1.35
Total	70.69	56.47	76.87	228.09	86.94	42.19

Annexure 11:

Restated Summary Statement of Investments

(₹ in million)

<u>Particulars</u>	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
A. Long Term :						
i) In Government Securities (Non-Trade, Unquoted)						
National Savings Certificates	-	-	-	0.03	0.03	0.03
ii) In Subsidiary Companies (Trade, Unquoted)						
Powerica International FZE, United Arab Emirates	1.80	1.80	1.80	1.80	1.80	1.80
Quadrant Engineers Ltd.	23.71	23.71	23.71	-	-	-
iii) In Others :						
a. In Equity (Trade, Unquoted)						
National Co-operative Bank Ltd.	-	-	0.10	0.10	0.10	0.10
b. In Preference Shares (Non-Trade, Unquoted)						
K. S. Realty Constructions Private Ltd.	0.03	0.03	0.03	0.03	-	-
c. In Debentures (Non-Trade, Unquoted)						
Kotak Mahindra Prime Ltd.	-	-	10.25	10.25	10.25	-
Citicorp Finance (India) Ltd.	-	27.00	27.00	30.00	30.00	-
K. S. Realty Constructions Private Ltd.	-	-	50.50	50.50	-	-
d. In Equity (Non-Trade, Quoted)	-	-	-	-	9.15	-
e. In Mutual Fund (Non-Trade, Quoted)						
BMF Gold Bees	-	-	-	20.00	20.00	-
f. In Mutual Funds (Non-Trade, Unquoted)	-	-	-	471.44	315.10	160.00
g. In Commodities Trust						
Beneficial Interest in "The Commodities Trust" of IL&FS Trust Company Ltd.	-	-	-	-	10.00	-
Total Long Term Investments (A)	25.54	52.54	113.39	584.15	396.44	161.93
B. Current Investments :						
i) In Equity (Non-Trade, Quoted)	1.12	1.12	1.12	1.12	-	-
ii) In Bonds (Non-Trade, Quoted)						
NABARD - Bhavishya Nirman Bonds 2019	199.75	199.75	-	-	-	-
iii) In Mutual Fund (Non-Trade, Quoted)						
DWS Fixed Term Fund Series - 69 Regular - Growth	100.06	100.06	-	-	-	-
iv) In Mutual Funds (Non-Trade, Unquoted)	2,238.27	3,011.44	3,333.39	2,254.77	285.03	109.04

<u>Particulars</u>	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
	2,539.20	3,312.37	3,334.51	2,255.89	285.03	109.04
Less : Provision for Diminution in value of Current Investments	0.12	62.83	130.15	-	4.34	-
Total Current Investments (B)	2,539.08	3,249.54	3,204.36	2,255.89	280.68	109.04
Total (A+B)	2,564.62	3,302.08	3,317.75	2,840.04	677.12	270.97
Quoted Investments - Book Value	300.81	300.93	1.12	21.12	29.15	-
- Market Value	331.85	315.77	1.03	26.78	28.18	-
Unquoted Investments - Book Value	2,263.81	3,001.15	3,316.63	2,818.92	647.97	270.97

Annexure 12:**Restated Summary Statement of Inventories****(₹ in million)**

<u>Particulars</u>	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Inventories						
Raw Materials and Components	944.87	421.40	777.52	684.94	584.71	361.69
Work in Progress - Projects		-	-	-	163.39	-
Work in Progress - Others	34.72	61.88	19.51	6.60	-	0.45
Finished Goods	7.47	4.10	7.23	1.74	-	5.92
Traded Goods	112.33	50.25	63.07	89.10	51.44	66.64
	1,099.39	537.63	867.33	782.38	799.54	434.70

Annexure 13:

Restated Summary Statement of Debtors

(₹ in million)

<u>Particulars</u>	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Sundry Debtors						
<i>(Unsecured)</i>						
Debts outstanding for period exceeding Six months						
- Considered Good	139.31	160.93	305.36	179.23	134.09	92.97
- Considered Doubtful	3.57	-	-	-	-	-
	142.88	160.93	305.36	179.23	134.09	92.97
Other Debts Considered Good	979.80	872.63	835.47	940.07	685.41	574.01
	1,122.68	1,033.56	1,140.83	1,119.30	819.50	666.98
Less: Provision for Doubtful Debts	3.57	-	-	-	-	-
	1,119.11	1,033.56	1,140.83	1,119.30	819.50	666.98

Annexure 14:**Restated Summary Statement of Cash & Bank Balances****(₹ in million)**

<u>Particulars</u>	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Cash & Bank Balances						
Cash in Hand	3.30	1.98	1.31	1.97	4.12	2.60
Balance with Scheduled Banks						
In Current Accounts	213.75	107.81	186.84	189.58	117.46	68.63
In Fixed Deposits	12.09	17.58	17.29	14.28	134.06	168.36
Balance with Non - Scheduled Bank						
In Current Accounts with Emirates & Sudan Bank, Sudan		-	-	0.21	3.24	-
	229.14	127.37	205.44	206.04	258.88	239.59
Notes:						
1. Deposit receipts are under lien with bank against facilities extended.	8.76	14.26	11.12	8.50	-	-
2. Maximum balance in Current Accounts with Non-Scheduled Bank	-	-	0.21	51.86	37.38	-
Emirates & Sudan Bank, Sudan						

Annexure 15:

Restated Summary Statement of Loans & Advances

(₹ in million)

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Loans & Advances						
<i>(Unsecured, Considered Good)</i>						
Loans to Subsidiary	-	-	-	2.56	10.00	-
Loans to Others	11.87	17.14	41.58	79.67	95.05	20.00
Deposits	65.57	59.48	61.44	87.55	71.66	44.88
MAT Credit Entitlement	358.99	211.26	-	-	-	-
Advance Recoverable in Cash or						
Kind or value to be received	210.04	266.81	277.17	331.48	219.08	148.19
Taxes Paid (Net of Provision)	30.88	71.66	-	20.74	-	-
Balance with Excise & Custom						
Authorities (Including Service Tax)	15.01	25.38	40.22	59.98	44.40	29.25
	692.36	651.73	420.41	581.98	440.19	242.32
Note:						
1. Advance Recoverable in Cash or Kind or value to be received includes due from Subsidiary	-	-	-	2.28	1.71	1.96

Annexure 16:**Restated Summary Statement of Current Liabilities****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Current Liabilities						
Sundry Creditors	1,214.63	1,358.60	872.91	1,043.52	910.94	635.94
Other Liabilities	175.67	95.79	97.88	156.81	87.70	94.97
Advances from Customers	767.94	573.12	736.13	762.36	518.10	249.49
	2,158.24	2,027.51	1,706.92	1,962.69	1,516.74	980.40

Annexure 17:**Restated Summary Statement of Provisions****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Provisions						
Interim Dividend	-	156.01	78.01	52.00	-	-
Tax on Interim Dividend	-	25.91	13.26	8.84	-	-
Proposed Dividend	-	-	-	-	-	11.19
Tax on Proposed Dividend	-	-	-	-	-	1.57
For Taxation (Net of Advance)	-	-	4.85	-	32.92	1.45
For Gratuity	25.54	0.34	16.96	9.01	-	-
For Leave Encashment	16.56	13.46	14.08	12.95	6.14	5.40
For Derivative Loss	11.59	-	-	-	-	-
	53.39	195.72	127.16	82.80	39.06	19.61

Annexure 18:**Restated Summary Statement of Sales & Services - Gross****(₹ in million)**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Sales & Services - Gross						
Sale of :						
- Manufactured Goods	4,834.74	7,885.34	8,915.51	8,099.28	5,933.09	4,650.39
- Traded Goods	278.86	258.77	461.46	643.45	412.56	268.66
- Electricity	214.46	68.77	36.33	0.01	-	-
Works Contracts	123.73	265.02	334.18	112.66	655.07	76.60
Erection, Installation and Other Services						
Rendered	153.95	212.66	228.08	138.25	102.63	107.85
Income from Leasing	57.33	84.47	43.77	14.71	8.33	-
Commission	-	8.08	5.01	5.15	-	29.13
	5,663.07	8,783.11	10,024.34	9,013.51	7,111.68	5,132.63

Annexure 19:**Restated Summary Statement of Other Income****(₹ in million)**

Particulars		For the Period Ended 30th September,	For the Year Ended 31st March,				
		2010	2010	2009	2008	2007	2006
Other Income							
Income from Long Term Investments							
-Dividend	Recurring	-	-	3.10	27.54	12.90	2.38
-Profit on Sale of Investments (Net)	Recurring	-	8.98	37.07	28.35	9.91	2.06
Income from Current Non-Trade Investments							
-Dividend	Recurring	10.66	116.85	151.41	22.70	12.35	5.17
-Profit on Sale of Investments (Net)	Recurring	-	121.49	7.46	12.23	13.90	13.04
Export Incentives (30.09.2010 – ₹ 2,608)	Recurring		0.04	0.03	0.18	6.99	6.75
Interest on Bank Deposits	Recurring	0.98	3.25	4.44	5.95	9.56	9.69
Interest from Others	Recurring	7.67	16.01	9.27	13.07	5.15	-
Profit on Sale of Fixed Assets (Net)	Non-recurring	0.19	-	-	2.89	2.43	1.25
Exchange Variation Gain (Net)	Non-recurring	-	30.38	-	-	-	2.84
Diminution in the value of Current Investments written back	Non-recurring	62.71	130.15	-	-	-	-
Amounts written back (Net)	Non-recurring	18.34	-	-	3.94	-	-
Miscellaneous Income	Non-recurring	4.71	5.95	14.67	19.04	11.19	3.04
		105.26	433.10	227.45	135.89	84.38	46.22

Note: The above incomes have arisen out of normal business activities.

Annexure 20:**Restated Summary Statement of Cost of Materials****(₹ in million)**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Cost of Materials						
Raw Material & Components Consumed :						
Opening Stock	421.40	777.52	684.94	584.71	361.70	274.41
Add: Purchases of Materials and Components	3,868.91	5,230.62	6,324.31	5,511.76	4,283.18	3,359.42
	4,290.31	6,008.14	7,009.25	6,096.47	4,644.88	3,633.83
Less: Closing Stock	944.87	421.40	777.52	684.94	584.71	361.70
	3,345.44	5,586.74	6,231.73	5,411.53	4,060.17	3,272.13
Purchase of Traded Goods	298.73	134.12	312.90	172.45	90.94	158.15
Works Contract Materials Consumed	88.25	166.34	183.26	150.41	303.89	25.72
(Increase) Decrease in Stock						
Opening Stock:						
Work in Progress	61.88	19.51	6.60	-	0.45	27.29
Finished Goods	4.10	7.23	1.74	-	5.92	20.63
Traded Goods	50.25	63.07	89.10	51.43	66.64	42.06
	116.23	89.81	97.44	51.43	73.01	89.98
Closing Stock:						
Work in Progress	34.72	61.88	19.51	6.60	-	0.45
Finished Goods	7.47	4.10	7.23	1.74	-	5.92
Traded Goods	112.33	50.25	63.07	89.10	51.43	66.64
	154.52	116.23	89.81	97.44	51.43	73.01
(Increase) Decrease in Stock	(38.29)	(26.42)	7.63	(46.01)	21.58	16.97
	3,694.13	5,860.78	6,735.52	5,688.38	4,476.58	3,472.97

Annexure 21:**Restated Summary Statement of Personnel Expenses****(₹ in million)**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Personnel Expenses						
Salaries, Allowances & Bonus	195.66	317.39	303.50	263.69	200.90	176.34
Contribution to Provident Fund, Gratuity & Other Funds	38.14	14.65	31.64	23.37	19.69	15.70
Welfare Expenses	15.63	24.91	24.68	22.87	16.13	17.16
	249.43	356.95	359.82	309.93	236.72	209.20

Annexure 22:**Restated Summary Statement of Manufacturing & Other Expenses****(₹ in million)**

Particulars	For the Period Ended 30 th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Manufacturing & Other Expenses						
Manufacturing Expenses						
- Consumable Stores	54.50	165.40	136.02	107.79	64.63	40.02
- Wages	11.37	22.07	25.56	22.55	20.90	18.39
- Power & Fuel	10.00	15.43	13.91	11.61	3.98	1.99
- Repairs & Maintenance						
- Plant & Machinery	0.90	1.80	1.60	1.28	2.07	0.59
- Buildings	1.05	11.39	2.57	3.55	7.19	3.20
- Others	3.98	8.92	5.09	6.35	4.81	1.90
- Other Manufacturing Expenses	38.52	58.64	62.93	60.60	54.35	31.62
Conveyance & Petrol Expenses	15.10	21.94	23.11	24.63	23.44	19.36
Postage & Courier	1.21	2.26	2.93	2.65	2.33	2.15
Works Contract & Erection Expenses	44.92	136.10	181.11	303.77	158.82	63.18
Telephone & Communication	6.98	13.56	14.72	15.51	13.82	12.14
Vehicles Maintenance	4.47	8.12	6.74	6.82	5.35	4.27
Insurance Expenses	2.19	6.48	5.94	16.29	12.81	8.46
Repairs & Maintenance						
- Others	15.87	15.06	12.57	12.19	10.82	10.51
Legal & Professional Charges	6.25	10.38	5.93	17.31	13.47	7.27
Printing & Stationery	3.16	4.89	5.53	8.31	7.85	5.00
Rent, Rates & Taxes	15.30	19.55	22.27	22.74	19.75	15.58
Freight Outward & Octroi	17.92	43.89	43.22	44.28	32.28	25.97
Advertisement	1.64	5.19	3.68	1.92	4.88	2.84
Sales Commission	4.55	12.57	29.12	16.64	19.32	14.52
Bad Debts (Net)	-	33.33	59.67	-	31.52	30.59
Provision for Doubtful Debts	3.57	-	-	-	-	-
Provision for Derivative Loss	11.59	-	-	-	-	-
Loss on Sale of Fixed Assets (Net)	-	0.20	0.19	-	-	-
Loss on Sale of Current Non-Trade						
Investments (Net)	49.92	-	-	-	-	-
Travelling Expenses	14.93	31.00	32.96	49.05	29.08	16.11
Bank Charges	6.00	7.10	10.09	7.69	17.66	8.56
Interest	0.24	0.16	0.43	0.30	0.96	1.20
Donation	0.15	1.67	1.26	1.83	1.28	1.35
Diminution in Value of Current Investments	-	62.83	130.15	-	4.34	-
Exchange Variation Loss (Net)	0.22	-	19.36	22.53	9.18	-
Sales & Works Contract Tax	2.90	9.53	9.01	3.57	4.48	1.59
Share of Loss of ILFS Commodity Trust	-	-	-	2.68	-	-
Other Expenses	23.31	46.14	45.83	75.33	52.82	27.19
	372.71	775.60	913.50	869.77	634.19	375.55

Annexure 23:**Related party Disclosures required under Accounting Standard No. 18 “Related Parties”****List of related parties and nature of relationship (As identified by the Management and relied upon by the Auditors)**

	Nature of Relationship					
	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Powerica International FZE	Subsidiary Company	Subsidiary Company	Subsidiary Company	Subsidiary Company	Subsidiary Company	Subsidiary Company
Quadrant Engineers Ltd. *	Subsidiary Company	Subsidiary Company	Subsidiary Company (w.e.f. 31 st October,08) / Associate Company (upto 30 th October,08)	Associate Company	Associate Company	Associate Company
Powerica Sales & Services Pvt. Ltd *	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company
Powerica Generators Pvt. Ltd. *	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company
Art Yarn Exports (India) Pvt. Ltd. *	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company
Naresh Oberoi HUF	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities
Oberoi Family Trust	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities
Mr. Naresh Oberoi	Managing Director	Managing Director	Managing Director	Managing Director	Managing Director	Managing Director
Mr. Bharat Oberoi	Director	Director	Director	Director	Director	Director
Mr. K. R. Puri	Director	Director	Director	Director	Director	Director
Mr. Sam Amrolia	Whole time Director	Whole time Director	Whole time Director	Whole time Director	Whole time Director	Director
Mr. R. C. Puri	Director	Director	Director	Director	Director	Director
Mr. Bhola Tandon	Director	Director	Director	Director	Director	Director
Mr. Sunil K. Khurana	Director	Director	Director	Director	Director	Director
Mr. Rajat Oberoi	Director	Director	Director	Director	Director	Relative of Key Management Personnel

	Nature of Relationship					
	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Mrs. Lata Oberoi	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel
Mr. Suresh Puri	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel
Renu Sachin Mehra	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel

* Associate company under Accounting Standard 18 “Related Parties”.

Details of Transactions with Related Parties

	(₹ in million)					
	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Sales Income:						
Powerica Sales & Services Pvt. Ltd.	3.59	0.19	0.31	143.30	154.91	60.00
Interest Income:						
Art Yarn Exports (India) Pvt. Ltd.	0.73	0.85	Nil	Nil	Nil	Nil
Rent Income:						
Art Yarn Exports (India) Pvt. Ltd.	Nil	0.10	0.35	Nil	Nil	Nil
Expenses Incurred, Reimbursed to us						
Art Yarn Exports (India) Pvt. Ltd.	0.02	0.03	Nil	Nil	Nil	Nil
Reimbursement of Expenses:						
Powerica International FZE	Nil	0.02	0.07	6.87	1.70	Nil
Purchase of Goods/Services:						
Powerica Sales & Services Pvt. Ltd.	0.90	Nil	Nil	Nil	Nil	3.10
Rent Expenses:						
Quadrant Engineers Ltd.	Nil	Nil	0.69	1.38	1.38	1.38
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	0.06	0.12	0.12	0.12
Powerica Generators Pvt. Ltd.	Nil	Nil	2.80	4.80	4.80	4.80
Naresh Oberoi HUF	Nil	Nil	0.44	0.76	0.76	0.76
Oberoi Family Trust	0.90	1.80	1.80	1.80	1.80	Nil
Mr.Rajat Oberoi	Nil	Nil	0.26	0.44	0.44	0.38
Mrs.Lata Oberoi	Nil	Nil	0.04	0.06	0.06	0.06
Renu Sachin Mehra	Nil	Nil	0.26	0.46	0.46	0.46
Remuneration Expenses:						
Mr.Naresh Oberoi	5.78	9.53	9.55	12.18	38.72	27.12
Mr.Bharat Oberoi	14.87	23.04	18.01	10.31	27.11	14.36
Mr.K. R. Puri	2.66	3.99	3.93	1.77	1.78	1.59
Mr. R. C. Puri	2.15	3.57	2.56	2.43	5.33	3.09

	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Mr. Sam Amrolia	2.10	3.47	2.44	2.24	3.36	2.59
Mr. Bhola Tandon	2.06	4.41	2.38	2.20	3.20	2.59
Mr. Sunil K. Khurana	2.10	3.95	2.38	4.20	5.20	5.39
Mr. Rajat Oberoi	5.28	13.77	6.18	4.54	3.35	Nil
Consultancy Charges Expense:						
Quadrant Engineers Ltd.	0.08	0.25	Nil	1.87	5.79	2.74
Dividend Paid:						
Naresh Oberoi HUF	2.52	1.68	1.68	Nil	1.23	Nil
Mr.Naresh Oberoi	82.37	54.91	54.91	Nil	43.60	Nil
Mr.Bharat Oberoi	13.94	9.29	9.29	Nil	6.28	Nil
Mr.K. R. Puri	19.61	13.07	13.07	Nil	13.34	Nil
Mr. Sunil K. Khurana	0.01	0.01	0.01	Nil	0.01	Nil
Mr. Rajat Oberoi	12.96	8.64	8.65	Nil	5.63	Nil
Renu Sachin Mehra	4.92	3.28	3.28	Nil	2.23	Nil
Issue of Equity Shares						
Naresh Oberoi HUF	Nil	Nil	Nil	Nil	0.32	0.18
Mr.Naresh Oberoi	Nil	Nil	Nil	Nil	10.87	3.37
Mr.Bharat Oberoi	Nil	Nil	Nil	Nil	1.74	1.97
Mr.K. R. Puri	Nil	Nil	Nil	Nil	1.20	Nil
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	₹ 1,440	Nil
Mrs. Renu Sachin Mehra	Nil	Nil	Nil	Nil	0.62	0.68
Mr. Rajat Oberoi	Nil	Nil	Nil	Nil	1.62	2.23
Mr. T B Nedungadi	Nil	Nil	Nil	Nil	0.26	Nil
Repayment of Loan:						
Mr.Naresh Oberoi	Nil	Nil	Nil	35.00	Nil	7.50
Mr.Rajat Oberoi	Nil	Nil	Nil	5.00	Nil	Nil
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	Nil	1.75
Loan Received:						
Mr.Naresh Oberoi	Nil	Nil	Nil	35.00	Nil	7.50
Mr.Rajat Oberoi	Nil	Nil	Nil	5.00	Nil	Nil
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	Nil	1.75
Advance / Loan Given:						
Powerica International FZE	Nil	Nil	Nil	0.02	11.45	1.96
Art Yarn Exports (India) Pvt. Ltd.	Nil	42.33	12.37	Nil	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil	2.50
Repayment of Advance / Loan Given:						
Powerica International FZE	Nil	Nil	4.84	7.44	Nil	Nil
Art Yarn Exports (India) Pvt. Ltd.	9.09	26.13	2.48	Nil	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	Nil	Nil	2.50	Nil
Investments:						
Quadrant Engineers Ltd.	Nil	Nil	23.71	Nil	Nil	Nil
Powerica International FZE	Nil	Nil	Nil	Nil	Nil	1.80
Rent Deposit Given:						
Quadrant Engineers Ltd.	Nil	Nil	Nil	Nil	20.35	Nil
Repayment of Rent Deposit Given:						
Quadrant Engineers Ltd.	Nil	Nil	5.00	Nil	Nil	Nil
Powerica Sales & Services Pvt.	Nil	Nil	1.00	Nil	Nil	Nil

	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Ltd.						
Naresh Oberoi HUF	Nil	Nil	3.50	Nil	Nil	Nil
Powerica Generators Pvt. Ltd.	Nil	5.00	Nil	Nil	Nil	Nil

Outstanding as at Balance Sheet Date

(₹ in million)

	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Receivables:						
Art Yarn Exports (India) Pvt. Ltd.	17.00	26.09	9.89	Nil	Nil	Nil
Powerica International FZE	Nil	Nil	Nil	4.84	11.71	1.96
Powerica Sales & Services Pvt. Ltd.	0.16	Nil	Nil	Nil	14.29	46.87
Payables:						
Powerica International FZE	0.02	Nil	Nil	Nil	Nil	Nil
Quadrant Engineers Ltd.	0.07	0.25	0.28	1.67	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	0.90	Nil	0.03	0.03	Nil	Nil
Mr.Naresh Oberoi	Nil	Nil	Nil	Nil	0.40	20.40
Mr.Bharat Oberoi	Nil	Nil	Nil	Nil	7.50	10.00
Mr. R. C. Puri	Nil	Nil	Nil	Nil	3.50	1.50
Mr. Sam Amrolia	Nil	Nil	Nil	Nil	1.50	1.00
Mr. Bhola Tandon	Nil	Nil	Nil	Nil	1.50	1.00
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	3.50	3.80
Mr. Rajat Oberoi	Nil	Nil	Nil	Nil	2.50	Nil
Rent Deposit:						
Quadrant Engineers Ltd.	15.35	15.35	15.35	20.35	20.35	Nil
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	Nil	1.00	1.00	1.00
Naresh Oberoi HUF	Nil	Nil	Nil	3.50	3.50	3.50
Powerica Generators Pvt. Ltd.	Nil	Nil	5.00	5.00	5.00	5.00
Mr. Suresh Puri	5.50	5.50	5.50	5.50	5.50	5.50
Mrs. Renu Sachin Mehra	1.20	1.20	1.20	1.20	1.20	1.20
Investments:						
Powerica International FZE	1.80	1.80	1.80	1.80	1.80	1.80
Quadrant Engineers Ltd.	23.71	23.71	23.71	Nil	Nil	Nil

Annexure 24:**Statement of Dividend Paid**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Equity Shares						
Number of Shares (Refer Note below)	5,200,380	5,200,380	5,200,380	5,200,380	4,741,523	3,079,371
Face Value Per Share (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Paid-up Value Per Share (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend (%)						
Interim (%)	-	400%	250%	100%	200%	50%
Final (%)	-	-	-	-	-	50%
Amount of Dividend on Equity Shares						
Interim (₹ in million)	-	208.02	130.01	52.00	61.59	11.19
Final (₹ in million)	-	-	-	-	-	11.19
Corporate Dividend Tax (₹ in million)	-	34.75	22.10	8.84	8.64	3.14

Note:

1) Number of Equity Shares are as existed on the last date of relevant year/period, which includes 8,42,340 and 16,62,152 Equity Shares allotted during the year 2005-2006 and 2006-2007 respectively which were not liable to receive dividend for the respective years in which allotments were made.

Annexure 25:

Statement of Accounting Ratios

Particulars	As on 30th September,	As on 31st March,				
	2010	2010	2009	2008	2007	2006
Face value of Equity Shares (₹) #	2	2	2	2	2	2
Profit after tax - Restated (₹ in million)	618.66	1,055.99	875.78	1,047.29	836.02	424.56
Earnings (Deficit) Per Share - Basic (₹) #	13.22 *	22.56	18.71	23.43	29.99	17.33
- Diluted (₹) #	13.22*	22.56	18.71	23.43	29.99	17.33
Weighted Average number of equity shares outstanding at the end of the year / period #	4,68,03,420	4,68,03,420	4,68,03,420	4,47,04,710	2,78,78,274	2,44,94,985
Net Worth (₹ in million)	6,604.04	5,985.38	5,172.16	4,448.49	1,985.21	1,202.79
Return on Net Worth (%)	9.4% *	17.6%	16.9%	23.5%	42.1%	35.3%
Net Asset Value Per Share (₹)	141.10	127.88	110.51	95.05	46.52	43.40
Actual Number of shares outstanding at the end of the year / period #	4,68,03,420	4,68,03,420	4,68,03,420	4,68,03,420	4,26,73,707	2,77,14,339

* Earnings Per Share and Return on Net Worth for six months ended 30th September, 2010 are not annualised.

Number of Shares outstanding after giving effect to the bonus shares and splitting of shares to Face Value of ₹ 2 each as approved by Extra Ordinary General Meeting of Shareholders held on February 10, 2011

Notes:

- 1) The Ratios have been computed as below:

Basic and Diluted Earnings Per Share (₹) =	$\frac{\text{Net Profit after tax, as restated attributable to Equity Shareholders}}{\text{Weighted Average number of equity shares outstanding at the end of the year/period}}$
Net Asset Value Per Share (₹) =	$\frac{\text{Net Worth, as restated at the end of the year/period}}{\text{Number of equity shares at the end of the year/period}}$
Return on Net Worth (%) =	$\frac{\text{Net Profit after tax, as restated}}{\text{Net Worth as restated at the end of the year/period}}$

- 2) The figures disclosed above are based on Standalone Restated Financial Statements.
- 3) Earning Per Share calculations are done in accordance with Accounting Standard 20 on "Earning Per Share".
- 4) Net Worth means Equity Share Capital and Reserves and Surplus as appearing in Standalone Restated Statement of Assets and Liabilities.

Annexure 26:

Capitalisation Statement

(₹ in million)

Particulars	Pre-issue as at September 30, 2010	Post - issue position after adjustments *
Borrowings		
Short Term	100.65	
Long Term	456.00	
Total Debt	556.65	
Shareholders' Funds		
Share Capital	52.00	
Reserves and Surplus	6,552.04	
Total Shareholders' Funds	6,604.04	
Short-term Debt / Equity Ratio	0.01	
Long-term Debt / Equity Ratio	0.07	
Total Debt Equity Ratio	0.08	
* Post Issue figures will be determined only after finalisation of the Issue Price.		
Note:		
1) The Short term Debt / Equity ratio has been calculated as per the following formula:	= <u>Short Term Debt</u> Shareholders' funds	
2) The Long term Debt / Equity ratio has been calculated as per the following formula:	= <u>Long Term Debt</u> Shareholders' funds	
	= <u>Total Debt</u>	
3) The Total term Debt / Equity ratio has been calculated as per the following formula:	Shareholders' funds	
4) The figures disclosed above are based on the Standalone Statement of Assets and Liabilities, as Restated of the Company as at September 30, 2010.		

Annexure 27:**Segment Reporting**

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organizational structure as well as the differential risks and returns of these segments. Details of products included in each of the segments are as under:

Power Generating Sets - Manufacturing and trading in diesel generating sets and components and erection, installation, commissioning, operation, maintenance & other services relating to diesel generating sets.

Electricity Generation - Setting up of windmills for generation of electricity

Statement of Segment reporting, as restated – All Segments

		(₹ in million)		
		30.09.2010	31.03.2010	30.09.2009
A	<u>Revenue</u>			
	Segment Revenue	5,694.96	8,838.33	10,049.34
	Unallocated Corporate Income	73.37	377.88	202.45
	Total Revenue	5,768.33	9,216.21	10,251.79
B	<u>Results</u>			
	Segment Results (PBIT), as Restated	812.23	1,175.48	1,202.83
	Unallocated Corporate Income (Expenses)- Net	(13.67)	249.01	24.86
	Interest Expenses	0.24	0.16	0.43
	Profit Before Tax from Ordinary Activities	798.32	1,424.33	1,227.26
	Provision for Current Tax	148.33	214.87	315.61
	MAT Credit Entitlement	(147.73)	(211.26)	Nil
	Deferred Tax	179.06	367.24	38.49
	Profit After Tax from Ordinary Activities	618.66	1,053.48	873.16
	Extra Ordinary Items	Nil	Nil	Nil
	Adjustments made on account of restatements	Nil	2.51	2.62
	Net Profit after tax, as restated	618.66	1,055.99	875.78
C	<u>Other Information</u>			
	Segment Assets	7,025.78	5,052.50	3,750.14
	Unallocated Corporate Assets	2,954.49	3,585.00	3,317.75
	Total Assets	9,980.27	8,637.50	7,067.89
	Segment Liabilities	2,768.28	2,041.30	1,737.96
	Unallocated Corporate Liabilities	607.95	610.82	157.77
	Total Liabilities	3,376.23	2,652.12	1,895.73
	Depreciation and Amortisation	220.78	233.73	132.82

Statement of Segment reporting, as restated – Power Generating Sets Segment

		(₹ in million)		
		30.09.2010	31.03.2010	30.09.2009
A	<u>Revenue</u>			
	Segment Revenue	5,478.94	8,769.56	10,013.01
B	<u>Results</u>			
	Segment Results	771.56	1,233.41	1,203.15

		30.09.2010	31.03.2010	30.09.2009
C	<u>Other Information</u>			
	Segment Assets	4,442.92	3,026.61	3,543.74
	Segment Liabilities	2,207.95	1,614.23	1,737.93
	Depreciation and Amortisation	63.52	111.13	96.39

Statement of Segment reporting, as restated – Electricity Generation Segment

(₹ in million)				
		30.09.2010	31.03.2010	30.09.2009
A	<u>Revenue</u>			
	Segment Revenue	216.02	68.77	36.33
B	<u>Results</u>			
	Segment Results	40.67	(57.93)	(0.32)
C	<u>Other Information</u>			
	Segment Assets	2,582.86	2,025.89	206.40
	Segment Liabilities	560.33	427.07	0.03
	Depreciation and Amortisation	157.26	122.60	36.43

Annexure 28:

Statement of Tax Shelters

(₹ in million)

Particulars		Period Ended 30th September,	Year Ended 31st March,					
			2010	2010	2009	2008	2007	2006
A	a)	Profit Before Tax, as per audited accounts	798.32	1,424.33	1,227.26	1,282.77	1,062.67	542.02
	b)	Adjustments	-	-	0.28	(0.21)	0.11	(0.05)
	c)	Profit Before Tax, as restated (a + b)	798.32	1,424.33	1,227.54	1,282.56	1,062.78	541.97
	d)	Tax Rate	33.22%	33.99%	33.99%	33.99%	33.66%	33.66%
	e)	Tax at notional rate on profits (c * d)	265.20	484.13	417.24	435.94	357.73	182.43
B		Add / (Less): Permanent Differences						
	a)	Dividend Income	(10.66)	(116.85)	(154.51)	(50.24)	(25.25)	(7.55)
	b)	Donations	0.08	1.67	0.52	0.97	1.06	0.43
	c)	Loss (Profit) on sale of Assets	(0.19)	6.19	6.19	(2.89)	(2.43)	(1.25)
	d)	Loss (Profit) on Sale of Investments	49.92	(130.47)	(44.53)	(37.91)	(23.81)	(15.10)
	e)	Deduction U/s 10A	-	-	(1.86)	(1.82)	(2.60)	(3.52)
	f)	Deduction U/s 80IB	(73.46)	-	(135.64)	(553.58)	(407.50)	(187.85)
	g)	Other Adjustments	12.29	-	(0.28)	(1.72)	(0.11)	-
		Total Permanent Differences	(22.02)	(239.46)	(330.11)	(647.19)	(460.64)	(214.84)
C		Add/(Less): Timing Differences						
	a)	Difference between tax and book depreciation	(350.99)	(1,574.86)	(133.47)	(55.68)	(14.60)	(1.46)
	b)	Disallowance (Allowances) U/s 43B	34.14	16.85	(13.19)	9.27	2.06	2.21
	c)	Disallowance U/s 14A	1.71	4.01	4.07	-	0.15	0.03
	d)	Disallowance U/s 40A	24.89	(7.61)	7.95	9.01	-	-
	e)	Disallowance (Allowance) U/s 40	-	-	-	0.59	(0.20)	(1.44)
	f)	Diminution in Value of Investments	-	-	130.15	-	4.34	-
	g)	Diminution in Value of Investments W/Back	(62.71)	(67.32)	-	(4.34)	-	-
	h)	Other Adjustments	-	-	-	-	-	(0.02)
		Total Timing Differences	(352.96)	(1,628.93)	(4.49)	(41.15)	(8.25)	(0.68)
D		Net Adjustments (B+C)	(374.98)	(1,868.39)	(334.60)	(688.34)	(468.89)	(215.52)
		Tax (Expenses) Savings thereon (D*Tax Rate)	(124.56)	(635.06)	(113.73)	(233.97)	(157.83)	(72.54)
E		Taxable Business Income / (Loss) (A(c) - D)	423.34	(444.06)	892.94	594.22	593.89	326.45
F		Income Chargeable as Capital Gains	3.21	-	13.06	18.67	1.95	1.18
G		Unabsorbed Losses Brought Forward	(426.55)					

Particulars		Period Ended 30th September,	Year Ended 31st March,					
			2010	2010	2009	2008	2007	2006
H		Taxable Income / (Loss) (E+F+G)	-	(444.06)	906.00	612.89	595.84	327.63
I		Tax as per normal provisions (E * A(d))	-	-	303.51	201.97	199.90	109.88
		Tax on Capital Gains	-	-	2.96	5.17	0.22	0.12
J		Total Tax payable	-	-	306.47	207.14	200.12	110.00
		Book Profit (Taxable income as per MAT)	741.22	1,243.54	1,192.87	1,226.25	1,013.11	542.01
K		Tax as per MAT	147.73	211.34	135.15	138.94	114.79	41.46
		Tax = Higher of J or K	147.73	211.34	306.47	207.14	200.12	110.00
		Interest Payable u/s 234	-	1.87	-	-	2.74	1.11
		Total Tax as per Return	147.73	213.21	306.47	207.14	202.86	111.11

Auditors' Report on Restated Consolidated Financial Statements

To,
The Board of Directors,
Powerica Limited

Dear Sirs,

Re: Public Issue of Equity Shares of Powerica Limited

- 1) We have examined the attached consolidated financial information of **Powerica Limited** and its subsidiaries, as approved by the Board of Directors of the Company, prepared in terms of the requirements of 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 as amended (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated October 28, 2010 in connection with proposed issue of Equity shares of the Company.
- 2) These information have been prepared by the management from the financial statements for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010.
- 3) We have also examined the consolidated financial information of the Company and its subsidiaries for the period 1st April, 2010 to 30th September, 2010 prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company mentioned in paragraph (1) above (the broken period ending not before six months from the date of prospectus).

The consolidated financial information for the above period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the consolidated financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the consolidated financial information appropriately.

- 4) In accordance with requirements of paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:
 - a) The Consolidated Restated Statement of Assets and Liabilities of the Company and its subsidiaries, as at 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and as at 30th September, 2010 are examined by us, as set out in Annexure 1 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on Adjustments for Consolidated Restated Financial Statements and Significant Accounting Policies (Refer Annexure 4 and 5 respectively).
 - b) The Consolidated Restated Statement of Profit or Loss of the Company and its subsidiaries for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and for the period ended 30th September, 2010 are examined by us, as set out in Annexure 2 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on Adjustments for Consolidated Restated Financial Statements and Significant Accounting Policies (Refer Annexure 4 and 5 respectively).
 - c) The Consolidated Restated Statement of Cash Flow, as restated for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and for the period ended 30th September, 2010 are examined by us, as set out in Annexure 3 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described

in Notes on Adjustments for Consolidated Restated Financial Statements and Significant Accounting Policies (Refer Annexure 4 and 5 respectively).

- d) Based on the above, we are of the opinion that the consolidated restated financial information have been made after incorporating:
- i. Adjustments for changes in accounting policies retrospectively in respective financial year/period to reflect the same accounting treatment as per changed accounting policy for all the reporting year/period.
 - ii. Adjustments for material amounts in the respective financial years to which they relate.
 - iii. And there are no extra-ordinary items that need to be disclosed separately in the accounts requiring adjustments and qualifications in the Auditors Report that require adjustments.
- 5) We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board or Directors relating to the company and its subsidiaries for the year ended 31st March, 2006, 31st March, 2007, 31st March, 2008, 31st March, 2009, 31st March, 2010 and for the period ended 30th September, 2010.

Details of other financial information	Annexure reference
Statement of Share Capital	7
Statement of Reserves and Surplus	8
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In our opinion the financial information contained in Annexure 1 to 28 of this report read along with the Notes on Adjustment for Consolidated Restated Financial Statements, Significant Accounting Policies and Notes to the Consolidated Restated Financial Statements as given in Annexure 4, 5 and 6 respectively prepared after making adjustments and regrouping as considered appropriate, have been prepared in accordance with paragraph B of part II of Schedule II of the Act and the SEBI Guidelines.

- 6) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity shares of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For Kapoor & Parekh Associates
(ICAI FRN 104803 W)
Chartered Accountants**

**N. M. Parekh
M. No. 33528
Partner
Place: Mumbai
Date: February 10, 2011**

Annexure 1:
Consolidated Statement of Assets And Liabilities, As Restated
(₹ in million)

	Particulars	Ann. No.	As at 30 th September,	As at 31 st March,				
			2010	2010	2009	2008	2007	2006
A	Fixed Assets							
	Gross Block	10	5,042.93	3,550.69	1,447.02	1,022.22	660.25	451.77
	Less : Accumulated Depreciation		804.76	587.94	371.83	262.89	188.32	143.73
	Net Block		4,238.17	2,962.75	1,075.19	759.33	471.93	308.04
	Capital Work in Progress		70.69	56.47	76.87	228.09	86.94	42.19
	Subtotal		4,308.86	3,019.22	1,152.06	987.42	558.87	350.23
B	Investments	11	2,539.11	3,276.57	3,292.24	2,838.23	675.32	269.16
C	Current Assets, Loans and Advances							
	Inventories	12	1,099.39	537.64	867.33	782.38	799.53	434.71
	Sundry Debtors	13	1,119.11	1,033.55	1,140.83	1,119.30	833.63	666.98
	Cash and Bank Balances	14	231.64	130.18	209.35	213.86	259.03	241.49
	Loans and Advances	15	678.61	638.12	406.98	577.69	430.80	243.64
	Subtotal		3,128.75	2,339.49	2,624.49	2,693.23	2,322.99	1,586.82
D	Total (D = A + B + C)		9,976.72	8,635.28	7,068.79	6,518.88	3,557.18	2,206.21
E	Liabilities and Provisions							
	Secured Loans	9	556.65	-	-	-	-	-
	Deferred Tax Liability		607.96	428.89	61.71	23.15	12.94	2.00
	Current Liabilities	16	2,158.21	2,027.41	1,707.71	1,963.77	1,522.55	982.59
	Provisions	17	53.39	195.72	126.51	82.93	39.14	19.62
	Total		3,376.21	2,652.02	1,895.93	2,069.85	1,574.63	1,004.21
	Net Worth (D - E)		6,600.51	5,983.26	5,172.86	4,449.03	1,982.55	1,202.00
	Net Worth represented by							
	Share Capital	7	52.00	52.00	52.00	52.00	47.42	30.79
	Reserves and Surplus	8						
	Capital Reserve		1.39	1.39	1.39	1.39	1.39	1.39
	Capital Redemption Reserve		5.02	5.02	5.02	5.02	5.02	5.02
	Foreign Currency Translation Reserve		0.79	0.78	1.18	0.28	(0.36)	0.02
	Securities Premium		1,474.75	1,474.75	1,474.75	1,474.75	-	-
	General Reserve		677.39	677.39	572.04	484.73	382.58	282.58
	Profit and Loss Account		4,389.17	3,771.93	3,066.48	2,430.86	1,546.50	882.20
	Subtotal		6,548.51	5,931.26	5,120.86	4,397.03	1,935.13	1,171.21
	Net Worth		6,600.51	5,983.26	5,172.86	4,449.03	1,982.55	1,202.00

The above statement should be read in conjunction with the Notes on Adjustments for Restated Consolidated Financial Statements, Significant Accounting Policies and Notes to Restated Consolidated Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).

Annexure 2:

Consolidated Statement of Profit & Loss Account, As Restated

	Particulars	Ann. No.	For the Period Ended 30th September,	For the Year Ended 31 st March,				
			2010	2010	2009	2008	2007	2006
A	Income							
	Sales & Services - Gross	18	5,663.07	8,783.11	10,024.34	9,050.98	7,221.78	5,132.63
	Less : Excise Duty & Service Tax		432.96	564.82	882.59	920.06	735.68	543.33
	Sales & Services - Net		5,230.11	8,218.29	9,141.75	8,130.92	6,486.10	4,589.30
	Other Income	19	105.26	433.10	228.03	136.49	84.38	46.22
	Subtotal		5,335.37	8,651.39	9,369.78	8,267.41	6,570.48	4,635.52
B	Expenditure							
	Cost of Materials	20	3,694.14	5,860.76	6,735.52	5,724.32	4,582.58	3,472.96
	Personnel Expenses	21	249.43	356.95	360.75	311.52	237.70	209.20
	Manufacturing and Other Expenses	22	373.25	776.26	914.29	867.10	638.79	376.37
	Depreciation and Amortisation		221.65	235.57	133.50	78.56	50.28	35.78
	Subtotal		4,538.47	7,229.54	8,144.06	6,981.50	5,509.35	4,094.31
C	Net Profit before tax, as per audited financial statements		796.90	1,421.85	1,225.72	1,285.91	1,061.13	541.21
	Less : Provision for Taxation							
	- Current Tax		147.73	211.26	305.15	215.00	205.00	110.00
	- MAT Credit Entitlement		(147.73)	(211.26)	-	-	-	-
	- Deferred Tax		179.06	367.18	38.49	11.50	10.94	(0.26)
	- Fringe Benefit Tax		-	-	7.61	8.17	7.03	4.96
	- Wealth Tax		0.60	1.10	0.65	0.60	0.45	0.20
	Income Tax for Earlier Year Written Off (Back)		(0.15)	2.52	2.35	1.00	(4.54)	5.70
	Net Profit after tax before prior period items, as per audited financial statements		617.39	1,051.05	871.47	1,049.64	842.25	420.61
	Prior Period Items (Net)		-	0.28	-	-	-	-
	Net Profit after prior period items, as per audited financial statements		617.39	1,051.33	871.47	1,049.64	842.25	420.61
	Adjustment made on account of Restatement		(0.15)	2.24	3.58	0.21	(7.72)	3.14
	Net Profit after tax, as restated		617.24	1,053.57	875.05	1,049.85	834.53	423.75
	Balance brought		3,771.93	3,066.48	2,430.86	1,546.50	882.20	533.97

	Particulars	Ann. No.	For the Period Ended 30th September,	For the Year Ended 31 st March,				
			2010	2010	2009	2008	2007	2006
	forward from previous year, as restated							
	Amount Available for Appropriation		4,389.17	4,120.05	3,305.91	2,596.35	1,716.73	957.72
	Appropriations:							
	Proposed Final Dividend		-	-	-	-	-	11.19
	Interim Dividend		-	208.02	130.01	52.00	61.59	11.19
	Tax on Dividend		-	34.75	22.10	8.84	8.64	3.14
	Transferred to General Reserve		-	105.35	87.32	104.65	100.00	50.00
	Balance carried to Balance Sheet, as restated		4,389.17	3,771.93	3,066.48	2,430.86	1,546.50	882.20

The above statement should be read in conjunction with the Notes on Adjustments for Restated Consolidated Financial Statements, Significant Accounting Policies and Notes to Restated Consolidated Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).

Annexure 3:
Consolidated Statement of Cash Flows, as Restated

	Particulars	As at 30 th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
A	Cash flows from Operating Activities						
	Net Profit before Tax as per audited financial statements	796.90	1,421.85	1,225.72	1,285.91	1,061.13	541.21
	Adjustments	-	-	1.09	(0.79)	0.16	(0.05)
	Net Profit before Tax, as restated	796.90	1,421.85	1,226.81	1,285.12	1,061.29	541.16
	Adjustments for:						
	Foreign Currency Translation Reserve	0.01	(0.39)	0.89	0.64	(0.38)	0.02
	Depreciation	221.65	235.57	133.22	78.77	50.17	35.83
	Goodwill on Consolidation written off	-	-	0.31	-	-	-
	Assets Discarded	-	5.98	-	-	-	-
	(Profit) Loss on sale of Assets	(0.19)	0.20	0.19	(2.87)	(2.43)	(1.25)
	(Profit) Loss on sale of Long Term Investments	-	(8.98)	(37.07)	(28.36)	(9.91)	(2.06)
	(Profit) Loss on sale of Current Investments	49.92	(121.49)	(7.46)	(12.23)	(13.90)	(13.04)
	Dividend received from Long Term Investments	-	-	(3.10)	(27.54)	(12.90)	(2.38)
	Dividend received from Current Investments	(10.66)	(116.85)	(151.41)	(22.70)	(12.35)	(5.17)
	Investments Written off	-	0.07	0.03	-	-	-
	Provision for Doubtful Debts	3.57	-	-	-	-	-
	Provision for Derivative Loss	11.59	-	-	-	-	-
	Bad Debts Written off (back)	(18.34)	33.33	59.67	(3.94)	31.52	30.59
	Provision for Diminution in value of Current Investments	-	62.83	130.15	-	4.34	-
	Provision for Diminution in value of Current Investments written back	(62.71)	(130.15)	-	(4.34)	-	-
	Right Issue Expenses	-	-	-	-	0.02	-
	Employee Benefit as on 01.04.2007 adjusted against General Reserve	-	-	-	(3.79)	-	-
	Interest Income	(8.64)	(19.26)	(13.71)	(19.02)	(14.71)	(9.69)
	Operating Profit before Working Capital Changes	983.10	1,362.71	1,338.51	1,239.75	1,080.76	574.00
	Adjustments for:						
	Trade & Other Receivables	(5.16)	121.69	69.59	(408.02)	(383.06)	(228.52)
	Inventories	(561.75)	329.70	(84.95)	17.15	(364.82)	(70.31)
	Trade Payables	158.81	302.39	(247.06)	457.09	540.80	115.94
	Cash Generated from Operations	575.00	2,116.49	1,076.09	1,305.96	873.68	391.12
	Interest Received	9.48	24.09	12.90	19.15	12.42	9.54
	Direct Taxes (Paid) Refund (Net)	(107.55)	(288.97)	(286.75)	(277.44)	(184.35)	(117.06)
	Net Cash from Operating Activities	476.93	1,851.61	802.24	1,047.67	701.75	283.60

	Particulars	As at 30 th September,	As at 31st March,				
		2010	2010	2009	2008	2007	2006
B	Cash flows from Investing Activities						
	(Purchase) Sale of Fixed Assets	(1,511.09)	(2,108.91)	(299.93)	(504.43)	(256.39)	(124.58)
	(Purchase) Sale of Investments	750.24	213.39	(539.65)	(2,117.99)	(386.69)	3.97
	Dividend from Investments	10.66	116.85	154.51	50.24	25.25	7.55
	Net Cash from Investing Activities	(750.20)	(1,778.67)	(685.07)	(2,572.18)	(617.83)	(113.06)
C	Cash flows from Financing Activities						
	Proceeds from Issue of Equity Shares, including premium	-	-	-	1,500.00	16.62	8.42
	Increase (Decrease) in Borrowings	556.65	-	-	-	-	(93.30)
	Dividend & Tax on Dividend	(181.92)	(152.11)	(121.68)	-	(82.98)	(25.50)
	Share Issue Expenses	-	-	-	(20.66)	(0.02)	-
	Net Cash from Financing Activities	374.73	(152.11)	(121.68)	1,479.34	(66.38)	(110.38)
	Net Increase (Decrease) in Cash & Cash Equivalents	101.46	(79.17)	(4.51)	(45.17)	17.54	60.16
	Cash and Cash Equivalents as at the beginning of the year	130.18	209.35	213.86	259.03	241.49	181.33
	Cash and Cash Equivalents as at the end of the year	231.64	130.18	209.35	213.86	259.03	241.49

- 1) The above statement should be read in conjunction with the Notes on Adjustments for Restated Consolidated Financial Statements, Significant Accounting Policies and Notes to Restated Consolidated Financial Statements (as appearing in Annexure 4, 5 and 6 respectively).
- 2) The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 "Cash Flow Statements".
- 3) Figures in brackets indicates outflow.

Annexure 4:**Notes on Adjustments for Consolidated Restated Financial Statements****Note 1: Adjustments**

Following adjustments have been made in the Consolidated Statement of Assets & Liabilities, Consolidated Statement of Profit and Losses and Consolidated Statement of Cash Flows as under:

(₹ in million)

Particulars	Period Ended 30th September,	Year Ended 31 st March,				
		2010	2009	2008	2007	2006
Net Profit after prior period items, as per Audited Financial Statements (A)	617.39	1,051.33	871.47	1,049.64	842.25	420.61
I) Prior Period Items (Refer Note (b) below)						
Depreciation	-	-	0.28	(0.21)	0.11	(0.05)
Salaries	-	(1.10)	0.81	0.24	0.05	-
Commission	-	0.82	-	(0.82)	-	-
II) Income Tax – Excess (Short) Provision (Refer Note (a) below)	(0.15)	2.52	2.49	1.00	(7.88)	3.19
Total of Adjustments (B)	(0.15)	2.24	3.58	0.21	(7.72)	3.14
Net Profit After Tax, as restated (A+B)	617.24	1,053.57	875.05	1,049.85	834.53	423.75

Note:**(a) Income Tax – Excess (Short) Provision:**

Adjustments are made in the respective years in respect of short/excess provision for Income-tax on the basis of income tax assessments completed for the respective years.

(b) Prior Period Items:

Adjustments are made in the respective years to which the expense pertains.

Note 2: Non- Adjustment**Gratuity:**

From the year ended 31st March, 2008, the Company had accounted for its gratuity liability based on an actuarial valuation determined by the actuary on the Project Unit Credit Method consequent to adoption of Accounting Standard 15 on “Employee Benefits” (Revised 2005). However necessary adjustments and disclosures for the prior periods have not been made due to non availability of relevant data for those periods.

Note 3: Balance in Profit & Loss Account as at 1st April, 2005, as Restated:

Due to the accounting of prior period items, the balance in Profit & Loss account as at 1st April, 2005 have been restated as per the following details:

(₹ in million)

Particulars	Amount
Balance in Profit and Loss Account as at 1st April, 2005, as per audited financial	535.25

Particulars	Amount
statements	
Increase (Decrease) in the accumulated profit as at 1st April, 2005 as a result of:	
Depreciation	(0.13)
Short Income Tax Provision	(1.15)
Balance in Profit and Loss account as at 1st April, 2005 as restated	533.97

The above information should be read in conjunction with the Significant Accounting Policies and Notes to the Restated Consolidated Financial Statements (as appearing in Annexure 5 and 6 respectively).

Note 4: Material Adjustments

Appropriate adjustments have been made in the restated consolidated financial statements, wherever required, by a reclassification of the corresponding items of assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the period ended 30th September, 2010.

Annexure 5:

Significant Accounting Policies for Consolidated Restated Financial Statements

1. Basis of preparation of Financial Statements:

The Restated Consolidated Financial Statement of Assets and Liabilities of the Company and its subsidiaries, (together referred to as the “Group”) as at 31st March, 2006, 2007, 2008, 2009, 2010 and 30th September, 2010 and the Restated Consolidated Financial Statement of Profits and Losses, as restated and Restated Consolidated Financial Statement of Cash Flows, as restated for the year ended 31st March, 2006, 2007, 2008, 2009, 2010 and period ended 30th September, 2010 (collectively, the “Restated Consolidated Financial Statements”) and Other Consolidated Financial Information have been extracted by the Management from the Audited Consolidated Financial Statements of the Group for the year ended 31st March, 2006, 2007, 2008, 2009, 2010 and period ended 30th September, 2010.

These Restated Consolidated Financial Statements have been prepared for the proposed Public Offer (referred to as the “Offer”), in accordance with the requirements of:

- a) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (‘the Act’); and
- b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India (“SEBI”), as amended from time to time, (the “SEBI Regulations”);

Other Consolidated Financial Information has been prepared in accordance with the SEBI Regulation.

Restated Consolidated Financial Statements and Other Consolidated Financial Information have been made, after incorporating:

- a) The impact arising on account of changes in accounting policies adopted by the Company as at and for the period ended 30th September, 2010 applied with retrospective effect in the Restated Consolidated Financial Statements;
- b) Adjustments for the material amounts in the respective financial years to which they relate;

The Financial Statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Company.

The Restated Consolidated Financial Statements have been prepared to comply in all material aspects with the notified Accounting Standards issued by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. These Restated Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies followed by the Group as at and for the period ended 30th September, 2010 are as stated herein after.

2. Principles of Consolidation:

- a. Consolidated Financial Statements present the consolidated accounts of Powerica Limited (‘the Parent Company’) and the following subsidiary Company is considered in the Consolidated Financial Statements:

Name of the Company	Country of Incorporation	% voting power
Powerica International FZE	United Arab Emirates	100 %
Quadrant Engineers Ltd (Subsidiary w. e. f. 31 st October, 2008)	India	100 %

- b. The financial statements of the Company and its subsidiaries have been consolidated in

accordance with the Accounting Standard 21 (AS-21) “Consolidated Financial Statements”, on line by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and the unrealized profits/ losses.

- c. The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- d. The excess of cost of the Company of its investment in the subsidiaries, on the acquisition date over and above the Company’s share of equity in the subsidiaries, is recognized in the financial statements as Goodwill on Consolidation.

3. Use of Estimates:

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumptions to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the period in which results are known / materialized.

4. Investments:

Long-term investments are stated at cost of acquisition less permanent fall in its realisable value, which is provided for. Current Investments are valued at lower of cost and fair market value.

5. Fixed Assets:

Fixed assets are stated at historical cost of acquisition or construction less accumulated depreciation. Subsequent expenditure, which substantially enhances the previously assessed standard of performance of assets, is added to carrying value of fixed assets.

6. Inventories:

Raw Materials are valued at lower of cost or estimated net realisable value. Cost for this purpose includes basic cost of material and all identifiable direct cost.

Finished Goods are valued at lower of cost or estimated realisable value. Cost for this purpose comprises of Raw Material cost and proportionate overheads allocated on the assumption of normal operating capacity.

7. Asset Impairment:

Carrying amounts of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. Impairment loss will be recognized when the carrying amount of an asset exceeds its estimated recoverable amount. In assessing the recoverable amount, estimated future cash flows are discounted to represent the present value.

8. Revenue Recognition:

Revenue on sale and services is recognized when risk and rewards of ownership of products are passed on to customers, which is generally on dispatch of goods or when services are provided. Gross Sales and Services are inclusive of excise duty & service tax.

Revenue from Fixed Price Contracts, where there is no uncertainty as to measurement or collectability of consideration is recognized based upon the percentage of completion. Percentage of Completion is determined as a proportion of milestone achieved to total estimated contract cost.

Revenue from Power Supply is accounted for on the basis of billings to customers and includes unbilled

revenues accrued upto the end of the accounting year/period.

Interest income is recognized using a time proportion method, based on rates implicit in the transaction. Dividend income is recognized when the company's right to receive dividend is established.

9. Depreciation:

In case of Parent Company:

Tools & Jigs are depreciated over estimated useful life as per management perception. Premium on leasehold land is amortized over the period of lease. Depreciation on other tangible fixed assets is provided on written down value basis at rates prescribed in Schedule XIV of the Companies Act, 1956.

Assets given on lease are depreciated over the primary period of lease.

Software is amortised over its estimated useful life.

In case of Subsidiary Company at United Arab Emirates:

Depreciation on fixed assets is provided on straight line method over their estimated useful lives.

In case of Subsidiary Company at India:

Depreciation on tangible fixed assets is provided on written down value basis at rates prescribed in Schedule XIV of the Companies Act, 1956.

10. Employee Benefits:

Short Term Employee Benefits:

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

Post Employment Benefits:

Company's contribution for the period paid / payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account. Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the balance sheet date.

11. Foreign Currency Transaction/ Translation:

- a. Transactions in foreign currencies are accounted at exchange rates prevailing on the date of transaction. Current Assets and Current Liabilities are restated at prevailing rates of exchange at Balance Sheet date. The exchange difference between rate prevailing on the date of transaction and the date of settlement as also on restatement of Current Assets & Current Liabilities at end of the year, has been recognized as income or expense, as the case may be.
- b. The financial statements of Powerica International FZE, subsidiary are maintained in local and functional currency, which is the Arab Emirates Dirham (AED). The financial statements have been translated to Indian Rupees considering the operations of the Company as "non-integral operations" for the parent company on the following basis:
 - i. All income and expenses are translated at the average rate of exchange prevailing during the year.

- ii. Monetary assets and liabilities are translated at the closing rate on the Balance sheet date.
- iii. The resulting exchange difference is accounted in “Foreign Currency Translation Reserve” and carried in the Balance Sheet.

12. Taxation:

Provision current tax is provided on taxable income using applicable tax rates and tax laws. Deferred Tax for timing differences between the book and tax profits for the year is accounted for using tax rates and laws that have been enacted or substantively enacted as of Balance Sheet date. MAT Credit Entitlement as per the provisions of Income Tax Act, 1961 is treated as assets by credit to the Profit & Loss Account.

13. Lease

Assets given under operational lease are capitalised in the books of the Company. Lease income is recognised over the period of lease so as to yield a constant rate of return on net investment, in accordance with the lease agreement.

Initial direct costs relating to the assets given on lease are charged to Profit & Loss Account.

14. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

Annexure 6:**Notes to Accounts for Consolidated Restated Financial Statements****1. Contingent Liabilities:**

	(₹ in million)					
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
a) Bank Guarantee for Advance/ Performance given to customers	415.87	425.51	352.70	382.92	504.41	320.47
b) Stamp duty demands disputed pending in appeal	5.85	5.85	5.85	1.43	1.43	1.43
c) Bank Letter of Credit outstanding at the year/period end	55.03	13.70	16.81	Nil	Nil	Nil
d) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advance.	22.52	17.07	38.92	79.92	27.60	30.06
e) Sales Tax demanded by department, Contested by company in appeal.	9.05	9.05	3.62	3.62	2.41	Nil
Amount paid there against and shown as Advances recoverable.	0.60	0.60	0.60	0.60	Nil	Nil
f) Service Tax demanded by department contested by company in appeal.	0.26	3.83	3.83	Nil	Nil	Nil
Amount paid there against and shown as Advances recoverable.	Nil	3.57	3.57	Nil	Nil	Nil
g) Excise Duty demanded by department contested by company in appeal.	0.93	0.93	0.80	0.37	0.37	0.14
Amount paid there against and shown as Advances recoverable.	Nil	Nil	0.26	0.26	Nil	Nil
h) Custom Duty demand disputed, contested in appeal.	0.10	2.80	Nil	Nil	Nil	Nil
Amount paid there against and shown as Advances	Nil	Nil	Nil	Nil	Nil	Nil

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Recoverable						
i) Disputed Labour Matters	Nil	0.48	Nil	Nil	Nil	Nil
j) Claims against the Company not acknowledged as debt	1.62	1.50	1.29	Nil	Nil	Nil

2. As per the information available with the company, the following are the details of dues to the creditors who have confirmed their registration under the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act):

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
a) Principal amount remaining unpaid	13.12	11.60	1.05	1.83	Nil	Nil
b) Interest due thereon	Nil	Nil	Nil	Nil	Nil	Nil
c) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil	Nil	Nil	Nil
d) Interest due and payable for the period of delay in making payment.	Nil	Nil	Nil	Nil	Nil	Nil
e) Interest accrued and remaining unpaid	Nil	Nil	Nil	Nil	Nil	Nil
f) Amount of interest due and payable on previous year's outstanding amount.	Nil	Nil	Nil	Nil	Nil	Nil

3. Managerial Remuneration under section 198 of the Companies Act, 1956:

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Salaries	30.70	58.00	40.00	35.14	83.14	52.20
Perquisites	2.86	3.25	2.96	2.05	1.97	3.00
Commission	Nil	Nil	Nil	Nil	0.40	0.40
Contribution to Provident Fund	1.91	2.59	2.59	1.64	1.58	1.53
Superannuation Fund	1.53	1.89	1.89	1.04	0.96	0.90
Total	37.00	65.73	47.44	39.87	88.05	58.03

4. Deferred Taxes:

The deferred tax assets / (liabilities) arising out of timing differences comprise of the following components:

(₹ in million)

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Fixed Assets	(639.04)	(534.52)	(78.73)	(33.34)	(13.97)	(2.77)
Equity Shares Issue Expenses	Nil	Nil	Nil	Nil	0.01	Nil
Leave Encashment	5.50	4.57	4.79	4.40	1.02	0.76
Gratuity	8.38	0.12	5.76	3.06	Nil	Nil
Disallowance under the Income Tax Act, 1961	9.12	5.94	6.47	2.75	Nil	0.01
Unabsorbed Depreciation	6.89	73.65	Nil	Nil	Nil	Nil
Provision for Doubtful Debts	1.19	Nil	Nil	Nil	Nil	Nil
Diminution in the value of Current Investments	Nil	21.35	Nil	Nil	Nil	Nil
Total	(607.96)	(428.89)	(61.71)	(23.15)	(12.94)	(2.00)

5. Other Expenses for the year ended 31.03.2009 includes Goodwill on Consolidation amounting to ₹ 0.31 million which has been fully impaired during the year.

6. Employee Benefits

a) Defined Contribution Plans:

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers eligible workers. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the pension fund is made only by the Company. The contributions are normally based on a certain portion of the employee's salary.

The Company has recognised the following amounts

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Provident Fund and Employee's Pension Scheme	11.45	18.30	18.46	13.39	-	-
Employees State Insurance	1.34	1.95	1.90	2.02	-	-
Super Annuation Fund	2.00	4.01	3.74	3.07	-	-
TOTAL	14.79	24.26	24.10	18.48	-	-

b) Defined Benefit Plans

Gratuity:

The Company makes annual contributions to the Employees' Group Gratuity-cum Life Assurance

(Cash Accumulation) Scheme of the LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

i) On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

c) Disclosures for defined benefit plans based on actuarial reports.

		(₹ in million)					
		As at 30 th September	Gratuity (Funded Plan) as at 31 st March				
		2010	2010	2009	2008	2007	2006
i)	Changes in Defined Benefit Obligation						
	Opening defined benefit obligation	40.15	45.44	35.06	26.06	-	-
	Current service cost	2.23	4.21	4.97	4.09	-	-
	Interest cost	1.66	3.75	2.63	2.15	-	-
	Actuarial loss / (gain)	21.48	(10.81)	4.19	3.62	-	-
	Liabilities settled on sale of business	Nil	Nil	Nil	Nil	-	-
	Benefit (paid)	(28.21)	(2.44)	1.40	0.78	-	-
	Closing defined benefit obligation	37.31	40.15	45.44	35.06	-	-
ii)	Changes in Fair Value of Assets						
	Opening fair value of plan assets	39.81	28.48	26.06	22.27	-	-
	Expected return on plan assets	1.16	2.92	2.34	2.07	-	-
	Actuarial gain / (loss)	(0.68)	0.41	0.14	0.34	-	-
	Contributions of employer (30.09.2010 ₹ 2,234)		10.44	1.35	2.16	-	-
	Assets distributed on sale of business	Nil	Nil	Nil	Nil	-	-
	Benefits (paid)	(28.21)	(2.44)	1.40	0.78	-	-
	Closing fair value of plan assets	12.08	39.81	28.48	26.06	-	-
iii)	Amount recognised in the Balance Sheet						
	Present value of the obligations as at year end (Funded+ Non Funded)	37.31	40.15	45.44	35.06	-	-
	Fair value of the plan assets as at year end	12.08	39.81	28.48	26.06	-	-
	Amount not recognised as an asset	Nil	Nil	Nil	Nil	-	-
	Net (asset) / liability	25.23	0.34	16.96	9.00	-	-

		As at 30 th September	Gratuity (Funded Plan) as at 31 st March				
		2010	2010	2009	2008	2007	2006
	recognised as on 31st March						
iv)	Expenses recognised in the Profit and Loss Account						
	Current service cost	2.23	4.21	4.97	4.01	-	-
	Interest on defined benefit obligation	1.66	3.75	2.63	2.15	-	-
	Expected return on plan assets	(1.16)	(2.92)	(2.34)	(2.07)	-	-
	Net actuarial loss / (gain) recognized in the current year	22.17	(11.22)	4.05	3.28	-	-
	Effect of the limit in Para 59(b) of the revised AS 15	Nil	Nil	Nil	Nil	-	-
	Total expenses	24.90	(6.18)	9.30	7.38	-	-
v)	Asset information						
	Government of India Securities	-	-	-	-	-	-
	Corporate Bonds	-	-	-	-	-	-
	Special Deposit Scheme	-	-	-	-	-	-
	Others – Policy of Insurance	100%	100%	100%	100%	-	-
vi)	Principal actuarial assumptions used						
	Discount rate (p.a.)	8.3%	8.3%	7.5%	8.3%	-	-
	Expected rate of return on plan assets (p.a.)	9.0%	9.0%	9.0%	9.0%	-	-
	Annual increase in salary cost (p.a.)	5.5%	5.5%	5.5%	6.3%	-	-

The estimate of future increase in compensation levels, considered in the actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Annexure 7:**Restated Summary Statement of Share Capital****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Authorised :						
Number of Equity Shares	20,000,000	10,000,000	10,000,000	10,000,000	5,000,000	5,000,000
Face Value (In ₹)	10	10	10	10	10	10
Total Value	200.00	100.00	100.00	100.00	50.00	50.00
Issued, Subscribed and Paid-Up:						
Number of Equity Shares	5,200,380	5,200,380	5,200,380	5,200,380	4,741,523	3,079,371
Face Value (In ₹)	10	10	10	10	10	10
Total Value	52.00	52.00	52.00	52.00	47.42	30.79

Note :- Above Includes :

- 1) 1,40,445 Equity Shares allotted for consideration other than cash.
- 2) 10,41,540 Equity Shares allotted as bonus shares by capitalisation of reserve.

Annexure 8:

Restated Summary Statement of Reserves and Surplus

(₹ in million)

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Capital Reserve						
As per last Balance Sheet	1.39	1.39	1.39	1.39	1.39	1.39
Capital Redemption Reserve						
As per last Balance Sheet	5.02	5.02	5.02	5.02	5.02	5.02
Foreign Currency Translation Reserve						
As per last Balance Sheet	0.78	1.18	0.28	(0.36)	0.02	-
(Debited) Credited during the year/period	0.01	(0.40)	0.90	0.64	(0.38)	0.02
	0.79	0.78	1.18	0.28	(0.36)	0.02
Securities Premium Account						
As per last Balance Sheet	1,474.75	1,474.75	1,474.75	-	-	-
Add : Received on Preferential Allotment	-	-	-	1,495.41	-	-
Less : Utilised for meeting the Share Issue Expenses	-	-	-	20.66	-	-
Closing Balance	1,474.75	1,474.75	1,474.75	1,474.75	-	-
General Reserve						
As per last Balance Sheet	677.39	572.04	484.73	382.58	282.58	232.58
Add : Transferred from Profit & Loss Account	-	105.35	87.32	104.65	100.00	50.00
Less : Transitional Liability on account of AS-15 (Revised)	-	-	-	2.50	-	-
Closing Balance	677.39	677.39	572.04	484.73	382.58	282.58
Profit and Loss Account						
	4,389.17	3,771.93	3,066.48	2,430.86	1,546.50	882.20
	6,548.51	5,931.26	5,120.86	4,397.03	1,935.13	1,171.21

Annexure 9:**Restated Summary Statement of Secured Loans****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Term Loan from Bank						
- Foreign Currency Loan	456.00	-	-	-	-	-
Working Capital Loan from Banks						
- Foreign Currency Loan	68.45	-	-	-	-	-
- Rupee Loan	32.20	-	-	-	-	-
	556.65	-	-	-	-	-

Annexure 9A

Details of Outstanding Secured Loan as on 30th September, 2010

(₹ in million)					
Sr. No.	Nature of Loan and Name of Lender	Sanctioned Amount	Balance Outstanding as on 30.09.2010	Rate of Interest per annum as on 30.09.2010	Repayment Schedule
1	Foreign Currency Term Loan – Standard Chartered Bank	USD 10 million	456.00	LIBOR plus 2.25 %	Bullet repayment at the end of 3 years from date of disbursement.
2	Foreign Currency Working Capital Loan - Standard Chartered Bank	USD 2 million	68.45	LIBOR plus 2.00 %	6 months from the date of availment
3	Rupee Working Capital Loan - BNP Paribas	574.00	32.20	9.00 %	Repayment happens as and when bank balance is adequate

Notes:

Security Clause

- A) Foreign Currency Term Loan from Standard Chartered Bank: The term loan is to be secured against:
- 1) Hypothecation by way of first exclusive charge on a) all present and future movable properties of the borrower comprising the 6 Windmills presently installed at Village Vandhiya (Lakhapur), Kutch District, Gujarat State and b) all present and future movable properties of the borrower comprising the 5 Windmills presently installed at Village Vandhiya, Kutch District, Gujarat State.
 - 2) Charge/lien on mutual funds / fixed maturity plans / NABARD Bond aggregating to ₹ 3,99.90 million.
- B) Working Capital Loans from Banks are secured by hypothecation of all movable assets, stocks and book debts of the Company.

Annexure 10:

Restated Summary Statement of Fixed Assets

Statement of Fixed Assets as at 30th September, 2010

(₹ in million)

Gross Block					Depreciation / Amortisation				Net Block	
Description	As At 01.04.2010	Additions	Deduction / Adjustments	As At 30.09.2010	Upto 01.04.2010	For the Year	Deduction / Adjustments	Upto 30.09.2010	As At 30.09.2010	As At 31.03.2010
<u>Owned Tangibles</u>										
Freehold Land	112.18	76.09	-	188.27	-	-	-	-	188.27	112.18
Leasehold Land	7.11	-	-	7.11	0.50	0.05	-	0.55	6.56	6.62
Buildings	681.42	765.31	-	1,446.73	152.24	23.72	-	175.96	1,270.77	529.18
Plant & Machinery	182.52	13.17	0.14	195.55	83.67	10.45	0.09	94.03	101.52	98.85
Wind Mill	2,148.33	599.64	-	2,747.97	159.08	157.26	-	316.34	2,431.63	1,989.26
Office Equipments	36.74	1.06	-	37.80	18.57	1.33	-	19.90	17.90	18.17
Furniture & Fixture	70.01	3.38	-	73.39	41.51	2.78	-	44.29	29.10	28.51
Computers	25.17	4.96	-	30.13	18.01	2.07	-	20.08	10.04	7.16
Vehicles	128.42	17.70	6.62	139.50	75.86	8.02	4.74	79.14	60.36	52.56
<u>Owned Intangibles</u>										
Software	4.76	5.15	-	9.91	3.20	1.02	-	4.21	5.70	1.56
<u>Leased Assets</u>										
Plant & Machinery	154.02	12.55	-	166.57	35.31	14.95	-	50.26	116.31	118.71
Total	3,550.69	1,499.00	6.76	5,042.93	587.94	221.65	4.83	804.76	4,238.17	2,962.75
Capital Work in Progress(including Advance for Capital Expenses)									70.69	56.47
									4,308.86	3,019.22

Statement of Fixed Assets as at 31st March, 2010

(₹ in million)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As At	Additions	Deduction /	As At	Upto	For the	Deduction /	Upto	As At	As At
	01.04.2009		Adjustments	31.03.2010	01.04.2009	Year	Adjustments	31.03.2010	31.03.2010	31.03.2009
<u>Owned Tangibles</u>										
Freehold Land	108.55	3.62	-	112.18	-	-	-	-	112.18	108.55
Leasehold Land	5.87	1.24	-	7.11	0.42	0.08	-	0.50	6.62	5.45
Buildings	578.49	108.90	5.97	681.42	109.29	44.54	1.60	152.24	529.18	469.20
Plant & Machinery	163.97	26.24	7.69	182.52	67.41	20.53	4.27	83.67	98.85	96.57
Wind Mill	240.00	1,908.33	-	2,148.33	36.48	122.60	-	159.08	1,989.26	203.52
Office Equipments	35.63	2.72	1.60	36.74	17.06	2.79	1.28	18.57	18.17	18.56
Furniture & Fixture	74.92	0.46	5.36	70.01	38.65	6.40	3.54	41.51	28.51	36.27
Computers	23.10	2.37	0.30	25.17	14.22	4.06	0.27	18.01	7.16	8.88
Vehicles	125.30	14.25	11.13	128.42	67.76	16.11	8.01	75.86	52.56	57.54
<u>Owned Intangibles</u>										
Software	3.94	1.30	0.49	4.76	2.59	1.10	0.49	3.20	1.56	1.36
<u>Leased Assets</u>										
Plant & Machinery	87.24	66.79	-	154.02	17.95	17.36	-	35.31	118.71	69.29
Total	1,447.02	2,136.22	32.55	3,550.69	371.83	235.57	19.46	587.94	2,962.75	1,075.19
Capital Work in Progress(including Advance for Capital Expenses)									56.47	76.87
									3,019.22	1,152.06

Statement of Fixed Assets as at 31st March, 2009

(₹ in million)

Description	Gross Block					Depreciation / Amortisation					Net Block	
	As At	Additions	Additions	Deduction /	As At	Upto	Additions	For the	Deduction /	Upto	As At	As At
	01.04.2008		on acquisition of subsidiary company	Adjustments	31.03.2009	01.04.2008	on acquisition of subsidiary company	Year	Adjustments	31.03.2009	31.03.2009	31.03.2008
<u>Owned Tangibles</u>												
Freehold Land	108.55	-	-	-	108.55	-	-	-	-	-	108.55	108.55
Leasehold Land	5.87	-	-	-	5.87	0.32	-	0.10	-	0.42	5.45	5.55
Buildings	346.79	194.02	37.68	-	578.49	77.32	1.72	30.25	-	109.29	469.20	269.46
Plant & Machinery	150.65	13.33	-	-	163.97	45.47	-	21.93	-	67.40	96.57	105.17
Wind Mill	120.00	120.00	-	-	240.00	0.05	-	36.43	-	36.48	203.52	119.95
Office Equipments	32.89	2.61	0.12	(0.01)	35.63	14.24	0.03	2.79	-	17.06	18.56	18.65
Furniture & Fixture	63.83	10.72	0.36	-	74.92	32.01	0.11	6.53	-	38.65	36.27	31.82
Computers	40.51	4.02	-	21.43	23.10	29.69	-	5.96	21.43	14.22	8.88	10.82
Vehicles	114.43	17.52	-	6.64	125.30	54.71	-	17.77	4.71	67.76	57.54	59.72
<u>Owned Intangibles</u>												
Software	3.84	0.11	-	-	3.94	1.73	-	0.86	-	2.59	1.36	2.11
<u>Leased Assets</u>												
Plant & Machinery	34.86	52.38	-	-	87.24	7.35	-	10.61	-	17.95	69.29	27.51
Total	1,022.22	414.70	38.16	28.07	1,447.02	262.89	1.86	133.23	26.14	371.83	1,075.19	759.33
Capital Work in Progress(including Advance for Capital Expenses)											76.87	228.09
											1,152.06	987.42

Statement of Fixed Assets as at 31st March, 2008

(₹ in million)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As At	Additions	Deduction /	As At	Upto	For the	Deduction /	Upto	As At	As At
	01.04.2007		Adjustments	31.03.2008	01.04.2007	Year	Adjustments	31.03.2008	31.03.2008	31.03.2007
<u>Owned Tangibles</u>										
Freehold Land	21.49	87.06	-	108.55	-	-	-	-	108.55	21.49
Leasehold Land	5.22	0.65	-	5.87	0.23	0.08	-	0.32	5.55	4.98
Buildings	291.15	57.05	1.41	346.79	54.51	23.70	0.89	77.32	269.46	236.64
Plant & Machinery	103.78	46.98	0.11	150.65	25.94	19.59	0.06	45.47	105.17	77.84
Wind Mill	-	120.00	-	120.00	-	0.05	-	0.05	119.95	-
Office Equipments	23.69	9.20	-	32.89	12.03	2.21	-	14.24	18.65	11.66
Furniture & Fixture	52.67	11.24	0.08	63.83	26.48	5.56	0.03	32.01	31.82	26.19
Computers	35.50	5.03	0.01	40.51	24.06	5.64	-	29.69	10.82	11.44
Vehicles	89.40	30.49	5.47	114.43	41.81	16.12	3.22	54.71	59.72	47.59
<u>Owned Intangibles</u>										
Software	2.50	1.34	-	3.84	0.69	1.03	-	1.73	2.11	1.80
<u>Leased Assets</u>										
Plant & Machinery	34.86	-	-	34.86	2.58	4.77	-	7.35	27.51	32.29
Total	660.25	369.04	7.07	1,022.22	188.32	78.77	4.20	262.89	759.33	471.93
Capital Work in Progress(including Advance for Capital Expenses)									228.09	86.94
									987.42	558.87

Statement of Fixed Assets as at 31st March, 2007

(₹ in million)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As At	Additions	Deduction / Adjustments	As At	Upto	For the	Deduction / Adjustments	Upto	As At	As At
	01.04.2006			31.03.2007	01.04.2006	Year		31.03.2007	31.03.2007	31.03.2006
<u>Owned Tangibles</u>										
Freehold Land	21.96	0.22	0.69	21.49	-	-	-	-	21.49	21.96
Leasehold Land	5.22	-	-	5.22	0.18	0.05	-	0.23	4.98	5.04
Buildings	188.42	107.86	5.13	291.15	43.18	13.16	1.83	54.51	236.64	145.24
Plant & Machinery	71.39	33.25	0.86	103.78	16.51	9.53	0.10	25.94	77.84	54.88
Office Equipments	19.80	3.89	-	23.69	10.48	1.55	-	12.03	11.66	9.32
Furniture & Fixture	47.57	5.10	-	52.67	21.38	5.09	-	26.48	26.19	26.18
Computers	27.26	8.24	-	35.50	19.08	4.98	-	24.06	11.44	8.19
Vehicles	69.36	25.56	5.51	89.40	32.42	13.04	3.65	41.81	47.59	36.94
<u>Owned Intangibles</u>										
Software	0.80	1.70	-	2.50	0.50	0.19	-	0.69	1.80	0.30
<u>Leased Assets</u>										
Plant & Machinery	-	34.86	-	34.86	-	2.58	-	2.58	32.29	-
Total	451.77	220.68	12.20	660.25	143.73	50.16	5.58	188.32	471.93	308.04
Capital Work in Progress(including Advance for Capital Expenses)									86.94	42.19
									558.87	350.23

Statement of Fixed Assets as at 31st March, 2006

(₹ in million)

Gross Block					Depreciation / Amortisation				Net Block	
Description	As At 01.04.2005	Additions	Deduction / Adjustments	As At 31.03.2006	Upto 01.04.2005	For the Year	Deduction / Adjustments	Upto 31.03.2006	As At 31.03.2006	As At 31.03.2005
Owned Tangibles										
Freehold Land	9.71	12.25	-	21.96	-	-	-	-	21.96	9.71
Leasehold Land	0.89	4.33	-	5.22	0.17	0.01	-	0.18	5.04	0.72
Buildings	130.44	57.98	-	188.42	34.42	8.76	-	43.18	145.24	96.02
Plant & Machinery	41.66	29.73	-	71.39	9.90	6.61	-	16.51	54.88	31.76
Office Equipments	17.94	1.86	-	19.80	9.07	1.41	-	10.48	9.32	8.87
Furniture & Fixture	40.96	6.61	-	47.57	16.47	4.91	-	21.38	26.18	24.49
Computers	21.46	5.80	-	27.27	16.10	2.98	-	19.08	8.19	5.36
Vehicles	51.70	23.14	5.48	69.36	25.26	10.96	3.80	32.42	36.94	26.45
Owned Intangibles										
Software	0.80	-	-	0.80	0.30	0.20	-	0.50	0.30	0.50
Total	315.57	141.69	5.48	451.77	111.70	35.83	3.80	143.73	308.04	203.86
Capital Work in Progress(including Advance for Capital Expenses)									42.19	56.37
									350.23	260.23

Annexure 10A:**Restated Statement of Capital Work in Progress (Including Advance for Capital Expenses)**

(₹ in million)						
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Building and Civil Works	63.43	56.47	76.87	107.47	73.96	40.84
Plant and Machinery	7.26	-	-	12.25	7.19	-
Furniture & Fixture	-	-	-	0.07	-	-
Windmill	-	-	-	108.30	-	-
Advances for Capital Expenditure	-	-	-	-	5.80	1.35
Total	70.69	56.47	76.87	228.09	86.94	42.19

Annexure 11:

Restated Summary Statement of Investments

(₹ in million)

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
A. Long Term :						
i) In Government Securities (Non-Trade, Unquoted)						
National Savings Certificates	-	-	-	0.03	0.03	0.03
ii) In Others :						
a. In Equity (Trade, Unquoted)						
National Co-operative Bank Ltd.	-	-	0.10	0.10	0.10	0.10
b. In Preference Shares (Non-Trade, Unquoted)						
K. S. Realty Constructions Private Ltd.	0.03	0.03	0.03	0.03	-	-
c. In Debentures (Non-Trade, Unquoted)						
Kotak Mahindra Prime Ltd.	-	-	10.25	10.25	10.25	-
Citicorp Finance (India) Ltd.	-	27.00	27.00	30.00	30.00	-
K. S. Realty Constructions Private Ltd.	-	-	50.50	50.50	-	-
d. In Equity (Non-Trade, Quoted)	-	-	-	-	9.15	-
e. In Mutual Fund (Non-Trade, Quoted)						
BMF Gold Bees	-	-	-	20.00	20.00	-
f. In Mutual Funds (Non-Trade, Unquoted)	-	-	-	471.44	315.10	160.00
g. In Commodities Trust						
Beneficial Interest in "The Commodities Trust" of IL&FS Trust Company Ltd.	-	-	-	-	10.00	-
Total Long Term Investments (A)	0.03	27.03	87.88	582.34	394.63	160.13
B. Current Investments :						
i) In Equity (Non-Trade, Quoted)	1.12	1.12	1.12	1.12	-	-
ii) In Bonds (Non-Trade, Quoted)						
NABARD-Bhavishya Nirman Bonds 2019	199.75	199.75	-	-	-	-
iii) In Mutual Fund (Non-Trade, Quoted)						
DWS Fixed Term Fund Series - 69						
Regular - Growth	100.06	100.06	-	-	-	-
iv) In Mutual Funds (Non-Trade, Unquoted)	2,238.27	3,011.44	3,333.39	2,254.77	285.02	109.03
	2,539.20	3,312.37	3,334.51	2,255.89	285.02	109.03
Less : Provision for Diminution in value of Current Investments	0.12	62.83	130.15	-	4.34	-
Total Current Investments (B)	2,539.08	3,249.54	3,204.36	2,255.89	280.68	109.03

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Total (A+B)	2,539.11	3,276.57	3,292.24	2,838.23	675.32	269.16
Quoted Investments - Book Value	300.81	300.93	1.12	21.12	29.15	-
- Market Value	331.85	315.77	1.03	26.78	28.18	-
Unquoted Investments - Book Value	2,238.30	2,975.64	3,291.12	2,817.11	646.17	269.16

Annexure 12:**Restated Summary Statement of Inventories****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Inventories						
Raw Materials and Components	944.87	421.40	777.52	684.94	584.71	361.70
Work in Progress - Projects	-	-	-	-	163.39	-
Work in Progress - Others	34.72	61.88	19.51	6.60	-	0.46
Finished Goods	7.47	4.10	7.23	1.74	-	5.92
Traded Goods	112.33	50.26	63.07	89.10	51.43	66.63
	1,099.39	537.64	867.33	782.38	799.53	434.71

Annexure 13:**Restated Summary Statement of Debtors****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Sundry Debtors						
<i>(Unsecured)</i>						
Debts Outstanding for Period Exceeding Six Months						
- Considered Good	139.31	160.93	305.36	179.23	134.09	92.98
- Considered Doubtful	3.57	-	-	-	-	-
	142.88	160.93	305.36	179.23	134.09	92.98
Other Debts – Considered Good	979.80	872.62	835.47	940.07	699.54	574.00
	1,122.68	1,033.55	1,140.83	1,119.30	833.63	666.98
Less: Provision for Doubtful Debts	3.57	-	-	-	-	-
	1,119.11	1,033.55	1,140.83	1,119.30	833.63	666.98

Annexure 14:**Restated Summary Statement of Cash & Bank Balances****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Cash & Bank Balances						
Cash in Hand	3.30	1.98	1.32	1.97	4.12	2.60
Balance with Scheduled Banks						
In Current Accounts	216.25	110.62	190.74	197.40	117.61	70.53
In Fixed Deposits	12.09	17.58	17.29	14.28	134.06	168.36
Balance with Non - Scheduled Bank						
In Current Accounts with Emirates & Sudan Bank, Sudan	-	-	-	0.21	3.24	-
	231.64	130.18	209.35	213.86	259.03	241.49
Note:						
1. Deposit receipts are under lien with bank against facilities extended.	8.76	14.26	11.12	8.50	-	-
2. Maximum balance in Current Accounts with Non-Scheduled Bank						
Emirates & Sudan Bank, Sudan	-	-	0.21	51.86	37.38	-

Annexure 15:**Restated Summary Statement of Loans & Advances****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Loans & Advances						
<i>(Unsecured, Considered Good)</i>						
Loans	11.88	17.14	41.58	79.67	95.05	20.00
Deposits	50.44	44.35	46.34	87.68	71.82	44.93
MAT Credit Entitlement	358.99	211.26	-	-	-	-
Advance Recoverable in Cash or Kind or value to be received	210.60	267.52	278.84	329.63	219.53	149.46
Taxes Paid (Net of Provision)	31.69	72.46	-	20.73	-	-
Balance with Excise & Custom Authorities (Including Service Tax)	15.01	25.39	40.22	59.98	44.40	29.25
	678.61	638.12	406.98	577.69	430.80	243.64

Annexure 16:**Restated Summary Statement of Current Liabilities****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Current Liabilities						
Sundry Creditors	1,214.57	1,358.38	872.67	1,043.63	916.02	637.90
Other Liabilities	175.70	95.92	98.90	157.78	88.24	95.20
Advances from Customers	767.94	573.11	736.14	762.36	518.29	249.49
	2,158.21	2,027.41	1,707.71	1,963.77	1,522.55	982.59

Annexure 17:**Restated Summary Statement of Provisions****(₹ in million)**

Particulars	As at 30th September,	As at 31st March,				
	2010	2010	2009	2008	2007	2006
Provisions						
Interim Dividend	-	156.01	78.01	52.00	-	-
Tax on Interim Dividend	-	25.91	13.26	8.84	-	-
Proposed Dividend	-	-	-	-	-	11.19
Tax on Proposed Dividend	-	-	-	-	-	1.57
For Taxation (Net of Advance)	-	-	4.13	-	32.92	1.46
For Gratuity	25.23	0.35	16.97	9.05	0.02	-
For Leave Encashment	16.57	13.45	14.13	13.04	6.20	5.40
For Derivative Loss	11.59	-	-	-	-	-
	53.39	195.72	126.50	82.93	39.14	19.62

Annexure 18:**Restated Summary Statement of Sales & Services – Gross****(₹ in million)**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Sales & Services - Gross						
Sale of :						
- Manufactured Goods	4,834.74	7,885.34	8,915.51	8,099.28	5,933.09	4,650.39
- Traded Goods	278.86	258.77	461.46	680.91	522.66	268.66
- Electricity	214.46	68.77	36.33	0.01	-	-
Works Contracts	123.73	265.02	334.18	112.66	655.07	76.60
Erection, Installation and Other Services						
Rendered	153.95	212.66	228.08	138.25	102.63	107.85
Income from Leasing	57.33	84.47	43.77	14.72	8.33	-
Commission	-	8.08	5.01	5.15	-	29.13
	5,663.07	8,783.11	10,024.34	9,050.98	7,221.78	5,132.63

Annexure 19:**Restated Summary Statement of Other Income****(₹ in million)**

Particulars		For the Period Ended 30th September,	For the Year Ended 31st March,				
		2010	2010	2009	2008	2007	2006
Other Income							
Income from Long Term Investments							
-Dividend	Recurring	-	-	3.10	27.54	12.90	2.38
-Profit on Sale of Investments(Net)	Recurring	-	8.98	37.07	28.36	9.91	2.06
Income from Current Non-Trade Investments							
-Dividend	Recurring	10.66	116.85	151.41	22.70	12.35	5.17
-Profit on Sale of Investments (Net)	Recurring	-	121.49	7.46	12.23	13.90	13.04
Export Incentives (30.09.2010 ₹ 2,608)	Recurring		0.04	0.03	0.18	6.99	6.75
Interest on Bank Deposits	Recurring	0.98	3.25	4.44	5.95	9.56	9.69
Interest from Others	Recurring	7.67	16.01	9.27	13.07	5.15	-
Profit on Sale of Fixed Assets (Net)	Non-recurring	0.19	-	-	2.87	2.43	1.25
Exchange Variation Gain (Net)	Non-recurring	-	30.38	-	-	-	2.84
Diminution in the value of Current Investments written back	Non-recurring	62.71	130.15	-	-	-	-
Amounts written back (Net)	Non-recurring	18.34	-	-	3.94	-	-
Miscellaneous Income	Non-recurring	4.71	5.95	15.25	19.65	11.19	3.04
		105.26	433.10	228.03	136.49	84.38	46.22

Note: The above incomes has arisen out of normal business activities.

Annexure 20:**Restated Summary Statement of Cost of Materials****(₹ in million)**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Cost of Materials						
Raw Material & Components Consumed :						
Opening Stock	421.40	777.52	684.94	584.71	361.70	274.41
Add: Purchases of Materials and						
Components	3,868.91	5,230.61	6,324.31	5,511.76	4,283.17	3,359.42
	4,290.31	6,008.13	7,009.25	6,096.47	4,644.87	3,633.83
Less: Closing Stock	944.87	421.40	777.52	684.94	584.71	361.70
	3,345.44	5,586.73	6,231.73	5,411.53	4,060.16	3,272.13
Purchase of Traded Goods	298.74	134.12	312.90	208.39	196.94	158.15
Works Contract Materials Consumed	88.24	166.34	183.26	150.41	303.89	25.72
(Increase) Decrease in Stock						
Opening Stock:						
Work in Progress	61.88	19.51	6.60	-	0.46	27.29
Finished Goods	4.10	7.23	1.74	-	5.92	20.63
Traded Goods	50.26	63.07	89.10	51.43	66.64	42.06
	116.24	89.81	97.44	51.43	73.02	89.98
Closing Stock:						
Work in Progress	34.72	61.88	19.51	6.60	-	0.46
Finished Goods	7.47	4.10	7.23	1.74	-	5.92
Traded Goods	112.33	50.26	63.07	89.10	51.43	66.64
	154.52	116.24	89.81	97.44	51.43	73.02
(Increase) Decrease in Stock	(38.28)	(26.43)	7.63	(46.01)	21.59	16.96
	3,694.14	5,860.76	6,735.52	5,724.32	4,582.58	3,472.96

Annexure 21:**Restated Summary Statement of Personnel Expenses****(₹ in million)**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Personnel Expenses						
Salaries, Allowances & Bonus	195.66	317.39	304.41	265.27	201.86	176.34
Contribution to Provident Fund, Gratuity						
& Other Funds	38.14	14.65	31.64	23.37	19.70	15.70
Welfare Expenses	15.63	24.91	24.70	22.88	16.14	17.16
	249.43	356.95	360.75	311.52	237.70	209.20

Annexure 22:

Restated Summary Statement of Manufacturing & Other Expenses

(₹ in million)

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Manufacturing & Other Expenses						
Manufacturing Expenses						
- Consumable Stores	54.50	165.40	136.02	107.79	64.63	40.02
- Wages	11.37	22.07	25.57	22.55	20.90	18.39
- Power & Fuel	10.00	15.43	13.91	11.61	3.98	1.99
- Repairs & Maintenance						
- Plant & Machinery	0.90	1.80	1.60	1.28	2.07	0.59
- Buildings	1.05	11.39	2.57	3.55	7.19	3.20
- Others	3.98	8.92	5.08	6.35	4.81	1.90
- Other Manufacturing Expenses	38.52	58.64	62.93	60.60	54.35	31.62
Conveyance & Petrol Expenses	15.10	21.94	23.11	24.74	23.59	19.36
Postage & Courier	1.23	2.26	2.95	2.70	2.40	2.16
Works Contract & Erection Expenses	44.93	136.11	181.11	296.42	158.82	63.18
Telephone & Communication	6.99	13.56	14.72	15.60	14.11	12.14
Vehicles Maintenance	4.47	8.13	6.74	6.82	5.35	4.27
Insurance Expenses	2.20	6.50	5.95	16.32	12.90	8.48
Repairs & Maintenance						
- Others	15.87	15.06	12.57	12.21	10.88	10.51
Legal & Professional Charges	6.18	10.21	6.04	17.38	13.54	7.35
Printing & Stationery	3.16	4.89	5.52	8.32	7.86	5.00
Rent, Rates & Taxes	15.73	20.24	22.89	23.29	19.81	16.14
Freight Outward & Octroi	17.92	43.90	43.23	44.28	32.38	25.97
Advertisement	1.64	5.19	3.68	1.92	4.88	2.84
Sales Commission	4.55	12.57	29.16	17.29	20.52	14.52
Bad Debts(Net)	-	33.33	59.67	-	31.52	30.59
Provision for Doubtful Debts	3.57	-	-	-	-	-
Provision for Derivative Loss	11.59	-	-	-	-	-
Loss on Sale of Fixed Assets (Net)	-	0.20	0.19	-	-	-
Loss on Sale of Current Non-Trade						
Investments (Net)	49.92	-	-	-	-	-
Travelling Expenses	14.94	31.04	33.02	49.20	29.40	16.11
Bank Charges	6.03	7.15	10.20	8.33	18.93	8.56
Interest	0.24	0.16	0.43	0.30	0.96	1.20
Donation	0.15	1.67	1.26	1.83	1.28	1.35
Diminution in Value of Current Investments	-	62.83	130.15	-	4.34	-
Exchange Variation Loss (Net)	0.25	-	18.81	24.60	9.18	-
Sales & Works Contract Tax	2.90	9.52	9.01	3.57	4.48	1.59
Share of Loss of ILFS Commodity Trust	-	-	-	2.68	-	-
Other Expenses	23.37	46.15	46.20	75.57	53.73	27.34
	373.25	776.26	914.29	867.10	638.79	376.37

Annexure 23:**Related party Disclosures required under Accounting Standard No. 18 “Related Parties”**

List of related parties and nature of relationship (As identified by the Management and relied upon by the Auditors)

	Nature of Relationship					
	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Quadrant Engineers Ltd. *	-	-	Associate Company (upto 30th October,08)	Associate Company	Associate Company	Associate Company
Powerica Sales & Services Pvt. Ltd *	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company
Powerica Generators Pvt. Ltd. *	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company
Art Yarn Exports (India) Pvt. Ltd. *	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company
Naresh Oberoi HUF	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities
Oberoi Family Trust	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities	Significant Interest Entities
Mr. Naresh Oberoi	Managing Director	Managing Director	Managing Director	Managing Director	Managing Director	Managing Director
Mr. Bharat Oberoi	Director	Director	Director	Director	Director	Director
Mr. K. R. Puri	Director	Director	Director	Director	Director	Director
Mr. Sam Amrolia	Whole time Director	Whole time Director	Whole time Director	Whole time Director	Whole time Director	Whole time Director
Mr. R. C. Puri	Director	Director	Director	Director	Director	Director
Mr. Bhola Tandon	Director	Director	Director	Director	Director	Director
Mr. Sunil K. Khurana	Director	Director	Director	Director	Director	Director
Mr. Rajat Oberoi	Director	Director	Director	Director	Director	Relative of Key Management Personnel
Mrs. Lata Oberoi	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel
Mr. Suresh Puri	Relative of Key Management	Relative of Key Management	Relative of Key Management	Relative of Key Management	Relative of Key Management	Relative of Key Management

	Nature of Relationship					
	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
	Personnel	Personnel	Personnel	Personnel	Personnel	Personnel
Mrs. Renu Sachin Mehra	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel	Relative of Key Management Personnel

* Associate company under Accounting Standard 18 “Related Parties”.

Details of Transactions with Related Parties

(₹ in million)

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Sales Income:						
Powerica Sales & Services Pvt. Ltd.	3.59	0.19	0.31	143.30	154.91	59.99
Interest Income:						
Art Yarn Exports (India) Pvt. Ltd.	0.73	0.85	Nil	Nil	Nil	Nil
Rent Income:						
Art Yarn Exports (India) Pvt. Ltd.	Nil	0.10	0.35	Nil	Nil	Nil
Management Fees Income:						
Art Yarn Exports (India) Pvt. Ltd.	Nil	Nil	0.45	0.61	Nil	Nil
Expenses Incurred, Reimbursed to us						
Art Yarn Exports (India) Pvt. Ltd.	0.02	0.03	Nil	Nil	Nil	Nil
Purchase of Goods/Services:						
Powerica Sales & Services Pvt. Ltd.	0.90	Nil	Nil	Nil	Nil	3.10
Commission Expenses:						
Art Yarn Exports (India) Pvt. Ltd.	Nil	Nil	Nil	Nil	0.17	Nil
Rent Expenses:						
Quadrant Engineers Ltd.	Nil	Nil	0.69	1.38	1.38	1.38
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	0.06	0.12	0.12	0.12
Powerica Generators Pvt.Ltd.	Nil	Nil	2.80	4.80	4.80	4.80
Naresh Oberoi HUF	Nil	Nil	0.44	0.76	0.76	0.76
Oberoi Family Trust	0.90	1.80	1.80	1.80	1.80	Nil
Mr.Rajat Oberoi	Nil	Nil	0.26	0.44	0.44	0.38
Mrs.Lata Oberoi	Nil	Nil	0.04	0.06	0.06	0.06
Renu Sachin Mehra	Nil	Nil	0.26	0.46	0.46	0.46
Remuneration Expenses:						
Mr.Naresh Oberoi	5.78	9.53	9.55	12.18	38.72	27.12
Mr.Bharat Oberoi	14.87	23.04	18.01	10.31	27.11	14.36
Mr.K. R. Puri	2.66	3.99	3.93	1.77	1.78	1.59
Mr. R. C. Puri	2.15	3.57	2.56	2.43	5.33	3.09
Mr. Sam Amrolia	2.10	3.47	2.44	2.24	3.36	2.59
Mr. Bhola Tandon	2.06	4.41	2.39	2.20	3.20	2.59
Mr. Sunil K. Khurana	2.10	3.95	2.38	4.20	5.20	5.39

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Mr. Rajat Oberoi	5.28	13.77	6.18	4.54	3.35	Nil
Consultancy Charges Expense:						
Quadrant Engineers Ltd.	Nil	Nil	Nil	1.87	5.79	2.74
Dividend Paid:						
Naresh Oberoi HUF	2.52	1.68	1.68	Nil	1.23	Nil
Mr.Naresh Oberoi	82.37	54.91	54.91	Nil	43.60	Nil
Mr.Bharat Oberoi	13.94	9.29	9.29	Nil	6.28	Nil
Mr.K. R. Puri	19.61	13.07	13.07	Nil	13.34	Nil
Mr. Sunil K. Khurana	0.01	0.01	0.01	Nil	0.01	Nil
Mr. Rajat Oberoi	12.96	8.65	8.65	Nil	5.63	Nil
Renu Sachin Mehra	4.92	3.28	3.28	Nil	2.23	Nil
Issue of Equity Shares						
Naresh Oberoi HUF	Nil	Nil	Nil	Nil	0.32	0.18
Mr.Naresh Oberoi	Nil	Nil	Nil	Nil	10.87	3.37
Mr.Bharat Oberoi	Nil	Nil	Nil	Nil	1.74	1.97
Mr.K. R. Puri	Nil	Nil	Nil	Nil	1.20	Nil
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	₹ 1,440	Nil
Renu Sachin Mehra	Nil	Nil	Nil	Nil	0.62	0.68
Mr. Rajat Oberoi	Nil	Nil	Nil	Nil	1.62	2.23
Mr. T B Nedungadi	Nil	Nil	Nil	Nil	0.26	Nil
Repayment of Loan:						
Mr.Naresh Oberoi	Nil	Nil	Nil	35.00	Nil	7.50
Mr.Rajat Oberoi	Nil	Nil	Nil	5.00	Nil	Nil
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	Nil	1.75
Loan Received:						
Mr.Naresh Oberoi	Nil	Nil	Nil	35.00	Nil	7.50
Mr.Rajat Oberoi	Nil	Nil	Nil	5.00	Nil	Nil
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	Nil	1.75
Advance / Loan Given:						
Art Yarn Exports (India) Pvt. Ltd.	Nil	42.33	12.37	Nil	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil	2.50
Repayment of Advance / Loan Given:						
Art Yarn Exports (India) Pvt. Ltd.	9.09	26.13	2.48	Nil	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	Nil	Nil	2.50	Nil
Rent Deposit Given:						
Quadrant Engineers Ltd.	Nil	Nil	Nil	Nil	20.35	Nil
Repayment of Rent Deposit Given:						
Quadrant Engineers Ltd.	Nil	Nil	5.00	Nil	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	1.00	Nil	Nil	Nil
Naresh Oberoi HUF	Nil	Nil	3.50	Nil	Nil	Nil
Powerica Generators Pvt. Ltd.	Nil	5.00	Nil	Nil	Nil	Nil

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(₹ in million)

Outstanding as at Balance Sheet Date

	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Receivables:						
Art Yarn Exports (India) Pvt. Ltd.	17.00	26.10	9.89	Nil	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	0.16	Nil	Nil	Nil	14.29	46.86
Payables:						
Art Yarn Exports (India) Pvt. Ltd.	Nil	Nil	Nil	Nil	0.12	Nil
Quadrant Engineers Ltd.	Nil	Nil	Nil	1.66	Nil	Nil
Powerica Sales & Services Pvt. Ltd.	0.90	Nil	0.03	0.03	Nil	Nil
Mr.Naresh Oberoi	Nil	Nil	Nil	Nil	0.40	20.40
Mr.Bharat Oberoi	Nil	Nil	Nil	Nil	7.50	10.00
Mr. R. C. Puri	Nil	Nil	Nil	Nil	3.50	1.50
Mr. Sam Amrolia	Nil	Nil	Nil	Nil	1.50	1.00
Mr. Bhola Tandon	Nil	Nil	Nil	Nil	1.50	1.00
Mr. Sunil K. Khurana	Nil	Nil	Nil	Nil	3.50	3.80
Mr. Rajat Oberoi	Nil	Nil	Nil	Nil	2.50	Nil
Rent Deposit:						
Quadrant Engineers Ltd.	Nil	Nil	Nil	20.35	20.35	Nil
Powerica Sales & Services Pvt. Ltd.	Nil	Nil	Nil	1.00	1.00	1.00
Naresh Oberoi HUF	Nil	Nil	Nil	3.50	3.50	3.50
Powerica Generators Pvt. Ltd.	Nil	Nil	5.00	5.00	5.00	5.00
Mr. Suresh Puri	5.50	5.50	5.50	5.50	5.50	5.50
Renu Sachin Mehra	1.20	1.20	1.20	1.20	1.20	1.20

Annexure 24:**Statement of Dividend Paid****(₹ in million)**

Particulars	For the Period Ended 30th September,	For the Year Ended 31st March,				
	2010	2010	2009	2008	2007	2006
Equity Shares						
Number of Shares (Refer Note below)	5,200,380	5,200,380	5,200,380	5,200,380	4,741,523	3,079,371
Face Value Per Share (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Paid-up Value Per Share (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend (%)						
Interim (%)	-	400%	250%	100%	200%	50%
Final (%)	-	-	-	-	-	50%
Amount of Dividend on Equity Shares						
Interim	-	208.02	130.01	52.00	61.59	11.19
Final	-	-	-	-	-	11.19
Corporate Dividend Tax	-	34.75	22.10	8.84	8.64	3.14

Note:

1) Number of Equity Shares are as existed on the last date of relevant year/period, which includes 8,42,340 and 16,62,152 Equity Shares allotted during the year 2005-2006 and 2006-2007 respectively which were not liable to receive dividend for the respective years in which allotments were made.

Annexure 25:

Statement of Accounting Ratios

Particulars	As on 30th September,	As on 31st March,				
	2010	2010	2009	2008	2007	2006
Face value of Equity Shares (₹) #	2	2	2	2	2	2
Profit after tax - Restated (₹ in million)	617.24	1,053.57	875.05	1,049.85	834.53	423.75
Earnings (Deficit) Per Share - Basic (₹)#	13.19 *	22.51	18.70	23.48	29.93	17.30
- Diluted (₹)#	13.19 *	22.51	18.70	23.48	29.93	17.30
Weighted Average number of equity shares outstanding at the end of the year / period #	4,68,03,420	4,68,03,420	4,68,03,420	4,47,04,710	2,78,78,274	2,44,94,985
Net Worth (₹ in million)	6,600.51	5,983.26	5,172.86	4,449.03	1,982.55	1,202.00
Return on Net Worth (%) #	9.4% *	17.6%	16.9%	23.6%	42.1%	35.3%
Net Asset Value Per Share (₹)	141.03	127.84	110.52	95.06	46.46	43.37
Actual Number of shares outstanding at the end of the year / period #	4,68,03,420	4,68,03,420	4,68,03,420	4,68,03,420	4,26,73,707	2,77,14,339

* Earnings Per Share and Return on Net Worth for six months ended 30th September, 2010 are not annualized.

Number of Shares outstanding after giving effect to the bonus shares and splitting of shares to Face Value of ₹ 2 each as approved by Extra Ordinary General Meeting of Shareholders held on February 10, 2011

Notes:

- 1) The Ratios have been computed as below:

Basic and Diluted Earnings Per Share (₹) =	$\frac{\text{Net Profit after tax, as restated attributable to Equity Shareholders}}{\text{Weighted Average number of equity shares outstanding at the end of the year/period}}$
Net Asset Value Per Share (₹) =	$\frac{\text{Net Worth, as restated at the end of the year/period}}{\text{Number of equity shares outstanding at the end of the year/period}}$
Return on Net Worth (%) =	$\frac{\text{Net Profit after tax, as restated}}{\text{Net Worth as restated at the end of the year/ period}}$

- 2) The figures disclosed above are based on Consolidated Restated Financial Statements.
- 3) Earning Per Share calculations are done in accordance with Accounting Standard 20 on "Earning Per Share"
- 4) Net Worth means Equity Share Capital and Reserves and Surplus as appearing in Consolidated Restated Statement of Assets and Liabilities.

Annexure 26:**Capitalisation Statement****(₹ in million)**

Particulars	Pre-issue as at September 30, 2010	Post - issue position after adjustments *
Borrowings		
Short Term	100.65	
Long Term	456.00	
Total Debt	556.65	
Shareholders' Funds		
Share Capital	52.00	
Reserves and Surplus	6,548.51	
Total Shareholders' Funds	6,600.51	
Short-term Debt / Equity Ratio	0.01	
Long-term Debt / Equity Ratio	0.07	
Total Debt Equity Ratio	0.08	

* Post Issue figures will be determined only after finalisation of the Issue Price.

Note:

- 1) The Short term Debt / Equity ratio has been calculated as per the following formula:
$$= \frac{\text{Short Term Debt}}{\text{Shareholders' funds}}$$
- 2) The Long term Debt / Equity ratio has been calculated as per the following formula:
$$= \frac{\text{Long Term Debt}}{\text{Shareholders' funds}}$$
- 3) The Total term Debt / Equity ratio has been calculated as per the following formula:
$$= \frac{\text{Total Debt}}{\text{Shareholders' funds}}$$
- 4) The figures disclosed above are based on the Consolidated Statement of Assets and Liabilities, as Restated of the Company as at September 30, 2010.

Annexure 27:**Segment Reporting**

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organizational structure as well as the differential risks and returns of these segments. Details of products included in each of the segments are as under:

Power Generating Sets	-	Manufacturing and trading in diesel generating sets and components and erection, installation, commissioning, operation, maintenance & other services relating to diesel generating sets.
Electricity Generation	-	Setting up of windmills for generation of electricity
Others	-	Trading in Textiles and related products.

Statement of Segment reporting, as restated – All Segments**(₹ in million)**

		30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
A	<u>Revenue</u>						
	Segment Revenue	5,694.96	8,838.32	10,049.92	9,096.64	7,257.10	5,156.20
	Unallocated Corporate Income	73.37	377.89	202.45	90.83	49.06	22.65
	Total Revenue	5,768.33	9,216.21	10,252.37	9,187.47	7,306.16	5,178.85
B	<u>Results</u>						
	Segment Results (PBIT)	810.81	1,173.00	1,201.29	1,235.25	1,105.42	577.79
	Unallocated Corporate Income/ (Expenses)- Net	-13.67	249.01	24.86	50.96	(43.33)	(35.38)
	Interest Expenses	0.24	0.16	0.43	0.30	0.96	1.20
	Profit Before Tax from Ordinary Activities	796.90	1,421.85	1,225.72	1,285.91	1,061.13	541.21
	Provision for Current Tax	148.18	214.88	315.76	224.77	207.94	120.86
	MAT Credit Entitlement	(147.73)	(211.26)	Nil	Nil	Nil	Nil
	Deferred Tax	179.06	367.18	38.49	11.50	10.94	(0.26)
	Profit After Tax from Ordinary Activities	617.39	1,051.05	871.47	1,049.64	842.25	420.61
	Extra Ordinary Items	Nil	Nil	Nil	Nil	Nil	Nil
	Prior Period Items	Nil	0.28	Nil	Nil	Nil	Nil
	Adjustments made on account of restatements	(0.15)	2.24	3.58	0.21	(7.72)	3.14
	Net Profit after tax, as restated	617.24	1,053.57	875.05	1,049.85	834.53	423.75
C	<u>Other Information</u>						
	Segment Assets	7,046.93	5,074.99	3,776.55	3,659.92	2,881.86	1,937.05
	Unallocated Corporate Assets	2,929.79	3,560.29	3,292.24	2,858.96	675.32	269.16
	Total Assets	9,976.72	8,635.28	7,068.79	6,518.88	3,557.18	2,206.21
	Segment Liabilities	2,768.25	2,041.21	1,738.82	1,985.86	1,528.77	987.99
	Unallocated Corporate Liabilities	607.96	610.81	157.11	83.99	45.86	16.22
	Total Liabilities	3,376.21	2,652.02	1,895.93	2,069.85	1,574.63	1,004.21
	Depreciation and Amortisation	221.65	235.57	133.22	78.77	50.17	35.83

Statement of Segment reporting, as restated – Power Generating Sets Segment

		(₹ in million)					
		30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
A	Revenue						
	Segment Revenue	5,478.94	8,769.55	10,013.01	9,051.23	7,147.00	5,156.20
B	Results						
	Segment Results (PBIT)	770.73	1,231.79	1,202.66	1,231.55	1,106.96	578.60
C	Other Information						
	Segment Assets	4,462.32	3,046.71	3,565.58	3,655.80	2,865.10	1,933.85
	Segment Liabilities	2,207.90	1,619.02	1,737.43	1,985.17	1,522.82	986.04
	Depreciation and Amortisation	64.38	112.96	96.77	78.70	50.11	35.83

Statement of Segment reporting, as restated – Electricity Generation

		(₹ in million)					
		30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
A	Revenue						
	Segment Revenue	216.02	68.77	36.33	Nil	Nil	Nil
B	Results						
	Segment Results (PBIT)	40.67	(57.93)	(0.32)	Nil	Nil	Nil
C	Other Information						
	Segment Assets	2,582.86	2,025.88	206.34	Nil	Nil	Nil
	Segment Liabilities	560.33	422.10	0.03	Nil	Nil	Nil
	Depreciation and Amortisation	157.26	122.60	36.43	Nil	Nil	Nil

Statement of Segment reporting, as restated – Others

		(₹ in million)					
		30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
A	Revenue						
	Segment Revenue	Nil	Nil	0.58	45.41	110.10	Nil
B	Results						
	Segment Results (PBIT)	(0.59)	(0.86)	(1.05)	3.70	(1.54)	(0.81)
C	Other Information						
	Segment Assets	1.75	2.40	4.63	4.12	16.76	3.20
	Segment Liabilities	0.02	0.09	1.36	0.69	5.95	1.95
	Depreciation and Amortisation	0.01	0.01	0.02	0.07	0.06	Nil

Annexure 28:

Statement of Tax Shelters

(₹ in million)

	Particulars		Period Ended 30th September,	Year Ended 31st March,				
			2010	2010	2009	2008	2007	2006
A	a)	Profit Before Tax, as per audited accounts	796.90	1,421.85	1,225.72	1,285.91	1,061.13	541.21
	b)	Adjustments	-	-	0.28	(0.21)	0.11	(0.05)
	c)	Profit Before Tax, as restated (a + b)	796.90	1,421.85	1,226.00	1,285.70	1,061.24	541.16
	d)	Tax Rate	33.22%	33.99%	33.99%	33.99%	33.66%	33.66%
	e)	Tax at notional rate on profits (c * d)	264.73	483.29	416.72	437.01	357.21	182.15
B		Add (Less): Permanent Differences						
	a)	Dividend Income	(10.66)	(116.85)	(154.51)	(50.24)	(25.25)	(7.55)
	b)	Donations	0.08	1.67	0.52	0.97	1.06	0.43
	c)	Loss (Profit) on sale of Assets	(0.19)	6.19	6.19	(2.89)	(2.43)	(1.25)
	d)	Loss (Profit) on Sale of Investments	49.92	(130.47)	(44.53)	(37.91)	(23.81)	(15.10)
	e)	Deduction U/s 10A	-	-	(1.86)	(1.82)	(2.60)	(3.52)
	f)	Deduction U/s 80IB	(73.46)	-	(135.64)	(553.58)	(407.50)	(187.85)
	g)	Other Adjustments	13.72	(2.64)	1.27	(4.87)	1.42	0.81
		Total Permanent Differences	(20.59)	(242.10)	(328.56)	(650.34)	(459.11)	(214.03)
C		Add (Less): Timing Differences						
	a)	Difference between tax and book depreciation	(350.99)	(1,574.87)	(133.47)	(55.68)	(14.60)	(1.46)
	b)	Disallowance (Allowances) U/s 43B	34.14	16.85	(13.19)	9.27	2.06	2.21
	c)	Disallowance U/s 14A	1.71	4.01	4.07	-	0.15	0.03
	d)	Disallowance U/s 40A	24.89	(7.61)	7.95	9.01	-	-
	e)	Disallowance (Allowance) U/s 40	-	-	-	0.59	(0.20)	(1.48)
	f)	Diminution in Value of Investments	-	-	130.15	-	4.34	-
	g)	Diminution in Value of Investments W/Back	(62.71)	(67.32)	-	(4.34)	-	-
	h)	Other Adjustments	-	(0.15)	-	(0.00)	(0.00)	0.03
		Total Timing Differences	(352.96)	(1,629.09)	(4.49)	(41.15)	(8.25)	(0.67)
D		Net Adjustments (B+C)	(373.55)	(1,871.19)	(333.05)	(691.49)	(467.36)	(214.70)

	Particulars	Period Ended 30th September,	Year Ended 31st March,				
		2010	2010	2009	2008	2007	2006
	Tax (Expenses) Savings thereon (D*Tax Rate)	(124.09)	(636.01)	(113.20)	(235.04)	(157.31)	(72.27)
E	Taxable Business Income (Loss) (A(c) - D)	423.35	(449.32)	892.95	594.21	593.88	326.46
F	Income Chargeable as Capital Gains	3.21	-	13.06	18.67	1.95	1.18
G	Unabsorbed Losses Brought Forward	(426.56)	-	-	-	-	-
H	Taxable Income (Loss) (E+F+G)	-	(449.34)	906.01	612.88	595.83	327.64
I	Tax as per normal provisions (E * A(d))	-	-	303.51	201.97	199.90	109.89
	Tax on Capital Gains	-	-	2.96	5.17	0.22	0.12
J	Total Tax payable	-	-	306.47	207.14	200.12	110.01
	Book Profit (Taxable income as per MAT)	741.23	1,243.55	1,192.87	1,226.25	1,013.11	542.01
K	Tax as per MAT	147.73	211.34	135.15	138.93	114.79	41.46
	Tax = Higher of J or K	147.73	211.34	306.47	207.14	200.12	110.01
	Interest Payable u/s 234	-	1.87	-	-	2.75	1.10
	Total Tax as per Return	147.73	213.21	306.47	207.14	202.87	111.11

FINANCIAL INDEBTEDNESS

Details of Borrowings of our Company

As of December 31, 2010, the total amount of loan outstanding for our Company was ₹ 1,086.26 million obtained in terms of Rupee denominated and foreign currency denominated facilities/borrowings.

A. Rupee denominated facilities

As of December 31, 2010, the total loan outstanding of our Company obtained from different banks for *inter alia* availing bank guarantees, cash credits and bill discounting is ₹ 534.11 million, the details of which are provided below:

I. Working Capital Facility - Letter of Sanction dated November 4, 2010 from BNP Paribas

Nature of Facility*	Sanction Amount (Sub-limit) In ₹ Million	Total Sanctioned Amount In ₹ Million	Repayment/ Tenor	Total Outstanding as of December 31, 2010 In ₹ Million
Cash Credit	150.00	200.00	Repayable on Demand	-
Pre-shipment export packing credit	10.00		Up to 90 days	-
Post-shipment export credit	50.00		Up to 180 days	-
Supplier's bill discounting	50.00		Up to 90 days	-
Performance guarantee	200.00		Up to 2 years	20.59
Performance guarantee	10.00		Up to 3 years	3.44
Financial Guarantees	10.00		Up to 1 year	-
Inland letter of credit	200.00		Up to 90 days	-
Import letter of credit	200.00		Up to 180 days	-
Co-acceptance of bills*	200.00		Up to 90 days	-
Acceptance related to buyer's credit	200.00		Up to 1 year	-
Performance guarantee#	2.30		Open-ended	0.71
Total		200.00		24.74
Acceptance related to buyer's credit	250.00	250.00	Up to 1 year	-
Import letter of credit	250.00		Up to 1 year	-
Total		250.00		-

* Only bills drawn on Cummins India Limited and accepted by our Company

Secured by 100% Cash/ Fixed deposit margin

Note: Interest rate shall be as mutually agreed upon and subject to RBI directives. Interest on cash credit shall be payable monthly in arrears

The above facilities other than the open-ended performance guarantee shall be secured by a pari-passu hypothecation of stocks and book debts of our Company.

BNP Paribas has further extended cash management services with a funded limit of ₹ 5.00 million out of an overall limit of ₹ 10.00 million.

II. Working Capital Facility - Letter of Sanction dated December 31, 2010 from Citibank

Nature of Facility	Sanction Amount (Sub-limit) In ₹ Million	Total Sanctioned Amount In ₹ Million	Repayment/ Tenor	Total Outstanding as of December 31, 2010 In ₹ Million	Security
Export finance / Usance letter of credit/ Sight letter of credit / Bill discounting	350.00	350.00	Up to 180 days	-	• Pari passu charge on all present and future stock and book debts; • Demand promissory note and letter of continuity for ₹ 350 million;
Performance and financial guarantee facilities	350.00		Up to 3 years	225.67	
Total		350.00		225.67	

Note: Interest rate shall be as mutually agreed upon and subject to RBI directives.

III. Working Capital Facility - Letter of Sanction dated December 27, 2010 from HDFC Bank

Nature of Facility	Sanction Amount (Sub-limit) In ₹ Million	Total Sanctioned Amount In ₹ Million	Repayment/ Tenor	Total Outstanding as of December 31, 2010 In ₹ Million
Co-acceptance of Cummins India Limited bills #	250.00	250.00	Up to 180 days	
Overdraft facility #	150.00		Repayable on demand	
Bank guarantee	150.00		Up to 3 years	82.67
Total		250.00		82.67

Secured by fixed deposits with a lien marked in favour of HDFC Bank to cover 15 per cent of the facility amount.

Note: Interest rate shall be as mutualInterest on cash credit shall be payable monthly in arrears

IV. Sanction Letter dated May 25, 2010 of Standard Chartered Bank**

Nature of Facility	Purpose	Sanction Amount (Sub-limit) In ₹ Million	Total Sanctioned Amount In ₹ Million	Repayment/ Tenor	Total Outstanding as of December 31, 2010 In ₹ Million	Security
Import Letter of Credit - unsecured	Purchase of raw materials	300.00	300.00	Up to 180 days	131.42	Pari-passu charge on the current assets of our Company
Overdraft*	Working capital requirement	50.00		One day	-	
Short term loans*	Working capital requirement	50.00		Up to 180 days	-	
Bond and Guarantee	Bid bond/ advance payment/ performance etc.	300.00		Up to 2 years	46.32	

Nature of Facility	Purpose	Sanction Amount (Sub-limit) In ₹ Million	Total Sanctioned Amount In ₹ Million	Repayment/ Tenor	Total Outstanding as of December 31, 2010 In ₹ Million	Security
Import invoice financing	Purchase invoice discounting	300.00	300.00	Up to 180 days		
Pre-shipment finance	Pre-shipment finance	300.00		Up to 180 days		
Avalisation of draft under IBC	Avalisation/co-acceptance of Cummins India Limited bills	300.00		Up to 180 days		
Import letter of credit	Purchase of raw materials	300.00		Up to 180 days		
Pre-shipment under export letter of credit	Pre-shipment finance	300.00		Up to 180 days		
Financial guarantees	For raw material imports	300.00		Up to 180 days		
Bond and guarantee	Performance guarantee	150.00		Up to 42 months	17.40	
Total			300.00		195.14	

*The maximum limits for the overdraft and short term loans together are ₹50.00 million.

** The said sanction letter has been renewed vide sanction letter dated February 3, 2011 to include term loans for construction of wind mills forming part of the Objects of the Issue. For further detail see the chapters "Objects of the Issue" and "Risk Factors" beginning on pages 74 and 13 of this Draft Red Herring Prospectus.

Note: Interest rate shall be as mutually agreed upon and subject to RBI directives.

V. Letter of Sanction dated March 31, 2010 from Canara Bank

Nature of Facility	Total Sanctioned Amount In ₹ Million	Repayment/ Tenor	Total Outstanding as of December 31, 2010 In ₹ Million	Security
Bank Guarantee	80.00	Up to 2 years	5.89	Secured first pari passu charge over the current assets with other MBA banks
Total	80.00		5.89	

B. Foreign currency denominated loan

As of December 31, 2010, the total facility outstanding of our Company in foreign currency denominated facility was USD 12.11 million (₹ 552.15 million), the details of which are provided in the tables below:

External Commercial Borrowings: Agreement dated September 17, 2010 with Standard Chartered Bank

Purpose	Total Facility (In USD million)	Amount Outstanding as on December 31, 2010 (In USD million)*	Tenure	Interest [#]	Repayment
Funding the capital expenditure of our Company for setting up wind mills	10.00	10.00	3 years	LIBOR + 300 bps	Bullet repayment in three years from the date of disbursement
Total	10.00	10.00			

* Amount outstanding as on December 31, 2010 – ₹456.00 million

[#] All amounts are to be grossed up for any withholding tax

Security

First exclusive hypothecation over all moveable fixed assets (both present and in the future) including the windmills 6 windmills presently to be installed at Theni in Tamil Nadu and accessories to ensure a minimum asset cover of 2X.

Charge/lien on mutual funds/fixed maturity plans/NABARD bonds as acceptable to the bank with a cover of 1x within 45 days of the utilization date;

Financial Covenants

Gearing Ratio: Gearing not to exceed 1x

Indebtedness ratio: Debt to EBITDA not to exceed 3 during the tenor of the loan

Debt service coverage ratio: To be maintained at least 2.5 times during the tenor of the loan

Buyers Credit: Sanction Letter dated August 25, 2010 with Standard Chartered Bank

Purpose	Total Facility (In USD million)	Amount Outstanding as on December 31, 2010 (In USD million)*	Tenure/Repayment	Interest
Financing the import of raw material	2.00	2.11	Bullet repayment of 180 days from the drawdown date	LIBOR+200 bps
Total	2.00	2.11**		

* Amount outstanding as on December 31, 2010 – ₹96.15 million

** Amount confirmed vide the bank account of Standard Chartered Bank

Source: CA certificate dated March 8, 2011

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

You should read the following discussion and analysis of our financial condition and results of operations together with our restated unconsolidated and consolidated financial statements, including the notes thereto, and other financial data beginning on page 167 of this Draft Red Herring Prospectus. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" beginning on pages 13 and 11, respectively, of this Draft Red Herring Prospectus, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

The following discussion is based on our restated consolidated financial statements as of and for the fiscal years ended March 31, 2010, 2009 and 2008 and the six months ended September 30, 2010. Our audited unconsolidated and consolidated financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act and restated in accordance with the relevant provisions of the SEBI Regulations. Our fiscal year ends on March 31 of each year. Unless otherwise stated, "fiscal year" or "fiscal" refers to the twelve-month period ending March 31 of that year.

Overview

We are a distributed energy resource company, with a presence in the manufacture, installation and after-sales service of diesel generator sets, the lease, operation and maintenance of heavy fuel oil large-capacity ("HFO") generator sets, and wind power generation. We commenced our diesel generator set business in India in 1984, our HFO generator set business in 1996 and our wind power business in 2008.

We enjoy a long-standing relationship of approximately two decades with Cummins and we cater to customers in the states of Maharashtra, Karnataka, Andhra Pradesh, Kerala, Tamil Nadu and Goa and the union territory of the Andaman and Nicobar Islands. In our diesel generator set business, we manufacture and provide after-sales services for a wide range of diesel generator sets, with capacity up to 2,000 kVA. We source the engines and alternators used in our diesel generator sets exclusively from Cummins, which we assemble with components such as control panels and acoustic boxes manufactured by us and sell as co-branded diesel generator sets. We also carry out installation services for our diesel generator sets for certain of our customers. We have also entered into a dealership agreement with Cummins India to provide exclusive after-sales services, including the sale of spare parts, for all diesel generator sets powered by Cummins engines installed in certain regions of Karnataka, Maharashtra and Tamil Nadu.

We lease, install and provide operation and maintenance services for HFO generator sets, ranging in capacity from 2,000 kVA to 4,500 kVA, to industrial customers. We have developed our capabilities in the HFO generator set business through our long-standing relationship of over 14 years with the MAN group. We have entered into an exclusive dealership agreement with MAN B&W Diesel A/S ("MAN"), pursuant to which we have been appointed as the exclusive dealer for the sale of their generator products in India. We have also entered into a spare parts and service support agreement with MAN for selling spare parts and providing technical support in respect of such generator sets. We also purchase existing HFO MAN generators, refurbish them and provide balance of plant services. We also provide operation and maintenance services ("O&M") for MAN generator sets, including for those that we lease out to customers.

We own and operate five manufacturing facilities that are located in the states of Karnataka, Tamil Nadu and the union territories of Daman and Diu and Dadra and Nagar Haveli. While we source the engines and alternators used in our diesel generator sets from Cummins, we purchase other raw materials such as steel, switchgear and electronic circuitry from a variety of sources under short-term arrangements from a number of suppliers. We sell our diesel generator sets to industrial and corporate end-users in a number of customer segments, including the automotive, electronics, FMCG and agriculture, hospitality, information technology, mining, oil and gas, service and telecommunications sectors.

We commissioned our first wind farm in 2008. We have implemented, commissioned and currently operate five wind farms with an aggregate generation capacity 55.95 MW in the states of Gujarat and Tamil Nadu. We have recently entered into a memorandum of understanding with Vestas to jointly implement up to 225 MW of additional wind farms over the next three years. In addition to supplying the wind turbine generators, Vestas shall carry out wind data collection, supply electronic hardware and software and provide operations and maintenance services

during and after the warranty period. Pursuant to this memorandum of understanding, we have entered into non-binding term sheets with Vestas in respect of two wind farms on a turnkey basis with an aggregate capacity of 48.6 MW. In addition, we are negotiating the definitive agreements with Vestas for the development of the 34.2 MW wind power project to be located at Bijapur, Karnataka.

Significant Factors Affecting our Results of Operations

Our financial condition and results of operations are affected by numerous factors, of which the following are of particular importance:

Demand for Power Generated from Distributed Energy Resources

Changes in the price of oil, coal and natural gas and other conventional energy sources as well as the availability and reliability of grid-generated power will continue to affect the demand for energy generated from distributed energy resources. As demand for grid-generated power has increased, we have experienced corresponding increases in demand for our generator sets, particularly our diesel generator sets. We believe that diesel generator sets offer energy availability and relative mobility allowing for relatively easier deployment at customer sites. However, demand for our diesel generator sets may be affected by changes in the price of diesel and could be affected by the emergence of alternative fuel generator sets, such as natural gas generator sets. In addition, increased levels and greater reliability of grid-generated power may also affect demand. We also lease and provide installation, operations and maintenance services on our heavy fuel oil (“HFO”) generator sets that range in capacity from 2,000 KVA to 4,500 KVA. As in the case of our diesel generator sets, we may experience a decline in demand for our HFO generator sets, if the price of oil were to increase.

In addition, the relative attractiveness of wind power can be partially determined by the cost of electricity generated by conventional resources, such as oil, coal and other fossil fuels. The demand for power in general, and distributed energy resources in particular, will continue to affect our results of operations and future growth.

Our Relationship with Cummins

We have established and grown our relationship with Cummins for approximately two decades, initially acting as a sales agent and OEM for their smaller diesel generator sets. Today, we are one of three OEMs for Cummins for its diesel generator set business in India. We have strengthened our relationship through a dealership agreement to provide after-sales services for engines manufactured by Cummins in certain regions of the states of Karnataka, Maharashtra and Tamil Nadu. Our Cummins division, which comprises sales of our diesel generator sets powered by Cummins engines and related balance of plant and after-sales services, accounted for income, net of excise duty and service tax, of ₹ 4,833.61 million and ₹ 7,757.91 million, or 90.6% and 89.7% of our total income, for the six months ended September 30, 2010 and the fiscal year 2010, respectively. However, our sales can be affected by capacity limitations at Cummins. In addition, the prices that Cummins stipulates for its products affect the prices at which we can offer our co-branded diesel generator sets. While we are actively looking at diversifying our revenue streams, our continued relationship with Cummins, the performance of our Cummins division and the demand for Cummins products in India are significant factors affecting our result of operations. For further details see “Business” and “Risk Factors” beginning on page 107 and page 13 of this Draft Red Herring Prospectus.

Growth of the Indian Economy and Regional Considerations

All of our income for the last two fiscal years was derived from the sale of our products and services to customers in India, particularly to customers in the southern and western states of India. Consequently, our results of operations, financial condition and prospects are affected by economic conditions in India. Conditions outside India, such as slow downs in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. We believe that growth in the overall economy in India, and particularly in those regions that we operate, will continue to propel domestic demand for power solutions as well as those industries that we provide such solutions to, such as the advertising, engineering, infrastructure, information technology, power and realty sectors. Additionally, we believe that future demand for power in India will continue to outpace domestic supply for the foreseeable future, which should have a positive impact on our results. However, weak economic conditions, such as a reduction in consumer spending or a

slowdown in industrial growth, a decrease in the domestic demand for power or a significant increase in the domestic supply and reliability of grid-generated power, particularly in the southern and western states of India, could adversely affect our results of operations. For further details, see “Industry Overview” beginning on page 93 of this Draft Red Herring Prospectus.

Availability of Labour

We are heavily dependent on highly trained engineers and other skilled labour. We have generally been successful in recruiting the talent we need in India. We are currently expanding the scope of operations of the Cummins division. We also intend to continue to grow our wind farm business. Consequently, the availability of skilled labour and trained engineers will be crucial for our operations. For example, pursuant to our dealership agreement with Cummins, we recently recruited 362 permanent employees, of which 61.0% were engineers, during the fiscal year 2011. Any inability to attract and retain suitable skilled personnel could significantly affect our business and result of operations.

Development Status of our Wind Farms

We commissioned our first wind farm in 2008. We have implemented, commissioned and currently operate five wind farms with an aggregate generation capacity of 55.95 MW in the states of Gujarat and Tamil Nadu. We have entered into a memorandum of understanding with Vestas to jointly implement up to 225 MW of additional wind farms over the next three years. Pursuant to this MOU, we have entered into non-binding term sheets with Vestas in respect of the implementation of two such wind farms on a turnkey basis with an aggregate capacity of 48.6 MW. In addition, we are negotiating definitive agreements with Vestas for the development of the 34.2 MW wind power project to be located at Bijapur, Karnataka. We have the first right to purchase any project so developed, with an aggregate capacity of 200 MW, at terms and conditions to be mutually agreed between the parties. Of the 200 MW, 70 MW shall be made available in the fiscal year 2012 and 130 MW in the fiscal year 2013. Upon implementation of these projects, we would significantly expand our operational capacity. Going forward, we expect our wind power business to contribute increasingly to our total income. Further, we intend to use Vestas V100 1.8 MW wind turbine generators at our planned wind farms, which are designed for use in low-wind sites and more expensive as compared with other wind turbine generators offered by Vestas in India. Any disruptions we encounter may be further exacerbated by the relatively high costs of the Vestas V100 wind turbine generator. For further details see “Objects of the Issue” and “Business” beginning on pages 74 and 107, respectively, of this Draft Red Herring Prospectus.

Any failure to enter into supply and implementation agreements with Vestas with respect to our planned wind farms would significantly affect our business and results of operations. The commissioning dates for our wind farms are estimates and are subject to delay as a result of, among other things, delay or inability to obtain financing, inability or delay in supply of wind turbine equipment, performance shortfalls, unforeseen engineering problems, force majeure events, unanticipated cost increases and delays in obtaining property rights and government approvals, any of which could also give rise to cost overruns or the termination of a wind farm under implementation. Such delays could also postpone any potential tax benefits of operational wind farms.

Indian Regulatory Regime

Our businesses and results of operations have been favourably affected by the Government of India’s initiatives to further develop wind power and other sources of renewable energy in India. The growth of the renewable energy industry in India is dependent on the continued support of the Government of India, including various policies and regulations aimed at enhancing investment in renewable energy and greater private sector participation. For example, our wind farm business receives certain benefits and incentives in the form of accelerated depreciation benefits and deductions under section 80-IA, backward area investment incentives currently availed by our manufacturing facility at Silvassa under section 80-IB of the Income Tax Act, preferential tariffs rates for renewable energy projects and carbon credit sales under the UNFCCC’s Clean Development Mechanism. We further expect to benefit from generation based incentives and trading in renewable energy certificates going forward. In addition, the Government of India has expressed a “Power for All by 2012” objective, and has enacted legislation in 1991 and in 2003 to increase private sector participation in the Indian power industry. Changes to government policies, however, such as the planned phase-out of benefits under section 80-IA and 80-IB of the Income Tax Act or the accelerated depreciation benefit on wind turbine generators that reduce or eliminate the benefits that we receive or expect to

receive, could have an adverse impact on our business and result of operations. In addition, any changes to the minimum alternate taxation regime may also have an adverse impact on our business and result of operations. For more details, see 'Statement of Tax Benefits' on page 85 of this Draft Red Herring Prospectus. Our provision for taxation for the six months ended September 30, 2010 and the fiscal year 2010 was ₹ 179.51 million and ₹ 370.80 million, respectively. Any changes in the tax laws resulting in an increase in our effective tax rate could have an adverse effect on our profit after tax. Conversely, any reduction in our effective tax rate, most likely due to our qualifying for some type of tax holiday or other tax benefit, could have a positive effect on our results.

Our business is also subject to central and state environmental laws and regulations, a change in which could result in costs. For example, in case of any change in the applicable environmental laws and regulations, we may be required to incur significant amounts on relocation of our wind farms, which may not be possible. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities.

Our operations are also subject to labour legislation. For example, India has stringent labour legislation that protects the interests of workers. As of December 31, 2010, 137 of our employees, constituting 9.3% of all our employees, are members of labour unions. In addition, many of our customers and suppliers have unionised workforces. Our results of operation would continue to be affected by our and our customers' and suppliers' ability to maintain healthy relationships with the workers.

Competition

The generator set industry is subject to intense competitive conditions, with respect to the technology, design, economy and quality of generator sets. Although we believe that we enjoy a leading position in the diesel generator set market in the regions in which we operate, as there are a limited number of competitors that possess a similar level of expertise, range of products and services and cost structure, some of our competitors may have greater financial resources, access to more advanced technology, larger research and development budgets or greater market penetration. Consequently, if competition intensifies, we may experience increased pressure on our growth and profitability.

Cost and Availability of Indebtedness

We require a significant amount of capital in connection with our wind power business. For example, the implementation of our planned wind farms will require substantial capital expenditures, which we expect to partly fund through the Net Proceeds of the Issue, along with additional debt and equity financing. As of September 30, 2010, we had total indebtedness of ₹ 556.65 million, comprising secured term loans of ₹ 456.00 million and working capital loans of ₹ 100.65 million. We will require a significant amount of capital to complete our planned wind farms pursuant to our memorandum of understanding with Vestas. Going forward, we are likely to rely on our continued ability to borrow substantial amounts in order to grow our business, particularly our wind farm business. We have also received sanction letters from Infrastructure Development Finance Company Limited, Standard Chartered Bank and Citibank N.A. aggregating ₹ 3,500.00 million for funding the implementation of our planned wind farms with an aggregate capacity of 151.20 MW. For details, see "Objects of the Issue" beginning on page 74 of this Draft Red Herring Prospectus. Our debt service cost as well as our overall cost of funding depends on many external factors, including developments in the regional credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. We believe that going forward the availability of cost effective funding will be crucial and the non-availability of such funding at favourable terms could affect our business, financial condition and results of operations.

Our Critical Accounting Policies

Our financial statements are prepared and presented in accordance with the accounting principles generally accepted in India ("Indian GAAP") and the requirements of the Companies Act. The most significant accounting conventions and principles used by us and our critical accounting policies followed by us in preparing our financial statements are set out below. For details, see "Significant Accounting Policies" in chapter "Financial Statements" beginning on page 167 of this Draft Red Herring Prospectus.

Basis of Preparation

The financial statements of our subsidiaries, Powerica International FZE and Quadrant Engineers Limited, used in consolidation are drawn to the same reporting date as our Company. Our financial statements have been prepared under historical cost convention on an accrual basis and comply in all material respects with the accounting standards issued by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made, which affect reported amounts of assets and liabilities as of the date of the financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and we recognise differences between actual results and estimates in the period in which results are known or materialise.

Revenue Recognition

We recognise revenue from the sale of goods and services when the risk and reward of ownership of the product is passed on to the customer, which is typically upon dispatch of the goods to our customer or when we provide the service to our customer.

Revenue from the sale of power is accounted for based on customer billing and includes unbilled revenues accrued up to the end of the accounting period.

Revenue from our fixed price contracts is based upon the percentage of completion, so long as there is no uncertainty as to the measurement or collectability of the consideration. Percentage of completion is determined as a proportion of the milestone achieved as compared to the total estimated contract cost.

We recognise interest income through the time proportion method, based on rates implicit in the transaction. We recognise dividend income when our right to receive the dividend is established.

Investments

Our long-term investments are stated at their cost of acquisition less any permanent decrease in the investment's realisable value that has been provided for. Current investments are stated at the lower of their cost or their fair market value.

Fixed Assets

Our fixed assets are stated at their historical cost of acquisition or construction, as applicable, less any accumulated depreciation. Any subsequent expenditure that substantially enhances the standard of performance of the assets is added to the carrying value of the improved fixed asset.

Inventories

Our raw materials and finished goods are valued at the lower of their cost or estimated net realisable value. The cost of our raw materials includes the cost of the material and all identifiable direct costs. The cost of our finished goods comprises the cost of our raw materials and proportionate overheads allocated, assuming normal operating activity.

Depreciation and Amortisation

Our Company's Policy: Our Company depreciates tools and jigs over their estimated useful life, as determined by our management. Any premium on leasehold land is amortised by our Company over the period of the lease. Our Company depreciates other tangible fixed assets on a written down value basis at the rates prescribed in Schedule

XIV of the Companies Act. Any assets we give on lease are depreciated by our Company over the primary period of the lease. Software is amortised over its estimated useful life.

Powerica International FZE: Fixed assets are depreciated through the straight-line method over their estimated useful lives.

Quadrant Engineers Limited: Tangible fixed assets are depreciated on a written down value basis at the rates prescribed in Schedule XIV of the Companies Act.

Asset Impairment

We review carrying amounts of cash generating units or assets at each date of the balance sheet to determine where there is any indication impairment. We recognise an impairment loss if the carrying amount of an asset exceeds its estimated recoverable amount. In assessing the recoverable amount, we discount estimated future cash flows to represent the present value.

Employee Benefits

Short Term Employee Benefits: Short-term employee benefits are those benefits that are expected to be paid in exchange for the services rendered by our employees. We recognise such benefits on an undiscounted basis, during the period that the employee renders the services.

Post Employment Benefits: We charge our contribution to the defined contribution retirement benefit scheme to the profit and loss account. Our liability towards the defined benefit plan through gratuity is determined using the projected unit credit method, in accordance to actuarial valuation carried out at the date of the balance sheet.

Foreign Currency Transactions

Transactions in foreign currencies are accounted for at the prevailing exchange rate on the date of the transaction. Current assets and current liabilities are restated at the prevailing exchange rate as of the date of the balance sheet. The exchange difference between the rate prevailing on the date of transaction and the date of the settlement has been recognised as income or expenses. In addition, any difference on account of the restatement of current assets and current liabilities at the end of the fiscal year is also recognised as income or expenses.

Taxation

We provide for current taxation using applicable tax rates and tax laws. Deferred tax, which accounts for timing differences between the book and tax profits for the fiscal year, is accounted for using tax rates and laws that have been enacted or substantively enacted as of the date of the balance sheet. MAT credit entitlement is provided for based on the Income Tax Act and is treated as an asset by crediting the profit and loss account.

Leases

We capitalise assets that are given on lease in our books. Lease income is recognised over the period of the lease to yield a constant rate of return on net investment, in accordance with the lease agreement. Any initial direct costs relating to the assets given on lease are charged to the profit and loss account.

Provisions, Contingent Liabilities and Contingent Assets

We recognise provisions only in the case of a present obligation caused by past events and when the obligation may be reliably estimated. Contingent liabilities are disclosed for (i) possible obligations that will be confirmed only by future events that are not wholly within our control, or (ii) present obligations arising from past events where any outflow of resources required to settle the obligation is unlikely or the obligation may not be reliably estimated. Contingent assets are not recognised in the financial statements.

Our Business Segments

For the last three fiscal years, our business primarily consisted of three segments, (i) the manufacture, sale, lease, installation, commissioning, operation and maintenance of electrical generator sets, (ii) the generation and sale of electricity through our wind power business and (iii) trading in textiles and related products by our subsidiary, which was discontinued during the fiscal year 2009. The table below sets forth our gross revenue for each segment, for the six months ended September 30, 2010 and the fiscal years 2010, 2009 and 2008 and as a percentage of our total gross income, for our generator set business, wind power business and our other businesses.

	Six Months Ended September 30, 2010		Fiscal Year 2010		Fiscal Year 2009		Fiscal Year 2008	
	Revenue (₹ in million)	Percentage of Total Income (%)	Revenue (₹ in million)	Percentage of Total Income (%)	Revenue (₹ in million)	Percentage of Total Income (%)	Revenue (₹ in million)	Percentage of Total Income (%)
Generator Sets	5,478.94	102.7	8,769.55	101.4	10,013.01	106.9	9,051.23	109.5
Wind Power	216.02	4.0	68.77	0.8	36.33	0.4	-	-
Other	-	-	-	-	0.58	-	45.41	0.5
Total Segment Revenue	5,694.96	106.7	8,838.32	102.2	10,049.92	107.3	9,096.64	110.0
Add: Unallocated Corporate Income	73.37	1.4	377.89	4.4	202.45	2.2	90.83	1.1
Less: Excise Duty	432.96	8.1	564.82	6.5	882.59	9.4	920.06	11.1
Total Income	5,335.37	100.0	8,651.39	100.0	9,369.78	100.0	8,267.41	100.0

Results of Operations

Description of Income Items

Sales and Services – Gross. Our gross sales and services comprise:

- sale of manufactured goods consisting of our diesel generator sets;
- sale of traded goods, which are goods that we have purchased from suppliers and sold on to end-users such as spare parts;
- sale of electricity generated from our wind farms;
- work contracts in respect of balance of plant services for our diesel generator sets;
- erection, installation and other services rendered with respect to our HFO and diesel generator sets, including operations and maintenance service income in respect of our generator sets;
- income from leasing of our HFO generator sets; and
- commission income received on sales of MAN HFO generator sets.

Excise Duty and Service Tax. Our excise duty and service tax comprises our excise duty and service tax collected on sales and services rendered.

Other Income. Our other income comprises various types of recurring items, such as dividends and net profit from the sale of long term investments and current non-trade investments, export incentives and interest on bank deposits and on other sources and non-recurring items such as net profit on the sale of fixed assets, net exchange variation gains, any diminution in the value of current investments written back, net amounts written back and miscellaneous income.

Description of Expenditure Items

Cost of Materials. Our cost of materials comprises our purchases of materials and components, purchase of traded goods and work contract materials consumed.

Personnel Expenses. Our personnel expenses comprise salaries, allowances and bonus, contributions to provident fund, gratuity and other employment-related funds and welfare expenses paid to our employees.

Manufacturing and Other Expenses. Our manufacturing and other expenses comprise our various expenses related to manufacturing including our consumable stores, wages for contract labour, power and fuel costs, repairs and maintenance costs for, among others, our plant, machinery and buildings and other manufacturing expenses. In addition, our manufacturing and other expenses also comprise conveyance and petrol expenses, postage and courier expenses, works contract and erection expenses, telephone and communication expenses, vehicle maintenance costs, insurance expenses, rent, rate and taxes, outward freight costs, provisions for derivative loss and doubtful debts, loss on sale of current non-trade investments, travelling expenses and other expenses, including impairment of goodwill.

Depreciation and Amortisation. Our depreciation and amortisation expense comprises our depreciation and amortisation of our fixed assets including our wind farm assets and office premises.

The following table sets out the principal components of our profit and loss line items and as a percentage of our total income, for the periods indicated:

Particulars	Fiscal Year											
	Six Months ended September 30											
	2010		2010		2009		2008		2007		2006	
	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income
Income:												
Sales & Services - Gross	5,663.07	106.1	8,783.11	101.5	10,024.34	107.0	9,050.98	109.5	7,221.78	109.9	5,132.63	110.7
Less: Excise Duty and Service Tax	432.96	8.1	564.82	6.5	882.59	9.4	920.06	11.1	735.68	11.2	543.33	11.7
Sales & Services - Net	5,230.11	98.0	8,218.29	95.0	9,141.75	97.6	8,130.92	98.3	6,486.10	98.7	4,589.30	99.0
Other Income	105.26	2.0	433.10	5.0	228.03	2.4	136.49	1.7	84.38	1.3	46.22	1.0
Subtotal	5,335.37	100.00	8,651.39	100.0	9,369.78	100.0	8,267.41	100.0	6,570.48	100.0	4,635.52	100.0
Expenditure:												
Cost of Materials	3,694.14	69.2	5,860.76	67.7	6,735.52	71.9	5,724.32	69.2	4,582.58	69.7	3,472.96	74.9
Personnel Expenses	249.43	4.7	356.95	4.1	360.75	3.9	311.52	3.8	237.70	3.6	209.20	4.5
Manufacturing and Other Expenses	373.25	7.0	776.26	9.0	914.29	9.8	867.10	10.5	638.79	9.7	376.37	8.1
Depreciation and Amortisation	221.65	4.2	235.57	2.7	133.50	1.4	78.56	1.0	50.28	0.8	35.78	0.8
Subtotal	4,538.47	85.1	7,229.54	83.6	8,144.06	86.9	6,981.50	84.4	5,509.35	83.9	4,094.31	88.3
Net Profit before tax, as per audited financial statements	796.90	14.9	1,421.85	16.4	1,225.72	13.1	1,285.91	15.6	1,061.13	16.1	541.21	11.7
Less: Provision for Taxation												

Particulars	Fiscal Year											
	Six Months ended September 30, 2010											
	2010		2010		2009		2008		2007		2006	
	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income	Amount (₹ in million)	% of Subtotal Income
- Current Tax	147.73	2.8	211.26	2.4	305.15	3.3	215.00	2.6	205.00	3.1	110.00	2.4
- MAT Credit Entitlement	(147.73)	(2.8)	(211.26)	(2.4)	-	-	-	-	-	-	-	-
- Deferred Tax	179.06	3.4	367.18	4.2	38.49	0.4	11.50	0.1	10.94	0.2	(0.26)	(0.0)
- Fringe Benefit Tax	-	-	-	-	7.61	0.1	8.17	0.1	7.03	0.1	4.96	0.1
- Wealth Tax	0.60	0.0	1.10	0.0	0.65	0.0	0.60	0.0	0.45	0.0	0.20	0.0
Income Tax for Earlier Year Written Off (Back)	(0.15)	(0.0)	2.52	0.0	2.35	0.0	1.00	0.0	(4.54)	(0.1)	5.70	0.1
Net Profit after tax before prior period items, as per audited financial statements	617.39	11.6	1,051.05	12.2	871.47	9.3	1,049.64	12.7	842.25	12.8	420.61	9.1
Prior Period Items (Net)	-	-	0.28	-	-	-	-	-	-	-	-	-
Net Profit after prior period items, as per audited financial statements	617.39	11.6	1,051.33	12.2	871.47	9.3	1,049.64	12.7	842.25	12.8	420.61	9.1
Adjustment made on account of Restatement	(0.15)	(0.0)	2.24	0.0	3.58	0.0	0.21	0.0	(7.72)	(0.1)	3.14	0.1
Net Profit after tax, as restated	617.24	11.6	1,053.57	12.2	875.05	9.3	1,049.85	12.7	834.53	12.7	423.75	9.2

Six Months Ended September 30, 2010

We have provided our results of operations for the six months ended September 30, 2010 without including the corresponding period in the prior year's financial statements or analysis, and such interim financial information may therefore be of limited use.

Our results of operations for the six months ended September 30, 2010 were particularly affected by:

- an improved economic outlook, which led to an increase in demand and higher sales of generator sets, particularly of our higher margin MHP diesel generators (between 375 KVA and 750 KVA), of which 591 MHP diesel generators were sold in the six months ended September 30, 2010 as compared with 883 MHP diesel generators sold in the fiscal year 2010;
- income from the sale of spares and servicing under the dealership agreement entered into with Cummins India on June 22, 2010; and
- operation of our third wind farm with an aggregate capacity of 14.85 MW, which was commissioned in March 2010, and a fourth wind farm with an aggregate capacity of 9.9 MW commissioned in September 2010.

Total Income. Our total income was ₹ 5,335.37 million for the six months ended September 30, 2010 consisting of net sales and services of ₹ 5,230.11 million and other income of ₹ 105.26 million.

Gross Sales and Services. Our gross sales and services were ₹ 5,663.07 million for the six months ended September 30, 2010. Our gross sales constituted 106.1% of our total income for the six months ended September 30, 2010, as compared with 101.5% of our total income for the fiscal year 2010. Our gross sales during the six months ended September 30, 2010 were primarily affected by increased sales of our higher margin MHP diesel generator sets, to 591 units in the six months ended in September 30, 2010, income from the sale of spares and related service income under our dealership agreement with Cummins India and the operation of our third wind farm at Jangi-Vandhiya,

Gujarat with an aggregate capacity of 14.85 MW which was commissioned in March 2010, and the commissioning of our fourth wind farm at Theni, Tamil Nadu with an aggregate capacity of 9.9 MW in September 2010.

Excise Duty and Service Tax. Our excise duty and service tax was ₹ 432.96 million for the six months ended September 30, 2010. Our excise duty and service tax constituted 8.1% of our total income for the six months ended September 30, 2010, as compared with 6.5% of our total income for the fiscal year 2010 reflecting an increase in the excise duty rate in February 2010.

Other Income. Our other income was ₹ 105.26 million for the six months ended September 30, 2010. Other income constituted 2.0% of our total income for the six months ended September 30, 2010 as compared with 5.0% of our total for the fiscal year 2010. Our other income for the six months ended September 30, 2010, primarily consisted of a write back of the provision for the diminution in value of current investments of ₹ 62.71 million as a result of mark-to-market reductions in the value of our investments during the prior period that were no longer required, write backs of net bad debts of ₹ 18.34 million and dividends from investments of ₹ 10.66 million. During this period, we liquidated a significant proportion of our investments in unquoted mutual funds to meet the funding requirements of our wind power business.

Expenditure. Our total expenditure was ₹ 4,538.47 million for the six months ended September 30, 2010, constituting 85.1% of our total income for the six months ended September 30, 2010 as compared with 83.6% of our total income for the fiscal year 2010. The factors affecting our total expenditure were increases in our cost of materials, personnel expenses, manufacturing and other expenses and depreciation and amortisation expense.

Cost of Materials. Our cost of materials was ₹ 3,694.14 million for the six months ended September 30, 2010, constituting 69.2% of our total income for the six months ended September 30, 2010 as compared with 67.7% of our total income for the fiscal year 2010. Our cost of materials primarily consisted of raw material and components consumed, which in turn primarily consisted of purchases of engines and alternators from Cummins of ₹ 3,345.44 million, which constituted 62.7% of our total income for the six months ended September 30, 2010. Other components of our cost of materials included purchase of traded goods of ₹ 298.74 million, consumption of works contract material of ₹ 88.24 million and a net increase in the stock of work in progress, traded goods and finished goods of ₹ 38.28 million.

Personnel Expenses. Our personnel expenses were ₹ 249.43 million for the six months ended September 30, 2010, constituting 4.7% of our total income for the six months ended September 30, 2010 as compared with 4.1% of our total income for the fiscal year 2010. The primary factor affecting our employee cost for the six months ended September 30, 2010 was the recruitment of 362 employees for the service division for meeting the requirements of the dealership agreement entered into with Cummins in the current fiscal year. As of September 30, 2010, we had 1,448 employees. For details, see “Business” beginning on page 107 of this Draft Red Herring Prospectus.

Manufacturing and Other Expenses. Our manufacturing and other expenses were ₹ 373.25 million for the six months ended September 30, 2010, constituting 7.0% of our total income for the six months ended September 30, 2010 as compared with 9.0% of our total income for the fiscal year 2010. Our manufacturing and other expenses primarily consisted of costs of consumable stores of ₹ 54.50 million, wages paid to contract labour of ₹ 11.37 million, power and fuel cost of ₹ 10.00 million, works contract and erection expenses of ₹ 44.93 million, loss on sale of current non-trade investments of ₹ 49.92 million and other manufacturing and other expenses of ₹ 202.53 million.

Depreciation and Amortisation. Our depreciation and amortisation expense was ₹ 221.65 million for the six months ended September 30, 2010, constituting 4.2% of our total income for the six months ended September 30, 2010 as compared with 2.7% of our total income for the fiscal year 2010. During the six months ended September 30, 2010, our Company commissioned its fourth wind farm with an aggregate capacity of 9.9 MW and ₹ 157.26 million was depreciated in relation to our wind farms.

Provision for Taxation. Our provision for taxation was ₹ 179.51 million for the six months ended September 30, 2010, primarily as a result of a provision for minimum alternate tax of ₹ 147.73 million and a deferred tax liability of ₹ 179.06 million, partially offset by a MAT credit entitlement of ₹ 147.73 million. Our provision for taxation for

the six months ended September 30, 2010 constituted 3.4% of our total income as compared with 4.2% of our total income for the fiscal year 2010.

Adjustment on Account of Restatement. Our adjustment on account of restatement was ₹ 0.15 million for the six months ended September 30, 2010, consisting of adjustments made in prior years in respect of inadequate provisions for income tax on the basis of income tax assessments completed for such respective years. For details, see “Financial Statements – Notes on Adjustments for Consolidated Restated Financial Statements – Note 1 – Adjustments” on page 231 of this Draft Red Herring Prospectus.

Net Profit after Taxation, as Restated. For the reasons stated above, our net profit after taxation, as restated was, ₹ 617.24 million for the six months ended September 30, 2010.

Fiscal Year 2010 Compared to Fiscal Year 2009

Our results of operations for the fiscal year 2010 were particularly affected by the following factors:

- lower sales of diesel generator sets during the fiscal year 2010 as compared with the fiscal year 2009 due to the general economic slowdown in the fiscal year 2010;
- commissioning of our second wind farm with aggregate capacity of 16.5 MW at Tirunelveli, Tamil Nadu in September 2009; and
- increased treasury income on account of sale of growth-option unquoted mutual fund investments.

Total Income. Our total income decreased by 7.7% to ₹ 8,651.39 million for the fiscal year 2010 from ₹ 9,369.78 million for the fiscal year 2009, as a result of a decrease in our gross sales and services, partially offset by an increase in other income.

Gross Sales and Services. Our gross sales and services decreased by 12.4% to ₹ 8,783.11 million for the fiscal year 2010 from ₹ 10,024.34 million for the fiscal year 2009, primarily as a result of decrease in unit sales of our HHP diesel generator sets (750 kVA to 2,000 kVA), to 338 units in the fiscal year 2010 from 372 units in the fiscal year 2009, coupled with lower sales of MHP diesel generator sets to 883 units in the fiscal year 2010 from 944 units in the fiscal year 2009 and lower sales of LHP diesel generator sets (up to 375 kVA) to 6,096 units in the fiscal year 2010 from 6,147 units in the fiscal year 2009. This was partially offset by an increase of 89.3% in the income from our wind farms to ₹ 68.77 million for the fiscal year 2010 from ₹ 36.33 million for the fiscal year 2009. Our lease income from the leasing of HFO generator sets also increased by 93.0% to ₹ 84.47 million for the fiscal year 2010 from ₹ 43.77 million for the fiscal year 2009 as our total HFO generator sets leased out increased to six during the fiscal year 2010 from four during the fiscal year 2009. Despite an increase in certain sources of income, our gross sales and service income decreased in the fiscal year 2010 from the fiscal year 2009 as a result a decrease in income from the sale of diesel generator sets on account of the unfavourable economic scenario and the significant contribution to our total income from the sale of our diesel generator sets.

Excise Duty and Service Tax. Our excise duty and service tax decreased by 36.0% to ₹ 564.82 million for the fiscal year 2010 from ₹ 882.59 million for the fiscal year 2009, as a result of lower sales, partially offset by an increase in excise duty rates to 10.0% in February 2010, from 8.0% for the rest of fiscal year 2009.

Other Income. Our other income increased by 89.9% to ₹ 433.10 million for the fiscal year 2010 from ₹ 228.03 million for the fiscal year 2009, primarily as a result of an increase in profits from sale of current investments to ₹ 121.49 million for the fiscal year 2010 from ₹ 7.46 million for the fiscal year 2009, coupled with a write back of provision created for a diminution in value of current investments of ₹ 130.15 million for the fiscal year 2010 on account of mark-to-market reductions in the value of our investments during the prior period, which were no longer required, and gains on exchange variation of ₹ 30.38 million for the fiscal year 2010 that primarily related to certain outstanding amounts under our supply contracts as compared with nil for fiscal year 2009. This was partially offset by a decrease of 22.3% in dividends on investments to ₹ 116.85 million for the fiscal year 2010 from ₹ 151.41

million for the fiscal year 2009 and a decrease in our miscellaneous income to ₹ 5.95 million for the fiscal year 2010 from ₹ 15.25 million for the fiscal year 2009.

Expenditure. Our total expenditure decreased by 11.2% to ₹ 7,229.54 million for the fiscal year 2010 from ₹ 8,144.06 million for the fiscal year 2009, as a result of a decrease in the cost of materials, personnel expenses and manufacturing and other expenses, partially offset by an increase in depreciation and amortisation expense.

Cost of Materials. Our cost of materials decreased by 13.0% to ₹ 5,860.76 million for the fiscal year 2010 from ₹ 6,735.52 million for the fiscal year 2009, as a result of lower production volumes due to a decrease of 12.4% in our gross sales and services. Our cost of materials constituted 67.7% of our total income for the fiscal year 2010 as compared with 71.9% of our total income in the fiscal year 2009. Our cost of materials primarily consists of the cost of raw material and components consumed, which in turn primarily consists of the purchase of engines and alternators from Cummins. Our cost of raw material and components consumed decreased by 10.4% to ₹ 5,586.73 million for the fiscal year 2010, which was 64.6% of our total income for the fiscal year 2010, from ₹ 6,231.73 million for the fiscal year 2009, which was 66.5% of our total income for the fiscal year 2009, primarily as a result of lower volumes and a one-time promotion based discount of ₹ 46.4 million provided by Cummins India. Other components of our cost of materials included our total purchases of traded goods, which decreased to ₹ 134.12 million for the fiscal year 2010 from ₹ 312.90 million for the fiscal year 2009, and our works contract material consumption, which decreased to ₹ 166.34 million for the fiscal year 2010 from ₹ 183.26 million for the fiscal year 2009. Further, there was an increase in the stock of work in progress, traded and finished goods of ₹ 26.43 million in fiscal year 2010 as compared with a decrease in the stock of work in progress, traded and finished goods of ₹ 7.63 million in the fiscal year 2009.

Personnel Expenses. Our personnel expenses decreased by 1.1% to ₹ 356.95 million for the fiscal year 2010 from ₹ 360.75 million for the fiscal year 2009. This was primarily because of a decrease in our contribution to provident fund, gratuity and other funds to ₹ 14.65 million for the fiscal year 2010 as compared with ₹ 31.64 million for the fiscal year 2009. This decrease was due to an actuarial gain of ₹ 11.22 million that was recognised during the fiscal year 2010 as against a loss of ₹ 4.05 million for the fiscal year 2009 leading to a revision in the actuarial valuation of our closing defined benefit obligations and a decrease in employees to 1,077 as of March 31, 2010 from 1,131 as of March 31, 2009.

Manufacturing and Other Expenses. Our manufacturing and other expenses decreased by 15.1% to ₹ 776.26 million for the fiscal year 2010 from ₹ 914.29 million for the fiscal year 2009, primarily as a result of a provision for diminution in the value of current investments of ₹ 62.83 million for the fiscal year 2010 as compared with a similar type of provision of ₹ 130.15 million for the fiscal year 2009, a decrease in our works contracts and erection expenses to ₹ 136.11 million for the fiscal year 2010 from ₹ 181.11 million for the fiscal year 2009 on account of a reduction in our works contracts during the fiscal year 2010, and a decrease in our bad debts to ₹ 33.33 million for the fiscal year 2010 from ₹ 59.67 million for the fiscal year 2009, partially offset by an increase in costs of consumable stores to ₹ 165.40 million for the fiscal year 2010 from ₹ 136.02 million for the fiscal year 2009. ₹ 62.71 million and ₹ 130.15 million of our provisions for diminution in value of current of investments were written back for the six months ended September 30, 2010 and the fiscal year 2010, respectively.

Depreciation and Amortisation. Our depreciation and amortisation expense increased by 76.5% to ₹ 235.57 million for the fiscal year 2010 from ₹ 133.50 million for the fiscal year 2009, primarily as a result of depreciation of wind farm assets. During the fiscal year 2010, our Company commissioned its second wind farm with an aggregate capacity of 16.5 MW at Tirunelveli, Tamil Nadu in September 2009 and its third wind farm at Jangi-Vandhiya, Gujarat with an aggregate capacity of 14.85 MW in March 2010, and ₹ 122.60 million was depreciated in relation to our wind farms.

Provision for Taxation. Our provision for taxation increased by 4.7% to ₹ 370.80 million for the fiscal year 2010 from ₹ 354.25 million for the fiscal year 2009. This was primarily because of an increase in deferred tax liability to ₹ 367.18 million for the fiscal year 2010 as compared with a deferred tax liability of ₹ 38.49 million for the fiscal year 2009. The increase in deferred tax liability was primarily on account of timing differences between the accelerated depreciation benefit allowed for the wind farms under the Income Tax Act and the depreciation accounted in the financial statements. The current tax of ₹ 211.26 million being the minimum alternate taxation was

completely offset by a MAT credit entitlement of ₹ 211.26 million during the fiscal year 2010. We were not liable for minimum alternate taxation in the fiscal year 2009. For details, see “Financial Statements – Notes to Restated Consolidated Financial Statements – Annexure 28” on page 275 of this Draft Red Herring Prospectus. Our effective rate of taxation for the fiscal year 2010 was 26.1% as compared with 28.9% in the fiscal year 2009.

Adjustment on Account of Restatement. Our adjustment on account of restatement decreased to a gain of ₹ 2.24 million for the fiscal year 2010 from a gain of ₹ 3.58 million for the fiscal year 2009. These restatements primarily related to adjustments made in respect of excess provision for income tax, on the basis of income tax assessments completed, and adjustments made to depreciation, salaries and sales commissions for the years to which they pertained.

Net Profit after Taxation, as Restated. For the reasons stated above, our net profit after taxation, as restated, increased by 20.4% to ₹ 1,053.57 million for the fiscal year 2010 as compared with a net profit after taxation, as restated, of ₹ 875.05 million for the fiscal year 2009.

Fiscal Year 2009 Compared to Fiscal Year 2008

Our results of operations for the fiscal year 2009 were particularly affected by the following factors:

- increase in sales of manufactured generator sets;
- first full year of operations of our first wind farm at Jamnagar, Gujarat; and
- increased treasury income as against the previous fiscal year.

Total Income. Our total income increased by 13.3% to ₹ 9,369.78 million for the fiscal year 2009 from ₹ 8,267.41 million for the fiscal year 2008, as a result of an increase in gross sales and services and increase in other income.

Gross Sales and Services. Our gross sales and services increased by 10.8% to ₹ 10,024.34 million for the fiscal year 2009 from ₹ 9,050.98 million for the fiscal year 2008. This was primarily on account of an increase in the unit sales of our MHP and LHP generator sets to 944 units and 6,147 units, respectively, in the fiscal year 2009 from 871 units and 4,846 units, respectively, in the fiscal year 2008. Our income from works contracts increased to ₹ 334.18 million for the fiscal year 2009 from ₹ 112.66 million for the fiscal year 2008. Our income from erection, installation and other services increased to ₹ 228.08 million for the fiscal year 2009 from ₹ 138.25 million for the fiscal year 2008 on account of acceleration in the completion of contracts from earlier periods. Our income from leasing HFO generator sets increased to ₹ 43.77 million for the fiscal year 2009 as compared with ₹ 14.72 million for the fiscal year 2008 as our total HFO generator sets leased out increased to four during the fiscal year 2009 from one during the fiscal year 2008. Further, our first wind farm at Jamnagar, Gujarat had its first full year of operation, pursuant to the commissioning of its first wind turbine generator during the fiscal year 2008 and its full commissioning in April 8, 2008, and generated ₹ 36.33 million from the sale of electricity for the fiscal year 2009. These increases in gross sales and services were partially offset by a decrease in our income from the sale of traded goods to ₹ 461.46 million for the fiscal year 2009 from ₹ 680.91 million for the fiscal year 2008 on account of commissioning of our project in Sudan during the fiscal year 2008.

Excise Duty and Service Tax. Our excise duty and service tax expense decreased by 4.1% to ₹ 882.59 million for the fiscal year 2009 from ₹ 920.06 million for the fiscal year 2008, as a result of decreases in excise duty rates to 10.0% in February 2009 from 14.0% during the earlier part of the fiscal year 2009 and 16.0% during the fiscal year 2008, which was partially offset by an increase in amount of excise duty and service tax paid as a result of an increase in gross sales and services.

Other Income. Our other income increased by 67.1% to ₹ 228.03 million for the fiscal year 2009 from ₹ 136.49 million for the fiscal year 2008, primarily as a result of an increase income from dividends on investments to ₹ 154.51 million for the fiscal year 2009 from ₹ 50.24 million for the fiscal year 2008 as a result of holding most of our investments for all of fiscal year 2009 as compared with a portion of fiscal year 2008, when such investments

were initially made, and an increase in net profit on sale of current investments to ₹ 37.07 million for the fiscal year 2009 from ₹ 28.36 million for the fiscal year 2008.

Expenditure. Our total expenditure increased by 16.7% to ₹ 8,144.06 million for the fiscal year 2009 from ₹ 6,981.50 million for the fiscal year 2008, as a result of an increase in the cost of materials, personnel expenses, manufacturing and other expenses and depreciation and amortisation expense.

Cost of Materials. Our cost of materials increased by 17.7% to ₹ 6,735.52 million for the fiscal year 2009 from ₹ 5,724.32 million for the fiscal year 2008, as a result of an increase in production volumes during the fiscal year 2009 as compared with the fiscal year 2008 and increase in the sales of lower capacity diesel generator sets, which are lower margin products. Our cost of materials constituted 71.9% of our total income in the fiscal year 2009 as compared with 69.2% of our total income in the fiscal year 2008. Our cost of materials primarily consisted of raw materials and components consumed, which in turn primarily consisted of the purchase of engines and alternators from Cummins. Our cost of raw material and components consumed increased by 15.2% to ₹ 6,231.73 million for the fiscal year 2009, which was 66.5% of our total income for the fiscal year 2009, from ₹ 5,411.53 million for the fiscal year 2008, which was 65.5% of our total income for the fiscal year 2008. Other components of our cost of materials included our total purchases of traded goods increased to ₹ 312.90 million for the fiscal year 2009 from ₹ 208.39 million for the fiscal year 2008 and the works contract material consumption also increased to ₹ 183.26 million for the fiscal year 2009 compared with ₹ 150.41 million for the fiscal year 2008.

Personnel Expenses. Our personnel expenses increased by 15.8% to ₹ 360.75 million for the fiscal year 2009 from ₹ 311.52 million for the fiscal year 2008, primarily as a result of an increase in salaries, allowances and bonuses to ₹ 304.41 million for the fiscal year 2009 from ₹ 265.27 million for the fiscal year 2008, on account of growth in salaries, partially offset by a decrease in employees to 1,131 as of March 31, 2009 from 1,202 as of March 31, 2008.

Manufacturing and Other Expenses. Our manufacturing and other expenses increased by 5.4% to ₹ 914.29 million for the fiscal year 2009 from ₹ 867.10 million for the fiscal year 2008. This increase was primarily as a result of an increase in provision for diminution in value of current investments to ₹ 130.15 million for the fiscal year 2009 from nil for the fiscal year 2008. All of such provision was written back during the fiscal year 2010. Further, there was an increase in net bad debts to ₹ 59.67 million for the fiscal year 2009 attributable to non-payment by certain customers as compared with nil for the fiscal year 2008 and an increase in our costs of consumable stores to ₹ 136.02 million for the fiscal year 2009 from ₹ 107.79 million for the fiscal year 2008. These increases were significantly offset by a decrease in our works contracts and erection expenses to ₹ 181.11 million for the fiscal year 2009 from ₹ 296.42 million for the fiscal year 2008 as a result of completion and handover of our project in Sudan during the fiscal year 2008. During the fiscal year 2009, we also completed the handover of the operations and maintenance contract for our project in Sudan. Our other expenses also included the impairment of goodwill created on the acquisition of our subsidiary Quadrant Engineers Limited of ₹ 0.31 million during the fiscal year 2009.

Depreciation and Amortisation. Our depreciation and amortisation expense increased by 69.9% to ₹ 133.50 million for the fiscal year 2009 from ₹ 78.56 million for the fiscal year 2008. During the fiscal year 2009, our Company commissioned its first wind farm with an aggregate capacity of 4.8 MW at Jamnagar, Gujarat in April 2008 and an aggregate of ₹ 36.43 million was depreciated in relation to this wind farm.

Provision for Taxation. Our provision for taxation increased by 49.9% to ₹ 354.25 million for the fiscal year 2009 from ₹ 236.27 million for the fiscal year 2008. This was primarily as a result of an increase in current tax to ₹ 305.15 million for the fiscal year 2009 from ₹ 215.00 million for the fiscal year 2008 and an increase in deferred tax liability to ₹ 38.49 million for the fiscal year 2009 from ₹ 11.50 million for the fiscal year 2008. Our effective rate of taxation for fiscal year 2009 increased to 28.9% from 18.4% in fiscal year 2008, primarily on account of lower deductions allowed under Section 80-IB of the Income Tax Act. For details, see “Financial Statements – Notes to Restated Consolidated Financial Statements – Annexure 28” on page 275 of this Draft Red Herring Prospectus.

Adjustment on Account of Restatement. Our adjustment on account of restatement increased to a gain of ₹ 3.58 million for the fiscal year 2009 from a gain of ₹ 0.21 million for the fiscal year 2008. These restatements primarily related to adjustments made in respect of excess provision for income tax, on the basis of income tax assessments completed, and adjustments made to depreciation, salaries and sales commissions for the years to which they

pertained. For details, see “Financial Statements – Notes on Adjustments for Consolidated Restated Financial Statements – Note 1 – Adjustments” on page 231 of this Draft Red Herring Prospectus.

Net Profit after Taxation, as Restated. For the reasons stated above, our net profit after taxation, as restated, decreased by 16.6% to ₹ 875.05 million for the fiscal year 2009 from ₹ 1,049.85 million for the fiscal year 2008.

Financial Condition, Liquidity and Capital Resources

Cash Flows

The following table sets forth our consolidated cash flows for the six months ended September 30, 2010 and the fiscal years 2010, 2009 and 2008:

	Six Months Ended September 30,	Fiscal Year		
	2010	2010	2009	2008
Net cash generated from/(used in) operating activities	476.93	1,851.61	802.24	1,047.67
Net cash generated from/(used in) investing activities	(750.20)	(1,778.67)	(685.07)	(2,572.18)
Net cash generated from/(used in) financing activities	374.73	(152.11)	(121.68)	1,479.34
Net increase/ (decrease) in cash and cash equivalents*	101.46	(79.17)	(4.51)	(45.17)

*Cash in the form of bank deposits, current account balances and cash on hand represents our cash and cash equivalents.

Operating Activities

Six Months Ended September 30, 2010

Net cash generated from our operating activities was ₹ 476.93 million for the six months ended September 30, 2010, primary as a result of profit before tax, as restated, of ₹ 796.90 million for the six months ended September 30, 2010. Our net profit before tax, as restated, was adjusted for items such as:

- Depreciation of our fixed assets, primarily comprising our wind farm assets and purchase of office premises, of ₹ 221.65 million;
- A write back in the provision for diminution in value of current investments of ₹ 62.71 million;
- Loss on sale of current investments of ₹ 49.92 million;
- Bad debts written back of ₹ 18.34 million, on account of recovery of payments from customers, which we had provided for in the previous fiscal year; and
- Provision for derivative loss of ₹ 11.59 million relating to the external commercial borrowing availed for our wind farm projects.

Our operating profit before working capital changes was ₹ 983.10 million for the six months ended September 30, 2010. Our operating profit was adjusted for working capital changes such as:

- An increase in inventories of ₹ 561.75 million consistent with the growth of sales in our diesel generator business, additional inventory required with regard to our dealership business and additional inventory of HHP diesel generator sets that were only sold in January 2011;
- An increase in trade payables of ₹ 158.81 million, as a result of consistent with the growth of our sales in our diesel generator business; and

- An increase in trade and other receivables of ₹ 5.16 million.

The cash generated from our operating activities was ₹ 575.00 million for the six months ended September 30, 2010, which was adjusted for direct taxes paid of ₹ 107.55 million for the six months ended September 30, 2010 and interest received of ₹ 9.48 million from customers who made payments beyond the credit period set by us.

Fiscal Year 2010

Net cash generated from our operating activities increased to ₹ 1,851.61 million for the fiscal year 2010 from ₹ 802.24 million for the fiscal year 2009, partially as a result of an increase in net profit before tax, as restated, to ₹ 1,421.85 million for the fiscal year 2010 from ₹ 1,226.81 million for the fiscal year 2009. Our net profit before tax, as restated, for the fiscal year 2010 as compared with the fiscal year 2009 was primarily affected by:

- An increase in depreciation to ₹ 235.57 million in the fiscal year 2010 from ₹ 133.22 million in the fiscal year 2009, as a result of an increase in our wind farm assets and purchase of office premises;
- Write back of provision for diminution in value of current investments written back of ₹ 130.15 million for the fiscal year 2010 due to mark-to-market reductions in the value of our investments during the prior period as compared with nil for the fiscal year 2009;
- Provision for diminution in the value of current investments of ₹ 62.83 million for the fiscal year 2010 compared with provision of ₹ 130.15 million for the fiscal year 2009; and
- An increase in profit on sale of current investments to ₹ 121.49 million for the fiscal year 2010 from ₹ 7.46 million for the fiscal year 2009.

Our operating profit before working capital changes increased to ₹ 1,362.71 million for the fiscal year 2010 from ₹ 1,338.51 million for the fiscal year 2009 and was primarily affected by:

- A decrease in inventories for the fiscal year 2010 of ₹ 329.70 million, as compared with an increase in inventories of ₹ 84.95 million for the fiscal year 2009, primarily as a result of lower sales in the fiscal year 2010 as compared with the fiscal year 2009;
- An increase in trade payables for the fiscal year 2010 of ₹ 302.39 million, as compared with a decrease in trade payables for the fiscal year 2009 of ₹ 247.06 million; and
- A decrease in trade and other receivables for the fiscal year 2010 of ₹ 121.69 million, as compared with a decrease in trade and other receivables for the fiscal year 2009 of ₹ 69.59 million.

The cash generated from our operations increased to ₹ 2,116.49 million for the fiscal year 2010 from ₹ 1,076.09 million for the fiscal year 2009, which was adjusted for direct taxes paid of ₹ 288.97 million for the fiscal year 2010 as compared with ₹ 286.75 million for the fiscal year 2009 and interest received on current investment of ₹ 24.09 million for the fiscal year 2010 as compared with ₹ 12.90 million for the fiscal year 2009.

Fiscal Year 2009

Net cash generated from our operating activities decreased to ₹ 802.24 million for the fiscal year 2009 from ₹ 1,047.67 million for the fiscal year 2008, partially as a result of a decrease in profit before tax, as restated, to ₹ 1,226.81 million for the fiscal year 2009 from ₹ 1,285.12 million for the fiscal year 2008. Our profit before tax, as restated, was adjusted by items such as:

- An increase in depreciation to ₹ 133.22 million in the fiscal year 2009 from ₹ 78.77 million in the fiscal year 2008, as a result of an increase in our wind farm assets and purchase of office premises;

- An increase in bad debts written off to ₹ 59.67 million for the fiscal year 2009 as compared with bad debts written back of ₹ 3.94 million for the fiscal year 2008 due to the general economic slowdown affecting certain customers during the fiscal year 2009;
- An increase in dividends received from current investments to ₹ 151.41 million for the fiscal year 2009 from ₹ 22.70 million for the fiscal year 2008; and
- An increase in the provision for diminution in the value of current investments to ₹ 130.15 million for the fiscal year 2009 due to mark-to-market reductions in the value of our investments during the prior period as compared with nil for the fiscal year 2008 .

Our operating profit before working capital changes increased to ₹ 1,338.51 million for the fiscal year 2009 as compared with ₹ 1,239.75 million for the fiscal year 2008. Our operating profit was adjusted for working capital changes such as:

- An increase in inventories for the fiscal year 2009 of ₹ 84.95 million, as compared with a decrease in inventories of ₹ 17.15 million for the fiscal year 2008;
- A decrease in trade payables for the fiscal year 2009 of ₹ 247.06 million, as compared with an increase in trade payables for the fiscal year 2008 of ₹ 457.09 million, ; and
- A decrease in trade and other receivables for the fiscal year 2009 of ₹ 69.59 million, as compared with an increase in trade and other receivables for the fiscal year 2008 of ₹ 408.02 million.

The cash generated from our operations decreased to ₹ 1,076.09 million for the fiscal year 2009 from ₹ 1,305.96 million for the fiscal year 2008, which was adjusted for by net direct taxes paid of ₹ 286.75 million for the fiscal year 2009 as compared with ₹ 277.44 million for the fiscal year 2008 and for interest received of ₹ 12.90 million during the fiscal year 2009 as compared with ₹ 19.15 million during the fiscal year 2008.

Investing Activities

Net cash used in investing activities for the six months ended September 30, 2010 was ₹ 750.20 million, comprising purchase of fixed assets of ₹ 1,511.09 million, primarily attributable to the purchase of office premises and wind farm-related land and equipment, which was partially offset by proceeds from sale of investments of ₹ 750.24 million and dividends from investments of ₹ 10.66 million.

Net cash used in investing activities for the fiscal year 2010 was ₹ 1,778.67 million, comprising purchase of fixed assets of ₹ 2,108.91 million primarily attributable to the purchase of wind farm-related land and assets, which was partially offset by proceeds from the sale of investments of ₹ 213.39 million and dividends from investments of ₹ 116.85 million.

Net cash used in investing activities for the fiscal year 2009 was ₹ 685.07 million, comprising purchase of investments of ₹ 539.65 million and purchase of fixed assets of ₹ 299.93 million, which was partially offset by dividends from investments of ₹ 154.51 million.

Net cash used in investing activities for the fiscal year 2008 was ₹ 2,572.18 million, primarily comprising purchase of investments of ₹ 2,117.99 million and purchase of fixed assets of ₹ 504.43 million, which was partially offset by dividends from investments of ₹ 50.24 million.

Cash Flows from Financing Activities

Net cash generated from financing activities for the six months ended September 30, 2010 was ₹ 374.73 million, comprising ₹ 556.65 million from borrowings incurred to finance our wind power business, which was partially offset by dividend paid and tax on dividend of ₹ 181.92 million.

Net cash used in financing activities for the fiscal year 2010 was ₹ 152.11 million, comprising ₹ 152.11 million from dividend paid and tax on such dividend.

Net cash used in financing activities for the fiscal year 2009 was ₹ 121.68 million, comprising ₹ 121.68 million from dividend paid and tax on such dividend.

Net cash from financing activities for the fiscal year 2008 was ₹ 1,479.34 million, primarily comprising ₹ 1,500.00 million from proceeds from the issue of equity shares to Standard Chartered Private Equity (Mauritius) II Limited, pursuant to a share subscription and shareholders agreement, dated September 25, 2007, which was partially offset by share issue expenses of ₹ 20.66 million.

Fixed Assets

As of September 30, 2010, we had ₹ 4,308.86 million of fixed assets, comprising ₹ 70.69 million of capital work in progress and net block of ₹ 4,238.17 million as compared with ₹ 3,019.22 million of fixed assets as of March 31, 2010, comprising ₹ 56.47 million of capital work in progress and net block of ₹ 2,962.75 million. This increase was primarily attributable to acquisition of new premises and commissioning of the wind farms at Jangi-Vandhiya, Gujarat and Theni, Tamil Nadu respectively.

Indebtedness

As of September 30, 2010, we had ₹556.65 million of indebtedness outstanding, on a consolidated basis. This was primarily due to foreign currency loans availed to assist in funding our wind power business. The following table describes the details of our outstanding indebtedness:

(₹ in million)	
Particulars	Principal Amount Outstanding of September 30, 2010
Secured Loans	
Term Loan from Bank - Foreign Currency Loan	456.00
Working Capital Loan from Banks - Foreign Currency Loan - Rupee Loan	68.45 32.20
Sub-Total	556.65

We are bound by restrictive covenants in our loan agreements with domestic and foreign banks and financial institutions. For further details on interest rates, maturity and covenants contained in these loans, see “Financial Indebtedness” and “Risk Factors” beginning on page 277 and 13, respectively.

Contractual Obligations and Commercial Commitments

As of September 30, 2010, estimated amount of contracts remaining to be executed on capital amount and not provided for, net of advances, was ₹ 22.52 million, which are expected to have an effect on our liquidity and cash flows in future periods.

Capital Expenditure

For the six months ended September 30, 2010 and the fiscal years 2010, 2009 and 2008 we spent ₹ 1,499.00 million, ₹ 2,136.22 million, ₹ 414.70 million and ₹ 369.04 million, respectively, on capital expenditures. Typically, our principal capital expenditure requirements involve the development and operation of our manufacturing facilities, the implementation and operation of our wind farms and the purchase of office premises. Typically, we incur ₹ 150.00 million of annual capital expenditure in the normal course of our generator set business. For more details on our capital expenditure plans with respect to our wind power business, see “Objects of the Issue” on page 74 of this Draft Red Herring Prospectus.

Contingent Liabilities

Our contingent liabilities as of September 30, 2010 included the following:

(₹ in million)	
Particulars	September 30, 2010
Bank guarantee for advance / performance given to customers	415.87
Stamp duty demands disputed pending appeal	5.85
Bank letter of credit outstanding at period end	55.03
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advance	22.52
Sales tax demanded by department, contested by our Company, pending appeal	9.05
Service tax demanded by department, contested by our Company, pending appeal	0.26
Excise duty demanded by department, contested by our Company, pending appeal	0.93
Custom duty demanded by department, contested by our Company, pending appeal	0.10
Claims against our Company not acknowledged as debt	1.62
Total	511.23

Off-Balance Sheet Arrangements

Except as described below, we do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships that would have been established for facilitating off-balance sheet arrangements.

In connection with our external commercial borrowing of US\$ 10.00 million from Standard Chartered Bank, we have entered into a swap agreement with Standard Chartered Bank, dated September 27, 2010, to assist us in hedging our foreign exchange exposure. Pursuant to the terms of the swap agreement, we are required to repay ₹ 456.00 million to Standard Chartered Bank upon maturity, as well as a coupon payment of 7.75% per annum, which is payable on a quarterly basis. In exchange, Standard Chartered will pay our Company US\$10.00 million and interest linked to the US Dollar LIBOR and a spread of 2.25%, which is also payable on a quarterly basis. Quarterly payments by both parties will end on September 23, 2013, when the transaction is to terminate.

Transactions with Related Parties

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our affiliates and certain key management members on an arm's length basis. Our income from related parties includes sales income, interest income, rent income, management fees income, and income from purchase of goods and services from our associate companies. Our expenses towards our related parties include rent expenses, remuneration expenses, consultancy charge expenses, repayment of loans, loans received, advances and loans given, repayment of advances / loans given, rent deposit given and repayment of rent deposit given to our associate companies and directors.

As of September 30, 2010 our receivables to related parties, comprising associate companies, was ₹ 17.16 million and our payables to our related parties, comprising associate companies, was ₹ 0.90 million.

For further details on such transactions, see "Financial Statements – Annexure 23 – Consolidated Statement of Related Party Transactions" beginning on page 266 of this Draft Red Herring Prospectus.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodity risk. We are exposed to interest rate risk, commodity risk, foreign exchange risk, inflation risk and credit risk in the normal course of our business.

Interest Rate Risk

We currently have floating rate indebtedness and maintain deposits of cash and cash equivalents with banks and other financial institutions. We have entered into a swap agreement in connection with our floating rate indebtedness. See “ – Financial Condition, Liquidity and Capital Resources - Off-Balance Sheet Arrangements” above. Also, see “Financial Indebtedness” on page 277 of this Draft Red Herring Prospectus.

Commodity Risk

We are exposed to risks in respect of the price availability of certain raw materials, which are used as key inputs in our production process. Historically, as a practice, we have passed on an increase in the cost of metals, especially steel, to our customers. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and the date on which we can reset the prices for our customers to account for the increase in the prices of such raw materials.

Credit Risk

We are exposed to credit risk on funds owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write off such amounts. As of September 30, 2010, ₹ 3.57 million was provided for doubtful debts.

Foreign Exchange Risk

Changes in currency exchange rates influence our results of operations. As of September 30, 2010, we had ₹ 524.45 million of foreign currency borrowings outstanding, which constituted 94.2% of our total outstanding indebtedness. We have entered into a swap agreement in connection with our foreign currency indebtedness. See “Off-Balance Sheet Arrangements” above.

Inflation Risk

In recent years, India has begun to experience significant inflation. According to the CIA World Factbook, inflation in India was estimated to be approximately 11.7% and 10.9%, for the calendar years 2010 and 2009, respectively. Although the Government of India has initiated several economic measures to curb the rise in inflation rates, we cannot assure you that these measures will have the desired effect.

Other Qualitative Factors***Dependence on a Single Supplier for Certain Components***

As described in the sections “Risk Factors” and “Business” on page 13 and 107 of this Draft Red Herring Prospectus, respectively, we will depend substantially on Cummins for major components of our diesel generator sets and HFO generator sets.

Unusual or Infrequent Events or Transactions

Except as described in this section and “Risk Factors” in this Draft Red Herring Prospectus, to our knowledge, there are no events or transactions which may be described as “unusual” or infrequent”.

Known Trends or Uncertainties

Except as described in this section and “Risk Factors”, to our knowledge, there are no trends or uncertainties that have had, or are expected to have, an adverse impact on our business or results of operation.

New Product or Business Segment

Other than as described in the section “Business” on page 107 of this Draft Red Herring Prospectus, to our knowledge, there are no new products or business segments.

Seasonality of Business

Our revenues and results may be affected by seasonal factors. For example, inclement weather, including during the monsoon season, may delay or disrupt production and shipment of our goods. Further, some of our customers may have businesses, which may be seasonal in nature, and a downturn in demand for our products by such customers could reduce our revenue during such periods.

Competitive Conditions

For further details on competitive conditions that may affect our business, please refer to the discussions of our competition in “Risk Factors” and “Business” on pages 13 and 107 of this Draft Red Herring Prospectus, respectively.

Significant Developments after September 30, 2010

Except as stated below or elsewhere in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring 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 Board declared an interim dividend of 200% of the face value of our equity share of ₹ 10 each;
- We undertook a split of our Equity Shares from a face value of ₹ 10 to ₹ 2, and a bonus issue of Equity Shares at a ratio of four to five. For details, see “Capital Structure” on page 62 of the Draft Red Herring Prospectus; and
- We recently shut down our manufacturing unit at Talaja and shifted the production to Bengaluru/Silvassa to save on transportation cost. We are also in the process of negotiating a settlement with employees based at our Talaja unit who may be required to be retrenched.

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, its Promoters, Directors and the Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, 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 Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Promoters, Directors or the Group Companies.

Other than in accordance with the mutually accepted terms in our agreements with our suppliers, wherein the credit period has been determined, there are no small scale undertakings to which a sum exceeding ₹ 100,000 is due for a period of more than 30 days to be paid by us.

For details of the contingent liabilities of our Company, see the chapter “Financial Statements” beginning on page 167 of this Draft Red Herring Prospectus.

Cases involving our Company

Cases filed against our Company

Civil Proceedings

Afco Industrial & Chemicals Limited (“Afco”) has filed a civil suit before the Bombay High Court against our Company whereby Afco has claimed a total amount of ₹ 0.19 million from our Company. Afco had placed an order of 25 D.G. sets from our Company of which 10 sets were to be delivered from our factory located in Taloja and 10 sets to be delivered from 15 sets from the factory of our Company located in Daman and Diu and Dadra and Nagar Haveli. In the final invoice raised by our Company in relation to 15 sets from the Daman factory, ₹ 0.19 million was also included on account of sales tax. The amount stated in the invoice was duly paid by Afco. Afco has filed the suit to recover the said amount as sales tax is required to be paid in Daman and Diu and Dadra and Nagar Haveli. The Company has filed a written statement stating that the excess amount was charged on account of delayed acceptance of the sets by Afco and excess service tax and additional costs paid by our Company on account of such delayed acceptance. The matter is pending.

Labour Proceedings

Ashok Arbat, Dagabu M. Dhabagde and Narayan Nerulkar (“Petitioners”) have filed a writ petition before the Bombay High Court alleging wrongful termination of their employment by our Company due to closure of the Taloja manufacturing unit. The Complainants have alleged that their employment was terminated due to their association with a labour union, Sarva Shramik Sangh Union, against the wishes of our Company. Earlier, the Petitioners had filed a complaint before the Labour Court, Thane where the Labour Court dismissed the complaint on ground of having no jurisdiction to examine the legality of closure of the unit by our Company due to no pleading in respect of Section 25H of the Industrial Disputes Act, 1947. Subsequently, the Petitioners filed a revision petition before the Industrial Court, Thane which was also dismissed. The Petitioners have prayed for reinstatement and full wages. The matter is pending.

Stamp Duty Proceedings

1. The Deputy Superintendant of Stamps, Mumbai has issued a demand notice dated April 22, 2003 to our Company whereby our Company has been directed to pay additional stamp duty of ₹ 0.81 million along with a penalty of ₹ 1.62 million in relation to the insufficient stamp duty paid by our Company with reference to case no. ADJ/2389/03 under Article 25(b) of Schedule I of the Bombay Stamp Act, 1958

within 60 days from the date of the letter. The matter is pending.

2. The Collector of Stamp, Mumbai has issued a demand notice dated November 29, 2008 to our Company whereby our Company has been directed to pay additional stamp duty of ₹ 1.14 million along with a penalty of ₹ 2.28 million in relation to the insufficient stamp duty paid by our Company with reference to case no. ADJ/2390/03 under Article 25(b) of Schedule I of the Bombay Stamp Act, 1958. The matter is pending.

Tax Proceedings

1. Our Company has filed an appeal before the Appellate Deputy Commissioner (CT)-V, Kancheepuram (“ADC”) against the ruling of the Commercial Tax Officer, Chrompet, Chennai (“CTO”) in relation to the assessment of ₹ 10.39 million out of the total taxable turnover of ₹ 27.11 million for the year 2004-05 at four per cent under Section 7(c) of the Tamil Nadu General Sales Tax Act, 1959 where the CTO has proposed to assess the aforesaid amount at 16 per cent and a levy of surcharge of five per cent. The ADC has ruled that the CTO shall certify the contract agreements entered by our Company with its buyers and re-conduct the assessment. The amount involved includes the amount of duty of ₹ 1.25 million, surcharge of ₹ 0.06 million and ₹ 1.96 million as penalty. The matter is pending.
2. The Commissioner of Customs has filed an appeal against the order of CESTAT, Bangalore before the High Court of Karnataka under section 130 of the Customs Act, 1962 in relation to imposition of customs duty along with penalty and interest on our Company for the import of DG sets which were exported to Sharjah and then re-imported by our Company. As directed, our Company had paid the customs duty and interest as per terms of the notification no. 52/03 dated March 31, 2003 and hence, waived issue of show cause notice and personal hearing. The CESTAT, Bangalore held that since the duty was paid before issuance of the show cause notice, penalty and interest cannot be imposed. The amount involved includes the amount of duty of ₹ 1.70 million, interest of ₹ 0.02 million and penalty of ₹ 0.10 million. The matter is pending.
3. Our Company has filed an appeal before Commissioner (Appeals) against the order of the Deputy Commissioner of Central Excise, Bangalore in relation to the alleged contravention of rule 6 of the Cenvat Credit Rules, 2004 in respect of goods cleared to the special economic zones, where our Company is a developer, without payment of duty against a letter of undertaking. The amount involved is an amount of ₹ 0.16 million under section 11A along with applicable interest and a penalty of ₹ 0.005 million under Rule 15(1) of the Cenvat Credit Rules, 2004. Our Company has also filed an application seeking waiver of pre-deposits and, to stay the recovery of the said amounts during the pendency of the appeal. The matter is pending.
4. Our Company has filed two appeals before Maharashtra Sales Tax Tribunal (“Tribunal”), against the orders of the Joint Commissioner of Sales Tax (Appeals)-2, Mumbai requiring our Company to pay ₹ 1.20 million as tax. The assessment under the Bombay Sales Tax Act, 1959 (“BST”) resulted into a refund of ₹ 3.10 million whereas the assessment under the Central Sales Tax Act, 1956 (“CST”) resulted into a demand of ₹ 4.30 million, the result being a net demand of ₹ 1.20 million. Our Company claims that the assessment under the BST warrants recomputation of tax liability based on set off which would result in additional refund and further, interest on refund under section 43A of the BST and in respect to the CST the appellants were denied an opportunity to furnish declarations in Form E1 and Form C. The appeals were allowed and the matter was remanded back to the first appellate authority for considering the evidence furnished by the appellant before the Tribunal. The matter is pending.
5. Our Company has filed an appeal before Commissioner (Appeals) against the order of the Deputy Commissioner of Central Excise, Silvassa rejecting the refund claim of our Company amounting to ₹ 0.47 million in relation to the sale of electric generating sets to SEZ developers prior to December 31, 2008. The claim was rejected on the ground that cenvat credit is not available for the inputs used in the finished products supplied to the developer of SEZ in terms of Cenvat Credit Rules, 2004. The matter is pending.
6. Our Company has filed an appeal before the Commissioner (Appeals) against the order of the Deputy

Commissioner of Central Excise, Bangalore in relation to the supply of excisable goods to developer of SEZ without the payment of duty. The Deputy Commissioner of Central Excise, Bangalore, had issued an order that the goods were not exempted goods and imposed a duty of ₹ 0.43 million along with a penalty of ₹ 0.03 million. Our Company has also filed an application seeking waiver of pre-deposits and, to stay the recovery of the said amounts during the pendency of the appeal. The matter is pending.

7. Our Company has filed an appeal before the Sales Tax Appellate Tribunal, Andhra Pradesh at Hyderabad against the order of the Commercial Tax Officer, Hyderabad in relation to the revision of the assessment under section 20 of the Andhra Pradesh General Sales Tax Act on the ground that installation, commissioning and testing of DG sets are normal sale and not works contract. The amount involved is ₹ 0.75 million. The matter is pending.
8. Our Company has filed an appeal before the Deputy Commissioner (Appeals) against the order of the Deputy Commissioner of Income Tax, LTU, Mumbai, whereby the Assessing officer has disallowed certain deductions under the provisions of the Income Tax Act, 1961 including deductions in respect of our Company's SEZ unit, Silvassa unit and bonus and exgratia. The amount involved is ₹ 30.03 million. The matter is pending.

Proceedings under Negotiable Instruments Act, 1881

1. The Company has filed a complaint before the Court of Metropolitan Magistrate, 28th Court, Mumbai against Azeem Khan, propereitor of M/s APJ Enterprises ("Defendant") under section 138 of the Negotiable Instruments Act, 1881 whereby our Company has claimed that the cheque amounting to ₹ 4.37 million issued by the Defendant in relation to discharging of liability towards payment of sales tax incurred in relation to delivery of D.G. sets to the Defendant. The matter is pending.
2. The Company has filed a complaint before the Court of Metropolitan Magistrate, 28th Court, Mumbai against Azeem Khan, proprietor of M/s S&H Enterprises ("Defendant") under section 138 of the Negotiable Instruments Act, 1881 whereby our Company has claimed that the cheque amounting to ₹ 1.12 million issued by the Defendant in relation to discharging of liability towards payment of sales tax incurred in relation to delivery of D.G. sets to the Defendant. The matter is pending.
3. The Company has filed a complaint before the Court of Metropolitan Magistrate, Chennai against A.M. Sukesh, proprietor of M/s Krypton Engineering ("Defendant") under section 138 and 142 of the Negotiable Instruments Act, 1881 whereby our Company has claimed that the cheque amounting to ₹0.18 million issued by the Defendant in relation to discharging of liability towards delivery of D.G. sets to the Defendant. The matter is pending.

Notices issued against our Company

1. A notice to show cause has been issued by the Office of the Assistant Commissioner of Central Excise, Daman Commissionerate, against our Company in respect of unit no. II situated at Plot no. 74/3 and 74/4 for confiscation of two IC engines valued at ₹ 0.32 million involving Cenvat credit of ₹ 0.05 million for violation of Rule 11 of the Central Excise Rules, 2002 read with Rule 3 (5) of the Cenvat Credit Rules, 2004 along with recovery of Cenvat credit earlier offered to our Company amounting to ₹ 0.05 million and any other penalty and interest. Further our Company in respect to unit no. I situated at Plot no. 8-10 was called upon to show cause as to why penalty should not be imposed on them under Rule 26 of the Central Excise Rules, 2002 read with Rule 15(1) of Cenvat Credit Rules 2004. We have filed a reply to the same. The matter is pending.
2. A notice has been issued by the Office of the Commissioner of Central Excise & Service Tax, Mumbai requiring our Company to pay ₹ 0.22 million in relation to the Cenvat collected by our Company from our clients as our Company had also claimed exemption at the time of clearance of one genset under notification no. 33/2005 CE dated September 8, 2005. The matter is pending.
3. A notice of order has been issued by the Deputy Commissioner, Commercial Tax, Ernakulam, in relation to

the assessment of our Company for 2002-03 demanding payment of ₹ 0.73. Our Company in its reply alleged that the Department has not allowed full credit for the sum of ₹ 0.12 million which was paid as tax deducted at source and ₹ 0.75 million which was paid as entry tax. . The matter is pending.

4. A notice of order has been issued by the Deputy Commissioner, Commercial Tax, Ernakulam, in relation to the assessment of our Company for 2003-04 demanding payment of ₹ 1.6 million. Our Company in its reply alleged that the Department has not allowed full credit for the sum of ₹ 0.14 million which was paid as tax deducted at source, ₹ 1.76 million paid as entry tax and ₹ 0.13 million as monthly returns. We have filed a reply. The matter is pending.
5. An audit report has been issued by the Assistant Commissioner (Audit), Service Tax, Mumbai in relation to the commission charged by our Company from the local parties for the supply of imported power generating sets under the high sea sale agreement. The amount involved is ₹ 0.31 million. The matter is currently subject to verification and examination by the divisional Assistant Commissioner for ascertaining whether there is any element of commission received by the party which can be taxed under business auxiliary service.

Cases involving Promoters

Naresh Chander Oberoi

There are no litigations pending by or against Naresh Chander Oberoi.

Kharati Ram Puri

There are no litigations pending by or against Kharati Ram Puri.

Cases involving Directors

There are no litigations pending by or against any of the Directors of our Company.

Cases involving Subsidiaries

Powerica International FZE

There are no litigations pending by or against Powerica International FZE.

Quadrant Engineers Limited

There are no litigations pending by or against Quadrant Engineers Limited.

Cases involving Group Companies

Powerica Sales and Service Limited (“PSSL”)

Tax proceedings

PSSL has filed an appeal before the Sales Tax Appellate Tribunal, Hyderabad against the order of the Appellate Deputy Commissioner (“CT”), Hyderabad upholding the assessment order passed by the Commercial Tax Officer by considering the transactions undertaken by PSSL as sale instead of works contract and further levying tax at the rate of 12.5% and disallowing the claim for exemption towards the labour component. The disputed amount is ₹ 1.01 million. The matter is currently pending.

MAN Diesel Power India Private Limited

There are no litigations pending by or against MAN Diesel Power India Private Limited.

ASA Electro Power Systems Private Limited

There are no litigations pending by or against ASA Electro Power Systems Private Limited.

Ashutosh Traders Private Limited

There are no litigations pending by or against Ashutosh Traders Private Limited.

L. N. Health Care Private Limited

There are no litigations pending by or against L. N. Health Care Private Limited.

deGustibus Hospitality Private Limited (“DHPL”)**Tax proceedings**

1. DHPL had filed an appeal before the Income Tax Appellate Tribunal, Mumbai and an order has been issued in favour DHPL for a demand of ₹ 0.61 million in relation to the block assessment order making additions towards undisclosed income for the period April 1, 1990 to November 7, 2000. The final order of the Income Tax Appellate Tribunal, Mumbai for giving effect is awaited. The total demand outstanding is 0.20 million. The matter is pending.
2. DHPL had filed an appeal before the Income Tax Appellate Tribunal, Mumbai, (“ITAT”) as the losses carried forward by DHPL for the financial year 1999-2000 were disallowed by the assessing officer. This was appealed before ITAT and the ITAT has given order in favour of the Company. The order giving effect to ITAT order is pending. The Income Tax Department has preferred an appeal before the Bombay High Court. The matter is pending.
3. DHPL had filed an appeal before the Income Tax Appellate Tribunal, Mumbai, (“ITAT”) as the losses carried forward by DHPL for the financial year 2000-2001 were disallowed by the assessing officer. The ITAT has given an order in favour of DHPL. The matter is pending.

Cases filed by DHPL

DHPL has filed an application before the Income Tax Appellate Tribunal, Mumbai, against the revision of the order by Commissioner of Income Tax, Mumbai in relation to the refund of ₹ 2.48 million for the assessment year 2006-2007. The matter is pending.

GOVERNMENT APPROVALS

In view of the nature of approvals listed below, our Company can undertake this Issue and business activities in normal course and no further material 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, our Company has obtained all material approvals and the same are valid as of the date of this Draft Red Herring Prospectus.

Incorporation Details

1. Certificate of incorporation dated May 4, 1984 issued by the RoC as Consolidated Power Systems Private Limited.
2. Fresh certificate of incorporation dated October 5, 1989 issued by the RoC for the change of named from Consolidated Power Systems Private Limited to Powerica Limited.

Approvals for the Issue

1. The Board of Directors have, pursuant to 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.
2. The shareholders have, pursuant to a resolution dated February 10, 2011 under Section 81(1A) of the Companies Act, authorised the Issue.
3. SCP II and SCP III have consented to the transfer of shares pursuant to the Offer for Sale in terms of the board resolutions passed by them on February 11, 2011 and Naresh Chander Oberoi, Kharati Ram Puri, Naresh Oberoi HUF, Rajat Naresh Oberoi, Bharat Naresh Oberoi, Renu Sachin Mehra, T. B. Nedungadi and Sunil K. Khurana by their letters dated February 10, 2011, respectively.
4. In - principle approval from the NSE dated [●].
5. In - principle approval from the BSE dated [●].
6. Our Company will apply to RBI to approve the transfer of the Equity Shares by the Selling Shareholders in the Offer for Sale.

Tax related approvals/licenses/registrations

1. Permanent Account Number AAACP3812E.
2. Tax Payers Deduction Account Number MUMP15268D under the Income Tax Act, 1961.
3. Tax Payers Identification Number 27910330848 C under the Maharashtra Value Added Tax Act, 2002.
4. Central Sales Tax Registration Number 799672 registered under the Central Sales Tax (Registration & Turnover) Rules, 1957.
5. Service Tax Code AAACP3812ESD011 in relation to the registration with the Central Excise Department.
6. Importer Exporter Code 0389015806 issued by the Office of Joint Director General of Foreign Trade.
7. Manufacturer Exporter Registration Number RCMC:B:MFG:6321:2009-10 issued by EEPC India, Ministry of Commerce & Industry, Government of India.
8. Certificate of Recognition as “Trading House” issued by the Office of the Zonal Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

Approvals in relation to the business of our Company

We require various approvals and/ or licences under various rules and regulations to conduct our business in India. These approvals and/or licences differ on the basis of the location of the project as well as the nature of activities to be conducted at the project. Further, for some of our projects, we share the responsibility with the collaborator for obtaining the permits, licences and approvals from the appropriate regulatory and governing authorities in accordance with the terms of the project related agreements.

Some of the material approvals required by us to undertake our businesses including manufacture of diesel generator sets and ancillary parts and construction and development of wind farm projects are set out below:

Approvals for manufacturing units and export oriented units:

1. Certificate of registration issued by the Chief Inspector of Factories under the provisions of the Factories Act, 1948, for manufacture of acoustic enclosure, diesel generator sets, control panel, base frame and fuel tank.
2. Consent order of the State Pollution Control Board for discharge of effluents under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974 for discharge of upto certain limit of trade effluent and domestic effluent.
3. Consent order of the State State Pollution Control Board under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 for discharge of upto certain limit for trade effluent and domestic effluent.
4. Certificate of Registration issued by Office of the Assistant Labour Commissioner and Registering Officer, Department of Labour, under Section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970 for employing certain number of contract labours up to a specified period.
5. Consent issued by the State Pollution Control Board under Rule 5(4) of the Hazardous Waste (Management, Handling and Trans-boundary Movement) Rules, 2008 in relation to handling of hazardous waste including those generated from used oil, oil soaked cotton waste, phosphate sludge, paint sludge and discarded containers
6. Sanction for electricity obtained from the State Electricity Board specifying the rates and the period subject to renewal.
7. Fire service license under the applicable provisions of the relevant state Fire Service Act, 1985 for assembly of D.G. sets, diesel engines, alternators and spare parts.
8. License issued by the Office of the Assistant Collector of Customs for private bonded warehouse (License no. 27/94 (customs) dated July 19, 1994) under section 58 of the Customs Act, 1962 naming the factory as a “100% EOU Scheme Private Bonded Warehouse for storage without payment of duty on importation of goods as prescribed under Custom’s notification no. 13/81 dated February 9, 1981 as amended from time to time under the 100% EOU Scheme.”
9. The letter of permission issued by the Assistant Development Commissioner, Cochin SEZ for the manufacture and export of electric generating set with or without control panel/ with or without fuel tank and batteries with respect to the factory located in the special economic zone at Bangalore.
10. The letter of undertaking issued by the President of India through the Development Commissioner, Cochin Special Economic Zone that whereby our Company has undertaken *inter alia* it will maintain net positive foreign exchange earnings for 5 years, date of commencement of production will be intimated to the Development Commissioner, for the export oriented unit.

Approvals for wind farm projects:

1. Host country approval issued by Ministry of Environment & Forests, Government of India for voluntary

participation of our Company in the clean development mechanism project activity subject to certain conditions including restriction on sale of carbon emission reduction certificates (“CERs”) to any agency which purchases the CERs using official development assistance funds.

2. Approval from the Chief Engineer, State Electricity Board for erection and supply of wind farm projects of a specified capacity and permission for grid connectivity to the wind power project.
3. Memorandum of Understanding entered into with the state governments and the government orders issued for approval of setting up a wind farm of specified capacity.

Approvals for offices:

Registration Certificate of Establishment issued by the Assistant Labour Officer under the respective Shops and Establishment Act for the State in which the office is located.

Approvals in relation to intellectual property rights

1. The “Powerica” (Label) has been registered under class 9 (Registration No.: 1546889) with the trade marks registry, Government of India under the Trademark Rules, 2002, for gensets. The same will expire on April 5, 2017. However, the certificate of registration for the same is pending receipt.
2. The “Powerica” (Label) has been registered under class 37 (Registration No.: 1546890) with the trade marks registry, Government of India under the Trademark Rules, 2002, for repairs, installation and after sales service. The same will expire on April 5, 2017. However, the certificate of registration for the same is pending receipt.

Pending Approvals

1. Application made to the Registering Officer, Dadra & Nagar Haveli, for registration of an establishment employing contract labour under the provisions of the Factories Act, 1948 for the factory in relation to loading/unloading, housekeeping, gardening etc. for the factory located at 102/2 Village Khutli, Dudhani Road (Opp. Hindalco), Khanvel, Dadra & Nagar Haveli.
2. Application made to the Directorate of Industrial Safety & Health for licence to work a factory located at Plot B-6 Taloja MIDC Area, Taloja Tal. Panvel Dist. Raigad, Maharashtra.
3. Application made for registration as a small scale industry, to the Entrepreneurial Assistance Unit (Secreteriat for Industrial Assistance), Ministry of Commerce and Industry for the factory located at Plot Nos. 8-10, Supreme Industrial Estate, Bhipore, Nani Daman.
4. Application has been made for industrial tax, renewal of two general (Panchayat) licences and vacant land tax for the factory located at 57-1, Bommanahalli Village, Nelamangala Taluk, Bangalore.
5. Application made to the Central Board of Excise and Customs for registration under Section 69 of the Finance Act, 1994 for the factory located at Plot No. B-23 and B-24A, Phase II, MEPZ, SEZ, Kadaperi, Tambaram.
6. Application has been made to the Labour Department of Haryana (Application ID: 61607) for registration of the office located at C-37, Sector - 50, Mayfield Garden, Gurgaon - 122 002, Haryana.
7. Application has been made for registration under the Goa, Daman and Diu Shops and Establishment Act, 1975 for the office located at 206, Shiv Towers, 2nd floor, EDC Complex, Patto Plaza, Goa- 403 001.
8. Application has been made for renewal registration under the Bombay Shops and Establishment Act, 1948 for the office located at Shiv-Chhaya Building, Behind Ram Mandir Ground, Plot no.191, Ram Nagar, Nagpur - 440 010.

9. Application made to the Directorate of Industrial Safety & Health for licence to work a factory located at Plot B-8 Taloja MIDC Area, Taloja Tal. Panvel Dist. Raigad, Maharashtra.
10. Application made to the Pollution Control Board, Chennai for renewal of consent under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 for the special economic zone unit located at Phase II, MEPZ-SEZ, 4th Main Road, Tambaram, Chennai
11. Application made to the Labour Enforcement Officer, Dadra and Nagar Haveli, Silvassa for registration of establishment employing contract labour for the manufacturing unit located at Khutli, Dudhani Road, Khanvel.

Approvals yet to be applied for

1. Application made to Pollution Control Committee, Union Territories of Daman and Diu and Dadra and Nagar Haveli for renewal of consent to operate under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 for the factory located at Plot Nos. 8-10, Supreme Industrial Estate, Bhipore, Nani Daman.
2. Authorization under Rule 5(4) of the Hazardous Waste (Management, Handling and Trans-boundary Movement) Rules, 2008 in relation to handling of hazardous waste for the factory located at Survey no. 102/2 Village Khutli, Dadra & Nagar Haveli.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at their meeting held on February 10, 2011, subject to the approval of shareholders of our Company through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act.

The Shareholders of our Company have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act, passed at the EGM of our Company held on February 10, 2011.

SCP II and SCP III have authorised the Offer for Sale of the Equity Shares held by them pursuant to the terms of board resolutions dated February 11, 2011 and Naresh Chander Oberoi, Kharati Ram Puri, Naresh Oberoi HUF, Rajat Naresh Oberoi, Bharat Naresh Oberoi, Renu Sachin Mehra, T. B. Nedungadi and Sunil K. Khurana have consented by their letters dated February 10, 2011.

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

The Selling Shareholders have confirmed that they have held the Equity Shares proposed to be offered and sold in the Issue for more than one year prior to the date of filing of this Draft Red Herring Prospectus and that the Selling Shareholders have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights.

Our Company will apply to RBI to approve the transfer of the Equity Shares by the Selling Shareholders in the Offer for Sale.

Prohibition by SEBI, RBI or Other Governmental Authorities

Our Company, its Promoters, the Directors, Promoter Group, Group Companies and the Selling Shareholders, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which the Promoters, Directors or persons in control of our Company are associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The Selling Shareholders have held the Equity Shares offered as a part of the Offer for Sale for more than a year from the date of this Draft Red Herring Prospectus. The Selling Shareholders have not been prohibited from dealing in the securities market and the Equity Shares offered as a part of the Offer for Sale are free from any lien, encumbrance or any other third party rights.

There has been no action taken by SEBI against the Directors or any entity the Directors are involved in as promoters or directors.

Details of the entities that our Directors are associated with, which are engaged in securities market related business and are registered with SEBI for the same are as follows:

Name of the Director	Anand Narotam Desai
Name of the entity	Motilal Oswal Investment Advisors Private Limited
SEBI Registration Number of the entity	INM000011005
If registration has elapsed, reason for non-renewal	N.A.
Details of any inquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI (penalty includes deficiency/warning letter, adjudication proceedings,	Nil

suspension/cancellation/prohibitory order	
Outstanding fee payable to SEBI by the entity, if any	Nil

Prohibition by RBI

Neither our Company, its Promoters or Directors, Group Companies, relatives (as per the Companies Act) of the Promoters are identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with the 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 ₹ 30 million in each of the preceding three full years (of 12 months each)
- The monetary assets of our Company are 52.7 per cent, 65.1 per cent, 66.0 per cent of the tangible assets for the financial year ending March 31, 2010, 2009 and 2008 respectively. Our Company has already utilised as on September 30, 2010, monetary assets amounting to ₹ 608.69 million constituting 9.49 per cent of the tangible assets as on March 31, 2010 for the purpose of the business of our Company.
- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three of immediately preceding five years.
- Our Company has a net worth of at least ₹ 10 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 does not exceed five times the pre-Issue net worth of our Company; and
- Our Company has not changed its name in the last fiscal year.

Our Company's net profit, dividend, net worth, net tangible assets and monetary assets derived from the audited financial statements as at, and for the last five years ended fiscal year 2010 are set forth below:

(₹ in million)

Particulars	fiscal year 2010	fiscal year 2009	fiscal year 2008	fiscal year 2007	fiscal year 2006
Distributable profits ⁽¹⁾	1,053.47	873.16	1,046.51	843.78	421.42
Net worth ⁽²⁾	5,985.39	5,174.68	4,453.63	1,991.12	1,200.94
Net tangible assets ⁽³⁾	6,412.72	5,234.97	4,474.67	2,002.26	1,202.48
Monetary assets ⁽⁴⁾	3,376.91	3,409.80	2,953.39	883.85	508.66
Monetary assets as a percentage of the Net tangible assets	52.7	65.1	66.0	44.1	42.3

⁽¹⁾ 'Distributable profits' have been defined in terms of Section 205 of the Companies Act.

⁽²⁾ 'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve, revaluation reserves and miscellaneous expenditures, if any.

⁽³⁾ 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.

⁽⁴⁾ Monetary assets comprise of cash, bank balances, marketable securities and public deposit accounts with the Government.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

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 BOOK RUNNING LEAD MANAGERS NAMELY JM FINANCIAL CONSULTANTS PRIVATE LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, IDFC CAPITAL LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED (“BOOK RUNNING LEAD MANAGERS”), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDERS TO THE EXTENT APPLICABLE, ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, 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 BOOK RUNNING LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 9, 2011 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) 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 DOCUMENTS 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 COMPANY, 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 COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE

DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA 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 EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S 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. – COMPLIED WITH
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 PROMOTER'S 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 PROMOTER'S 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 COMPANY 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 ISSUE SIZE IS MORE THAN ₹ 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
 - (A) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND**
 - (B) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. – COMPLIED WITH AND NOTED FOR COMPLIANCE**
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 COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S 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 Draft Red Herring Prospectus does not, however, absolve our Company and the Selling Shareholders to the extent applicable, 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 BRLMs, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC 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 RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Caution - Disclaimer from our Company, the Selling Shareholders and the BRLMs

Our Company, the Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.powericaltd.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders 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 Centres or elsewhere.

Neither our Company nor the Selling Shareholders or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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 Selling Shareholders, 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.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and their respective Group Companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and their respective Group Companies, affiliates or associates or third parties, for which they have received, and may in the 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 not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and to FIIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform 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 Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in 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 Securities Act, or any state securities laws of the United States and may not be offered or sold in 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 being offered and sold (1) in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) in reliance on Rule 144 A under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other

jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

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 400051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Everest 5th Floor, 100, Marine Drive, Mumbai 400 002.

Listing

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange and the Basis of Allotment will be approved by it.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company and the Selling Shareholders become liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then our Company, the Selling Shareholders and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of interest of 15% 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 from the Bid/Issue Closing Date. Further, the Selling Shareholders confirms that all steps, as may be reasonably required and necessary, will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges within 12 Working Days from the Bid/Issue Closing Date.

Consents

Consents in writing of: (a) the Directors, our Company Secretary and Compliance Officer, the statutory Auditors, the legal advisors, the Bankers to the Issue, the Bankers to our Company, and (b) the BRLMs, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, will be obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and SEBI Regulations, M/s. Kapoor & Parekh Associates, Chartered Accountants, our Company's Auditors, have given their written consent to the inclusion of their audit report dated

February 10, 2011 and statement of the tax benefits dated February 10, 2011 in the form and context in which it appears in this Draft Red Herring Prospectus and such consent has not be withdrawn up to the time of time of delivery of the Prospectus for registration with the RoC.

CRISIL Limited, the IPO Grading 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 its name and its report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

WISE, who have prepared the *Techo Economic Feasibility Report and Project Cost Estimate* report dated February, 2011, has given its written consent to the inclusion of its name in the form and context in which it appears in this Draft Red Herring Prospectus and also inclusion of its report as a material document for inspection by the prospective Bidders. Such consent will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Expert to the Issue

Except as stated below, our Company has not obtained any expert opinions:

We have received consent from our Auditors namely, M/s. Kapoor & Parekh Associates, Chartered Accountants, to include their names as an expert in this Draft Red Herring Prospectus in relation to the report of the auditors dated February 10, 2011 and statement of tax benefits dated February 10, 2011 accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus.

CRISIL Limited, the IPO grading agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and Prospectus for registration with the RoC.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the Engagement Letter dated February 28, 2011 with the BRLMs, a copy of which is available for inspection at the Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company and the Selling Shareholders 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 stated in Memorandum of Understanding dated February 21, 2011 signed among our Company the Registrar to the Issue and the Selling Shareholders, a copy of which is available for inspection at the 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 in any of the modes described in the Red Herring Prospectus or Allotment advice by registered post/speed post/under certificate of posting.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is an initial public offering of our Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of our Company.

Particulars regarding Public or Rights Issues by our Company during the last Five Years

Except as disclosed in this Draft Red Herring Prospectus, our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in the chapter “Capital Structure” beginning on page 62 of this Draft Red Herring Prospectus, 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 issue of Equity Shares, 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 our Company’s inception.

Previous capital issue during the previous three years by listed Group Companies and associates of our Company

None of the Group Companies and associates of our Company are listed on any stock exchange.

Performance vis-à-vis objects – Public/Rights Issue of our Company and/or listed Group Companies and associates of our Company

Our Company has not undertaken any previous public or rights issue. None of the Group Companies, associates of our Company are listed on any stock exchange.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds as of the date of filing this Draft Red Herring Prospectus.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares as on date of this Draft Red Herring Prospectus.

Stock Market Data of 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, our Company and the Selling Shareholders 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 despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 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.

Our Company has appointed a Shareholders'/Investor Grievance Committee comprising Malini Thadani, Anand Narotam Desai and Bharat Oberoi as members.

Our Company has also appointed Kety P. Mistry, Company Secretary of our Company as the Compliance Officer for this Issue and she may be contacted in case of any pre-Issue or post-Issue related problems at the following address:

Kety P. Mistry

Company Secretary and Compliance Officer

74, A Wing, Mittal Court

Nariman Point

Mumbai 400 021

Tel: (91 22) 4001 2925 / 4001 2947

Fax: (91 22) 2204 3782

Email: company.secretary@powericaltd.com

Changes in Auditors

There has been no change in the Auditors of our Company during the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years, except as stated in the chapter "Capital Structure" beginning on page 62 of this Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not re-valued its assets in the last five years.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, 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 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, see the chapter “Main Provisions of Articles of Association” beginning on page 357 of this Draft Red Herring Prospectus.

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 Memorandum of Association, the Articles of Association and the listing agreement with the Stock Exchanges as applicable.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 2 each and the Issue Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share. The Price Band is ₹ [●] to ₹ [●].

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;
- Right of free transferability subject to applicable law; 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 of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see the chapter "Main Provisions of Articles of Association" beginning on page 357 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Regulations, the trading of the 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 (1) Equity Share subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in in all editions of English national daily [●], all editions of Hindi national daily [●] and Mumbai edition of [●] Marathi newspaper, 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.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agent of our Company.

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

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in 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 require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive 90% subscription of the Fresh Issue or if the Issue size is not 25% of the post-issue paid up capital of our Company, including devolvement of underwriters, 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 as 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, failing which the entire subscription amount shall be refunded.

The requirement for minimum subscription is not applicable to the Offer for Sale. The proceeds from the Issue will be utilised in the first instance towards meeting minimum subscription requirements for the Fresh Issue and the balance proceeds will be proportionately distributed towards the Offer for Sale portion and the Fresh Issue portion in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act, or any state securities laws of the United States and may not be offered or sold in 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 being offered and sold (1) in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) in reliance on Rule 144 A under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangement for disposal of Odd Lots

The Equity Shares will be traded in dematerialized form only. The market lot for the Equity Shares will be one. Thus, there are no arrangements for disposal of odd lots.

Restriction on transfer of Equity Shares

Except for lock-in of certain pre-Issue Equity Shares, Promoter’s minimum contribution and Anchor Investor lock-in in the Issue as detailed in the chapter “Capital Structure” beginning on page 62 of this Draft Red Herring Prospectus, 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 Equity Shares and on their consolidation/splitting except as provided in the Articles of Association. For details, see the chapter “Main Provisions of Articles of Association” beginning on page 357 of this Draft Red Herring Prospectus.

ISSUE STRUCTURE

Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million. The Issue consists of a Fresh Issue of [●] Equity Shares aggregating up to ₹ 6,500.00 million and an Offer for Sale of up to 4,100,000 Equity Shares by the Selling Shareholders. The Issue will constitute [●]% of the post-Issue paid-up Equity Share capital of our Company.

The Issue is being made through the Book Building Process.

	QIBs[#]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for Allotment/allocation	Not more than 50% of the Issue size being allocated. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in	[●] Equity Shares and in	[●] Equity Shares and in

	QIBs[#]	Non-Institutional Bidders	Retail Individual Bidders
	multiples of one Equity Share thereafter.	multiples of one Equity Share thereafter.	multiples of one Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	QIBs as defined on page 5 of this Draft Red Herring Prospectus.	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	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members ^{###}	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. ^{###}	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. ^{###}
Terms of Payment	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

[#] Our Company and the Selling Shareholders may allocate up to 30% of the QIB Portion 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 other Anchor Investors. For details, see the chapter "Issue Procedure" beginning on page 327 of this Draft Red Herring Prospectus.

^{###} In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the ASBA Bid cum Application Form.

^{*} Subject to valid Bids being received at or above the Issue Price, this Issue is being made in accordance with Rule 19(2)(b)(ii) of the SCRR, as amended under the SEBI Regulations, where the Issue will be made through the Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIBs. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to 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 [●] 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% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% 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.

Under-subscription, if any, in any category will be allowed to be met with spill-over from other categories at the discretion of our Company and the Selling Shareholders in consultation with 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.

Withdrawal of the Issue

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, providing reasons for not proceeding with the

Issue. The BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an issue of our Company's Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Bid/Issue Programme

BID/ISSUE OPENS ON	[●] *
BID/ISSUE CLOSES ON	[●] **

* Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

** Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIB Bidders one day prior to the Bid/Issue Closing 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 and designated branches of SCSBs as mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) (10.00 a.m. and 12.00 p.m. (IST) if Bids are open only for the Retail Individual Bidders on the Bid/Issue Closing Date) and shall be 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 Stock Exchanges, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the book would be rejected. Bids by ASBA bidders shall be uploaded by the SCSB's 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 12.00 p.m. (IST) on the Bid/Issue Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. 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 Working Days. Neither our Company nor the Selling Shareholders or any members of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

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 and as reported by the BRLMs to the Stock Exchanges.

Our Company and the Selling Shareholders, in consultation with 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% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price 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 website of the BRLMs and at the terminals of the Syndicate Members.

ISSUE PROCEDURE

This chapter applies to all Bidders. Please note that all Bidders other than Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that may be different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the 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. All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids through the SCSBs. Further, as per the circular issued by SEBI dated October 12, 2010, the Syndicate and sub-syndicate members have been permitted to procure ASBA Bid cum Application Forms from the ASBA Bidders and submit the forms to the SCSBs. However, SEBI is yet to notify relevant instructions for modification of existing systems and procedures in this regard.

Book Building Procedure

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% 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.

Our Company and the Selling Shareholders may allocate up to 30% of the QIB Portion 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 other Anchor Investors.

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 Beneficiary Account Number, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

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 (ASBA as well as non ASBA Bidders)*	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Bidders)	Blue
Anchor Investors**	Yellow

* 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 BRLMs and the SCSBs.

** Bid cum Application forms for Anchor Investors will be made available at the offices of the BRLMs.

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such 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. 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form through the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. QIBs participating in the Anchor Investor Portion cannot submit their Bids in the Anchor Investor Portion through the ASBA process.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Upon the filing of 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 a Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised our Company and the Selling Shareholders 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.

Who can Bid?

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of 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 Investors 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 ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund; and
- Insurance funds set up and managed by the army, navy or air force and Department of Posts of the Union of India.

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

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 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. Such bidding may be on their own account or on behalf of their clients.

The BRLMs and any persons related to the BRLMs or the Promoter and the Promoter Group cannot apply 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 in the Mutual Fund Portion is greater than [●] 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 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 allocation to 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% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs applicants should note that only such Bid cum Application Form that are accompanied by payment in free foreign exchange shall be considered. Eligible NRIs should use the Bid cum Application Form which is [●] in colour. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of total post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up share capital or 5% of our Company's total paid-up share capital in case such sub-account is a foreign corporate or a foreign individual. The aggregate FII holding in our Company cannot exceed 49% of our Company's total paid-up share capital. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%.

An FII, as defined in the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (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 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 on or an interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended *inter alia* prescribe the investment restrictions on VCFs and FVCIs registered with SEBI.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the venture capital fund. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an IPO of a venture capital undertaking whose shares are proposed to be listed.

Pursuant to the SEBI Regulations, the shareholding of a SEBI registered VCF held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the equity shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI. In case, such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period.

Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Investors 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 ([●] in colour), 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 Depository 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 and the Selling Shareholders 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 made by Provident Funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

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 ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 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.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company and the Selling Shareholders in their 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 Selling Shareholders and the BRLMs may deem fit.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. In case the Bid Amount is over ₹ 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. 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):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB 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 Bid Amount upon submission of the Bid. Our Company and the Selling Shareholders, in consultation with the BRLMs, may close Bid/Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date. Accordingly, a QIB bidder will not be allowed to withdraw their Bids after the Bid/Issue Closing Date or one Working Day prior to the Bid/ Issue Closing Date as may be applicable.**
- In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 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 Price'.
- (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 is at least ₹ 100 million and in multiples of [●] 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% of the QIB Portion under the Anchor Investor Portion. Bids by individual schemes of a Mutual Fund will be consolidated to calculate the minimum application of ₹ 100 million. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Allocation 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 above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders 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 Draft Red Herring 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 applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders:

- (a) Our Company, 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 English and Hindi) and in one Marathi newspaper with wide circulation. 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) Our Company and the Selling Shareholders, in consultation with the BRLMs, may decide to close Bidding by QIBs one Working Day prior to the Bid/Issue Closing Date and the same shall be decided and disclosed in the Red Herring Prospectus to be filed with the RoC.
- (d) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. For ASBA Bidders, ASBA Bid cum Application Forms will be available with the designated branch of the SCSBs and on the website of the Stock Exchanges.
- (e) Any Bidders who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office.
- (f) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- (g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by 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. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.
- (h) The demat accounts of Bidders for whom PAN details have not been verified, excluding persons resident in the state of Sikkim, on behalf of the Central or State Governments and the officials appointed by the courts, who, may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

The applicants may 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 do not match with the DP ID, Client ID and PAN available in the database of Depositories, the application is liable to be rejected.

Method and Process of Bidding

- (a) Our Company and the Selling Shareholders in consultation with the BRLMs will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in all editions of English national daily [●], all editions of Hindi national daily [●] and Mumbai edition of [●] Marathi newspaper at least two Working Days prior to the Bid/Issue Opening Date. 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 maybe 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 all editions of English national daily [●], all editions of Hindi national daily [●] and Mumbai edition of [●] Marathi newspaper and also by indicating the change on the websites of the BRLMs and at the terminals 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. The Syndicate shall accept Bids from all Bidders 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 Anchor Investors.
- (d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see the paragraph “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 “Issue Procedure – Electronic Registration of Bids - Build up of the Book and Revision of Bids” on page 337 of this Draft Red Herring Prospectus.
- (f) Except in relation to the Bids received from the Anchor Investors, 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.
- (g) 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 “- Escrow Mechanism, terms of payment and payment into the Escrow Accounts” on page 335 of this Draft Red Herring Prospectus.
- (i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA 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 finalized, 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.
- (m) QIB Bidders including Anchor Investors shall submit their Bids to the BRLMs and/ or their affiliates.

Bids at Different Price Levels and Revision of Bids

- (a) Our Company and the Selling Shareholders, in consultation with 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% of the Floor Price and the Floor

Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% 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 Selling Shareholders 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 Selling Shareholders and the BRLMs, can finalise the Anchor Investor Issue Price, without the prior approval of, or intimation, to the Anchor Investors.
- (d) 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.
- (e) 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 Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders 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 the chapter “Payment Instructions” described later in this chapter.

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. The Syndicate Members and/or SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to 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 Bid Amount has been blocked in the relevant ASBA Account.
- (d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with 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.
- (e) 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.

- (f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:

- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid Amount;
- Cheque Details;
- Bid cum Application Form number;
- DP ID and Client ID; and
- PAN.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- ASBA Bid cum Application Form Number;
- PAN (of First ASBA Bidder, in case of more than one ASBA Bidder);
- Investor Category and Sub-Category – Individual, Corporate, FII, NRI, Mutual Funds, etc.;
- DP ID and Client ID;
- Numbers of Equity Shares Bid for;
- Bid Amount; and
- Bank account number;

- (g) 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, our Company or the Selling Shareholders.
- (h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (i) In case of QIB Bidders, only the BRLMs and their affiliates 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.
- (j) The permission given by the Stock Exchanges to use their network and software of the online IPO connectivity system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or 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 Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

- (k) 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, Client ID and PAN 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.
- (l) 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 Bids by 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 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 ₹ 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 ₹ 200,000 by Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion 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 or unblocked by the SCSBs.
- (h) Our Company and the Selling Shareholders, in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹

5,000 to ₹ 7,000.

- (i) 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 QIB 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.
- (j) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS and request for a revised TRS from the Syndicate or the SCSB, as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

- (a) Based on the demand generated at various price levels, our Company in consultation with the Selling Shareholders and the BRLMs shall finalise the Issue Price.
- (b) Our Company, in consultation with the Selling Shareholders and the BRLMs, can finalise the Anchor Investor Issue Price, without the prior approval of, or intimation, to the Anchor Investors.
- (c) 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 sole discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.
- (d) 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.
- (e) Allocation to Anchor Investors shall be at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs, subject to compliance with the SEBI Regulations.
- (f) 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 Selling Shareholders, 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 and the Selling Shareholders 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, Issue size, the Anchor Investor Issue Price and the underwriting arrangements and will be complete in all material respects.

Public Announcement post filing of the Draft Red Herring Prospectus

Our Company shall, either on the date of filing of this Draft Red Herring Prospectus or the next day, make a public announcement on one English language national daily, one Hindi language national daily and one Marathi language newspaper, each with wide circulation, disclosing to the public the fact of filing of the Draft Red Herring Prospectus with the SEBI and inviting the public to give their comments to the SEBI in respect of disclosures made in the Draft Red Herring Prospectus.

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 newspaper (one each in English and Hindi) and one Marathi newspaper, 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 Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.
- (b) The Registrar will then dispatch CANs to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.
- (d) The Issuance of the Anchor Investor Allocation Notice is subject to “Notice to Anchor Investors: Allotment Reconciliation and CANs” as set forth below.

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 the Anchor Investors. All successful Anchor Investors will be sent an Anchor Investor Allocation Notice post Anchor Investor Bid/Issue Period and in the event that the Issue Price is higher than the Anchor Investor Allocation Price, the successful 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 Allocation Price, as indicated in the revised Anchor Investor Allocation Notice within the Pay-in Date 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 Investors to pay the difference between the Issue Price and the Anchor Investor Allocation Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Allocation 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.

Designated Date and Allotment of Equity Shares

- (a) Our Company and the Selling Shareholders will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder’s depository account will be completed within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidder’s depository account is completed within two Working Days from the date of Allotment.
- (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.

Bidders 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;
- (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 Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- (e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
- (f) 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;
- (g) Ensure that you request for and receive a TRS for all your Bid options;
- (h) 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;
- (i) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- (j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (k) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form or the ASBA Bid cum Application Form. 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 and all Bidders should mention their PAN allotted under the IT Act;
- (m) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

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 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 submit more than five ASBA Bid cum Application forms with respect to any single ASBA Account;
- (g) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of ₹ 200,000);
- (h) Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
- (i) 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;
- (j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and
- (k) Do not submit the Bids without the full Bid Amount.

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 Syndicate and/or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. The Bidders should ensure that the details are correct and legible.
- (d) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 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 ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (f) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 100 million and in multiples of [●] 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.
- (i) ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com. Syndicate/sub-syndicate members may also procure ASBA Bid cum Application Forms directly from the investors and submit it to the SCSBs and shall upload the Bid and other details of such ASBA Bid cum Application Forms in the bidding platform provided by the stock exchanges and forward the same to the respective SCSBs. The SCSBs shall verify the signature of such applicants, block the requisite quantum of funds and forward these forms to the Registrar.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number 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 bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. 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 BRLMs or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company or the Selling Shareholders 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.

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. Please note that any such delay shall be at such Bidder's sole risk and neither our Company nor the Selling Shareholders or the Escrow Collection Banks or the Registrar or the BRLMs 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 three parameters, namely, PAN of the Bidder, the DP ID and Client ID, then such Bids are liable to be rejected.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholders and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders 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 (including the amount due to the Selling Shareholders and 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 Draft 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 Selling Shareholders, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections of monies 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 Bids by ASBA Bidder, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

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 payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: “[●]”
 - (b) In case of Non-Resident QIB Bidders: “[●]”
 - (c) In case of Resident Retail and Non-Institutional Bidders: “[●]”
 - (d) In case of Non-Resident Retail and Non-Institutional Bidders: “[●]”
4. 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 Anchor Investors Allocation Price, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the Anchor Investor Allocation Price 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 Anchor Investors Allocation Price, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

5. 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: “[●]”
 - (b) In case of non-resident Anchor Investors: “[●]”
6. 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.
7. 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.
8. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
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.

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.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of over 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 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 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 the Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in “– Build up of the Book and Revision of Bids” on page 337 of this Draft Red Herring Prospectus.

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 and the Selling Shareholders in consultation with the BRLMs, reserve the right to reject, in its absolute discretion, all (or all except one) multiple Bid(s) 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. The 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 whom the submission of PAN is not mandatory, the Bids were scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account Numbers, these were treated as multiple Bids and were rejected.

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 I.T. 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 resident in the state of Sikkim, on behalf of the Central or State Governments and the officials appointed by the courts, may be exempted from specifying their PAN for transactions in the 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.**

REJECTION OF BIDS

In case of QIB Bidders, our Company and the Selling Shareholders, in consultation with 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 of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by ASBA Bidder by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. 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;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- 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 for Bidders;
- Signature of sole and/or joint Bidders missing;
- 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 for number of Equity Shares which are not in multiples of [●];
- Category not indicated;
- Multiple Bids as defined in the Draft Red Herring 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 Forms does not have the stamp of the BRLMs or Syndicate Members or the SCSB;
- Bid cum Application Forms does not have Bidder's depository account details;
- 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 Red Herring 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 Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, 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 (including Anchor Investors) not submitted to the BRLMs or their subsidiary which is an entity otherwise eligible to act as a syndicate member and has a valid SEBI registration certificate, and for QIB Bidders (excluding Anchor Investors) bidding through the ASBA process, do not submit Bids to the Designated Branches of the SCSBs;
- Bids by persons in the United States excluding "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
- Signature of the Bidder not matching with his signature on record with the SCSB in the event an ASBA Bid cum Application Form is submitted through a Syndicate / Sub-Syndicate Member.
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges; and

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 DEPOSITORIES, THE APPLICATION IS LIABLE TO BE REJECTED.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

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

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar:

- Agreement dated February 28, 2011 between NSDL, our Company and the Registrar to the Issue;
- Agreement dated February 2, 2011 between CDSL, our Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) 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.
- (j) 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 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 to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of Bidder's DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf to make refunds.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Escrow Collection Banks 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 such facility is made available, 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 Bank (s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ₹ 200,000 will be considered to receive refund through RTGS. For such eligible applicants, IFSC code will be derived based on MICR code of the Bidder as per depository records. In the event the same is not available as per depository's records, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the 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 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.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to ₹ 1,500 and through Speed Post/Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts 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 10 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 and the Selling Shareholders 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 10 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 and the Selling Shareholders 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, 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; and
- 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 dispatched within 12 Working Days from the Bid/Issue Closing Date.

Our Company and the Selling Shareholders shall pay interest at 15% p.a. for any delay beyond 12 Working Days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 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 [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

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 shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares, and in multiples of [●] Equity Shares 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 shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:
 - (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% 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 shall be available for Allotment to all QIB Bidders as set out in (b) below;
 - (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (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% 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% 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 to QIB Bidders shall not be less than [●] 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 Selling Shareholders and the BRLMs, subject to compliance with the following requirements:
 - (a) not more than 30% 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;
 - (c) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to ₹ 2,500 million and minimum number of five Anchor Investors for allocation more than ₹ 2,500 million.
- The number of Equity Shares allocated to Anchor Investors and the Anchor Investor Allocation Price, shall be made available in the public domain by 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

In the event of the Issue being over-subscribed, our Company and the Selling Shareholders 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 BRLMs and the Registrar 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 [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] 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 BRLMs.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Our Company and the Selling Shareholders 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 disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the Bidder’s sole risk within 10 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 shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 10 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 and the Selling Shareholders agree that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders’ depository accounts will be completed within 12 Working Days of the Bid/Issue Closing Date. Our Company and the Selling Shareholders further agree that it shall pay interest at the rate of 15% 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 12 Working Days from the Bid/Issue Closing Date.

Our Company and the Selling Shareholders 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 Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY OUR COMPANY AND THE SELLING SHAREHOLDERS

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 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 by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be dispatched to the applicant within 10 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 certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time;
- That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangements 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.

The Selling Shareholders undertake that:

- That the Equity Shares being sold pursuant to the Issue, have been held by them for a period of more than one year;
- The Equity Shares being sold pursuant to the Offer for Sale in the Issue are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the specified time;
- The funds required for despatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Selling Shareholders;
- That the complaints received in respect of this Issue shall be attended to by the Selling Shareholders expeditiously and satisfactorily. The Selling Shareholders have authorized the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors;
- That the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time;
- That the Selling Shareholders shall not have recourse to the proceed of the Issue until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received; and
- No further offer of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Our Company shall transfer to the Selling Shareholders, the net proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

Utilisation of Issue proceeds

The Board of Directors certify 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 Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet 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.

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. The government bodies responsible for granting foreign investment approvals are FIPB and RBI.

Subscription by foreign investors (NRIs/FIIs)

FIIs are permitted to subscribe to equity shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of equity 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 under the Securities Act, or any state securities laws of the United States and may not be offered or sold in 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 being offered and sold (1) in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) in reliance on Rule 144 A under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders 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 Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the Bids are not in violation of laws or regulations applicable to them.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this chapter have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

No regulations contained in Table 'A', in the First Schedule to the Companies Act or in the Schedule to any previous Companies Act, shall apply to our Company and for the observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of our Company with reference to the repeal or alteration if, or addition to, its regulations by special resolution, as prescribed by the Companies Act be such as are contained in the Articles.

Authorised Share Capital

Article 3 provides that the authorised share capital of our Company is ₹ 20,00,00,000 (Rupees Twenty Crores only) divided into 10,00,00,000 (Ten Crore only) Equity Shares of ₹ 2 (Rupees Two only) with the rights, privileges and conditions attached thereto as are provided in the Articles of Association of our Company for the time being in force capable of being increased or reduced in accordance with our Company's regulation and legislative provisions for the time being in force in that behalf, and also with the power to increase or reduce the said capital of our Company and to divide the Equity Shares in the capital for the time being into several classes and to attach thereto respectively the said preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of our Company for the time being and to verify, modify or abrogate with rights, privileges or conditions in such manner as may be permitted by law or provided by the Articles of Association for the time being of our Company.

Our Company in general meeting may from time to time by ordinary resolution increase the capital by the 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. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution creating the same 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 a qualified right to dividends, and in the distribution of the assets of our Company, and with a right of voting at general meeting of our Company, in conformity with section 87 and 88 of the Companies Act.

Reduction of Capital

Article 6 provides that our Company may (subject to the provisions of Sections 78, 80, 100 to 105 inclusive of the Companies Act) from time to time by special resolution, reduce its capital, any capital redemption reserve account and share premium account in any manner for the time being authorized by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise.

Sub-division, consolidation and cancellation of shares

Article 7 provides that subject to the provisions of section 94 of the Companies Act, our Company in general meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share 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 or as compared with the others or other.

Share Certificate

Article 12 provides that every member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued, only in pursuance of a resolution passed by the Board and on surrender to our Company of the letter of allotment or the fractional coupons of our Company of the requisite value, save in case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares.

Further issue of shares

Article 14 provides that where at any time after the expiry of two years from the formation of our Company or at any time after the expiry of one year from the allotment of shares in our Company made for the first time after its formation whichever is earlier it is proposed to increase the subscribed capital of our Company by allotment of further shares, then (i) such further shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of our Company, in proportion, as nearly as circumstances admit, to the Capital paid up on these shares at that date; (ii) such offer as aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; and (iii) such offer as aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right.

No financial assistance for purchase of Equity Shares

Article 23 provides that none of the funds of our Company shall be applied in the purchase of any shares of our Company and it shall not give any financial assistance for or in connection with the purchase or subscription, of any shares in our Company or in its holding company save as provided by section 77 of the Companies Act.

Buyback of Equity Shares

Article 24 provides that notwithstanding anything contained in the Articles, the Board may when and if thought fit buy back such of our Company's own shares or securities as it may think necessary subject to such approval as may be permitted by law from time to time.

Lien on Shares

Article 37 provides that our 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) restricted to moneys called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures.

Forfeiture of Shares

Article 40 provides that 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 installments remains unpaid, give notice to him requiring him to pay the same together with interest that may have accrued and all expenses that may have been incurred by our Company by reasons of such non-payment.

Transfer and transmission of Shares

Article 51 provides that our Company shall keep a "Register of Transfer", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share. Article 52 provides that the instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof. Article 64(B)(1) provides that any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies 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.

Borrowing powers

Article 66 provides that subject to the provision of sections 292 and 293 of the Companies 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 our Company, provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of our 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 our Company in general meeting.

Conversion of Shares into stock

Article 71 provides that our Company in general meeting may convert any fully paid-up shares into stock; and when any shares shall have been converted into stock the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations, as and subject to which shares from which the stock, arose might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. Our Company may at any time reconvert any stock into paid-up shares of any denomination.

Issue of Share warrants

Article 73 provides that our Company may issue share warrants subject to, and in accordance with the provisions of sections 114 and 115, and accordingly, the Board may in its discretion, with respect to any share which is fully paid, upon application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the board may from time to time require, issue a share warrant.

Annual General Meeting

Article 77 provides that our Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. all general meetings other than annual general meetings shall be called extraordinary general meetings. The first annual general meeting shall be held within eighteen months from the date of incorporation of our company and the next annual general meeting shall be held within six months after expiry of financial year in which the first annual general meeting was held and thereafter an annual general meeting of our Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse 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 Companies 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 our Company or at some other place within the city in which the office of our Company is situated as the Board may determine and the notice calling the meeting shall specify it as the annual general meeting.

Extraordinary General Meeting

Article 78 provides that our 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.

Voting by members

Article 97 provides that no member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a 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 our Company has, and has exercised any right of lien. Article 105 provides that a proxy may be appointed by an instrument of proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or may be appointed for the purpose of every meeting of our Company, or of every meeting to be held before the date specified in the instrument and every adjournment of any such meeting.

Appointment of Directors

Article 113 provides that until otherwise determined by a general meeting of our Company and subject to the provisions of section 252 of the Companies Act, the number of Directors shall not be less than three nor more than twelve, excluding any technical or expert directors, if any.

Article 114 provides that notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by our Company to the Industrial Development Bank of India (“IDBI”), Industrial Finance Corporation of India (“IFCI”), The Industrial Credit and Investment Corporation of India Limited (“ICICI”) and Life Insurance of Corporation of India (“LIC”) or to any other Finance Corporation or Credit Corporation or to any other finance company or body out of any loans granted by them to our Company or so long as IDBI, IFCI, ICICI, LIC or any other financing corporation or credit corporation or any other financing company or body (each of which IDBI, IFCI, ICICI, LIC or any other finance corporation or any other financing company or body is hereinafter in the Article referred to as “the Corporation”) continue to hold debentures in our Company by direct subscription or private placement, or so long as the corporation holds shares in our company as a result of underwriting or direct subscription or so long as any liability of our Company arising out of any guarantee furnished by the corporation on behalf of our company remains outstanding, the corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time, (which Director or Directors is/are hereinafter referred to as “nominee director/s”) on the Board of our Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

Article 115 provides that our Board may appoint as 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 meetings of the Board are ordinarily held.

Retirement of Directors

Article 134 provides that at every annual general meeting of our 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 of three, the number nearest to one-third shall retire from office. The debenture director, or any Director appointed under Article 114 and the managing director for the time being, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire. A retiring Director shall be eligible for re-election.

Article 135 provides that subject to section 256 (2) of the Companies Act, the Directors to retire by rotation under Article 134 at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire, shall, in default of and subject to any agreement among themselves, be determined by lot.

Article 142 provides that subject to the provisions of the Companies Act, the Board may, from time to time, appoint a person who is not a Director on the Board, as managerial personnel with the designation of “Director”, “President” or “Vice President”.

Article 146 provides that subject to the provisions of the Companies Act, the Board may, from time to time, appoint one or more non-retiring Directors to be Whole-time Director or Directors of our Company and may from time to time (subject to the provisions of any contract between him or them and our Company) remove or dismiss him or them from office and appoint another or others in his or their places or place.

Board Meeting

Article 149 provides that 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. Article 150 provides that the notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India, to every other Director.

Managing Director

Article 143 provides that subject to the provisions of the Companies Act and of the Articles, the Board shall have power to appoint from time to time any of its numbers as Managing Director or Managing Directors of our Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board may think fit, and subject to the provisions of Article 144, the Board may by resolution vest with such Managing Director or Managing Directors such of the powers hereby vested with the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by way of all these modes, or any other mode not expressly prohibited by the Companies Act.

Powers of the Directors

Article 161 provides that the Board may exercise all such powers of our Company and do all such acts and things as are not, by the Companies Act, or any other Companies Act or by the Memorandum or by the Articles of our Company, required to be exercised by our Company in General Meeting, subject, nevertheless to these Articles, to the provisions of the Companies Act, or any other Companies Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by our Company in general meeting; but no regulation made by our Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Dividend

Article 166 provides that the profits of our Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provisions of these Articles, shall be divisible among members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

Capitalisation

Article 179(a) provides that subject to the provisions of the Companies Act, our Company in the general meeting may, upon the recommendation of the Board, resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the profit and loss account or securities premium account or capital redemption reserve account otherwise available for distribution, and accordingly that such sums be set free for distribution among the members who would have been entitled thereto if distribution by way of dividend and in same proportion on condition that the same be not paid in cash, but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such member respectively, or paying up in full un-issued shares of our Company, to be allotted and distributed, credited as fully paid up by way of bonus shares or otherwise to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other, and the Directors shall give effect to such resolution.

Accounts

Article 180 provides that our Company shall keep at the registered office or at such other place in India as the Board think fit, proper books of accounts in accordance with section 209 of the Companies Act with respect to: (a) all sums of money received and expended by our Company and the matters in respect of which the receipts and expenditure take place; (b) all sales and purchases of goods by our Company; and (c) the assets and liabilities of our Company.

Article 184 provides that the auditors shall be appointed and their rights and duties and responsibilities regulated in accordance with Sections 224 to 233 of the Companies Act.

Indemnity

Article 194 provides that every officer or agent for the time being of our Company shall be indemnified out of the Assets of our Company against all liability incurred by him in defending any proceeding, 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 Companies Act in which relief is granted to him by the court.

Right to appoint a Director

Article 196 provide that Standard Chartered Private Equity (Mauritius) II Limited and Standard Chartered Private Equity (Mauritius) III Limited shall be jointly entitled to appoint one (1) Director who is not in a position of conflict of interest with our Company (the “Investor Director”) on the Board.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been attached to the copy of the Red Herring Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days until the Bid/Issue Closing Date.

A. Material Contracts for the Issue

1. Engagement Letters dated February 28, 2011 between our Company, the Selling Shareholders and the BRLMs.
2. Issue Agreement dated March 9, 2011 between our Company, the Selling Shareholders and the BRLMs.
3. Memorandum of Understanding dated February 21, 2011 between our Company, the Selling Shareholders and the Registrar to the Issue.
4. Escrow Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs, Escrow Collection Bank and the Registrar to the Issue.
5. Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs, the Registrar to the Issue and the Syndicate Members.
6. Underwriting Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended.
2. Certificate of Incorporation dated May 4, 1984.
3. Fresh certificate of incorporation dated October 5, 1989.
4. Resolutions of the Board of Directors dated February 10, 2011 in relation to this Issue and other related matters.
5. Shareholders' resolution dated February 10, 2011 in relation to this Issue and other related matters.
6. The board resolution dated February 11, 2011 from SCP II and SCP III respectively and letters dated February 10, 2011 from Naresh Chander Oberoi, Kharati Ram Puri, Naresh Oberoi HUF, Rajat Naresh Oberoi, Bharat Naresh Oberoi, Renu Sachin Mehra, T. B. Nedungadi and Sunil K. Khurana approving the Offer for Sale.
7. Share Subscription cum Shareholders Agreement dated September 25, 2007 between our Company, Standard Chartered Private Equity (Mauritius) II Limited, Standard Chartered Private Equity (Mauritius) III Limited and Naresh Chander Oberoi and Associates along with the Addendum to Share Subscription cum Shareholders Agreement dated February 25, 2008 and the Amendment Agreement dated February 28, 2011.

8. Share Purchase Agreement dated September 25, 2007 between our Company, Standard Chartered Private Equity (Mauritius) III Limited and and Naresh Chander Oberoi.
9. The examination reports of the statutory auditor Kapoor & Parekh Associates, Chartered Accountants, on our Company's restated financial information, included in this Draft Red Herring Prospectus.
10. The Statement of Tax Benefits dated February 10, 2011 from the Auditors.
11. Consent of the Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to our Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Registrars to the Issue, Escrow Collection Banks, the Monitoring Agency, Bankers to the Issue, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.
12. Due Diligence Certificate dated March 9, 2011 addressed to SEBI from the BRLMs.
13. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
14. Tripartite Agreement dated February 28, 2011 between our Company, NSDL and Registrar to the Issue.
15. Tripartite Agreement dated February 2, 2011 between our Company, CDSL and Registrar to the Issue.
16. IPO Grading Report dated [●] by CRISIL Limited.
17. Techo Economic Feasibility and Project Cost Estimates Report dated February, 2011 prepared by WISE.
18. RBI Approval dated [●] for transfer of the Equity Shares by the Selling Shareholders in the Offer for Sale.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

The undersigned Selling Shareholders, hereby certify that all statements made in this Draft Red Herring Prospectus are true and correct, provided however, that the undersigned Selling Shareholders assume no responsibility for any of the statements made by our Company or any other Selling Shareholders in this Draft Red Herring Prospectus, except statements made by the undersigned Selling Shareholders in relation to themselves as the Selling Shareholders.

Signed by the Selling Shareholders

For Standard Chartered Private Equity (Mauritius) II Limited and Standard Chartered Private Equity (Mauritius) III Limited

Date:

DECLARATION

The undersigned Selling Shareholders, hereby certify that all statements made in this Draft Red Herring Prospectus are true and correct, provided however, that the undersigned Selling Shareholders assume no responsibility for any of the statements made by our Company or any other Selling Shareholder in this Draft Red Herring Prospectus, except statements made by the undersigned Selling Shareholders in relation to themselves as a Selling Shareholder.

Signed by the Selling Shareholders

Naresh Chander Oberoi

Kharati Ram Puri

For and on behalf of Naresh Oberoi HUF

Rajat Oberoi

Bharat Oberoi

Renu Sachin Mehra

T. B. Nedungadi

Sunil K. Khurana

Date:

DECLARATION

All relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or the guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Naresh Chander Oberoi

Bharat Oberoi

Kharati Ram Puri

Rajat Oberoi

Nainesh Jaisingh

Dinesh Kumar

Malini Thadani

Anand Narotam Desai

Ghanshyam Dass

Krishen Dev

**SIGNED BY THE CHIEF EXECUTIVE OFFICER
OF OUR COMPANY**

**SIGNED BY THE CHIEF FINANCIAL OFFICER
OF OUR COMPANY**

Shreekant Bhasin

Vijay Kumar

Date:

Place: Mumbai