Draft Red Herring Prospectus
Please read Section 60B of the Companies Act, 1956
Dated [●]
100% Book Building Issue

SYNERGIES CASTINGS LIMITED

(Incorporated on January 24, 2005 under the Companies Act, 1956 as a public limited company vide registration no. 01-45171)
Registered Office: Flat No.4A, Sampathji Apartments, 6-3-855/10/A, Saadat Manzil, Ameerpet, Hyderabad – 500016
Tel: +91 40-23413376 Fax: +91-40 23413376 Web site: www.synergies-castings.com Email: info@synergies-india.com
Works/Corporate Office: Plot Nos.3&4, Visakhapatnam Special Economic Zone (VSEZ), Duvvada, Visakhapatnam – 530046
Tel: +91 891 2587181 Fax: +91 891 2587481
Compliance officer: Mr.Chandra Sekhara Reddy Battula, Company Secretary, E-mail:cs@synergies-india.com

ISSUE OF 51,08,888 EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. [●] LACS BY SYNERGIES CASTINGS LIMITED. ("THE COMPANY" OR "ISSUER") (THE "ISSUE"). THE ISSUE INCLUDES A PROMOTERS' RESERVATION OF 4,13,888 EQUITY SHARES AND EMPLOYEE RESERVATION OF 1,50,000 EQUITY SHARES AND NET OFFER TO THE PUBLIC OF 45,45,000 EQUITY SHARES OF FACE VALUE OF RS.10 EACH. THE ISSUE WOULD CONSTITUTE 28.38% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY AND THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE 25.25% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs.30 TO Rs. 36 PER EQUITY SHARE OF FACE VALUE Rs.10 EACH

ISSUE PRICE IS 3 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 3.6 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/ Issue Period not exceeding 13 days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Ltd. ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager **(BRLM).**
This issue is being made through the 100% book building process where minimum 50% of the issue size shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIB's") (including 5% for Mutual Funds). Further, not less than 15% of the equity shares of the issue shall be available for allocation to Non-Institutional Bidders on a proportionate basis and not less than 35% of the equity shares shall be available for allocation on a proportionate basis to retail individual bidders, subject to valid bids being received at or above the issue price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of the equity shares of the company, there has been no formal market for the equity shares of the company. The face value per equity share being offered is **Rs.10** and the floor price is **3 times** of the face value and the cap price is **3.6 times** of the face value. The price band (as determined by the Company, in consultation with the Book Running Lead Managers **"BRLMs"** on the basis of assessment of market demand for the equity shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

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

ISSUER's ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this **Draft Red Herring Prospectus** are proposed to be listed on the Bombay Stock Exchange Limited, Mumbai (Designated Stock Exchange) and the company has received in-principle approval from the stock exchange for the listing of the Equity Shares pursuant to letter dated [●].

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
IMPERIAL CORPORATE FINANCE & SERVICES PVT. LTD. 102, Mittal Chambers Nariman Point, Mumbai – 400021 Tel: +91-22-22044423, 22046796, 2837568 / 69 Fax: + 91 22 22875825 E mail : imperial1@vsnl.com Website :www.icfs.in	**AARTHI CONSULTANTS PVT. LTD.** 1-2-285, Domalguda Hyderabad – 500 029 Tel: 040-27638111, 27634445 Fax: 040-27632184 E-mail: syncast@aarthiconsultants.com Website: aarthiconsultants.com

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

The Company has not opted for IPO grading.

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I. DEFINITIONS AND ABBREVIATIONS

Conventional/General Terms

TERM	DESCRIPTION
Act	The Companies Act, 1956 and the amendments thereto
AGM	Annual General meeting
Articles / Articles of Association / AOA	Articles of Association of Synergies Castings Ltd.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited, Mumbai
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act / Act	The Companies Act, 1956 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act.
EGM	Extraordinary General Meeting
EPS	Earning Per Share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI.
Financial year / FY/ Fiscal year	Period of twelve months ended March 31 of that particular year
Government / GOI	The Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income-tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
Memorandum / MOA	Memorandum of Association of Synergies Castings Ltd.
NAV	Net Assets Value
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian Origin under FEMA (Deposit) regulations, 2000
NRE Account	Non-Resident External Account
NSDL	National Securities Depository Limited
p.a /P.A	Per Annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Person(s)	Any individual, sole proprietorship, body corporate, corporation, Company, Partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
PIO / Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
ROC	Registrar of Companies Andhra Pradesh – Hyderabad located at 2nd Floor, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500 195.
RBI	Reserve Bank of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time

SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act
SEBI (DIP) Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.

Issue Related Terms

TERM	DESCRIPTION
Allotment	Issue of Equity Shares pursuant to the issue to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being/have been issued
Banker(s) to the issue	**[.]**
Bid	An indication to make an offer during the Bidding period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing date/ Issue closing date	The date after which the Syndicate will not accept any Bids for the issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper, and a Telugu newspaper.
Bid-cum-Application form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of the Company in terms of this Red Herring Prospectus.
Bid Opening date / Issue Opening date	The date on which the syndicate shall start accepting bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper, and a Telugu newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus.
Bidding Period / Issue Period	The period between the Bid Opening Date and the Bid/Issue Closing Date inclusive of both days during which prospective bidders can submit their Bids.
Book Building Process	Book building route as provided under Chapter XI of the SEBI guidelines, in terms of which the issue is made.
Board of Directors / Board	The Board of Directors of Synergies Castings Limited or a committee thereof
BRLM	Book Running Lead Managers to the Issue, in this case being IMPERIAL CORPORATE FINANCE AND SERVICES PVT. LTD.
CAN/Confirmation Of Allocation Note	Means the note or advice or intimation of allocation of Equity shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue price in accordance with the Book Building process.
Cap Price	The high end of the Price Band, Rs. 36 per Equity Share in the Issue, above which the Issue Price of shares will not be finalized and above which no Bids will be accepted
Cut-off price	Cut-off Price refers to any Price within the Price Band. A Bid submitted at the Cut-off price is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which the funds are transferred from the Escrow account(s) to the Public Issue account after the Prospectus is filed with the ROC, following which the Board shall allot Equity shares to successful Bidders
Designated Stock Exchange	The Bombay Stock Exchange Limited, Mumbai
Draft Red Herring Prospectus	Means the Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a prospectus and will be filed with ROC at least three days before the opening of the Issue. It will become a prospectus after the pricing and allocation.

Eligible Employee	Means a permanent employee or the Director of the Company who is an Indian National based in India and is physically present in India on the date of submission of the bid cum application form. In addition, such person should be an employee or director during the period commencing from the date of filing of the Red Herring Prospectus with ROC upto the bid/issue closing date. Promoter Directors are not eligible to be treated as eligible employees.
Employee Reservation Portion	That portion of the issue being a maximum of 1,50,000 Equity Shares available for allocation to eligible employees.
Equity Shares	Equity shares of the company of face value of Rs.10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid amount when submitting the Bid.
Escrow Agreement	Agreement entered into amongst the company, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and for remitting refunds (if any), of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker(s) to the issue, in which the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid-cum Application Form or Revision Form
Floor Price	The lower end of the price band, Rs. 30 per Equity share in the Issue, below which the Issue Price will not be finalized and below which no Bids will be accepted
ICFS	Imperial Corporate Finance & Services Pvt. Ltd.
IPO	Initial Public Offering
Issue / Issue size	Public Issue of 51,08,888 Equity shares of Rs. 10/- each at the Issue Price by the Company pursuant to this Draft Red Herring Prospectus.
Issue Account	Account opened with the Banker(s) to the issue to receive monies from the Escrow Accounts for the issue on the Designated Date
Issue Management Team	The team managing the issue as set out in the section titled "General Information" on page 8 of the Draft Red Herring Prospectus.
Issue Period	The period between the Bid/Issue Opening Date and the Bid / Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which the Equity Shares will be allotted in terms of this Red Herring Prospectus, as determined by the company in consultation with the BRLM, on the Pricing Date
Issuer / Company/Syncast	Synergies Castings Limited.
Margin Amount	The amount paid by the bidder at the time of submission of his/her Bid, which may range between 0% to 100% of the bid amount.
Members of the Syndicate	The BRLM and the Syndicate Members.
Net offer to the Public	The portion of the Issue being a minimum of 45,45,000 Equity Shares available for allocation to Retail Individual Investors, Non-Institutional Bidders and Qualified Institutional Bidders.
Non-Institutional Bidders	All bidders that are not QIB's or retail individual bidders and who have bid for Equity shares for an amount more than Rs.1,00,000.
Non-Institutional Portion	The portion of the Issue being 6,81,750 Equity Shares of Rs. 10/- each available for allocation to Non Institutional Bidders.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in Period	This term means (i) with respect to Bidders whose payment has not been waived by the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid/Issue

	Opening Date and extending until the Bid/Issue Closing Date, and (ii) With respect to Bidders whose payment has been initially waived by the Syndicate and are therefore not required to pay the Bid Amount into the Escrow Account on or prior to the Bid / Issue closing date, the period commencing on the Bid / Issue Opening Date and extending until the closure of the pay-in Date.
Price Band	The price band with a minimum price (Floor price) of Rs.30 per equity share and a maximum price (cap price) of Rs.36 per equity share of face value Rs.10 and includes revisions thereof
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price
Promoters	Thinc Destini Commercial Solutions Limited – UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006), Chandra Sekhar Movva and Manoj Khaitan
Prospectus	The Prospectus, filed with the ROC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
QIBs / Qualified Institutional Buyers	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors, Multilateral And Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 25 Crores and Pension Funds with a minimum corpus of Rs. 25 Crores
QIB Portion	The portion of the net issue being not less than mandatory 50% of the issue size
Red Herring Prospectus	Red Herring Prospectus issued in accordance with section 60B of the Companies Act, which does not have complete particulars on the price at which the equity Shares are issued and size of the Issue. The Red Herring Prospectus would be filed with the ROC at least three days before the opening of the Bid / issue and will become a Prospectus after filing with the ROC after the pricing and allocation.
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Aarthi Consultants Pvt. Ltd having its registered office as indicated on the cover page of this Draft Red Herring Prospectus.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who apply or Bid for Equity Shares of or for value of not more than Rs.1,00,000/- in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being a minimum of 15,90,750 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s).
Revision Form	The Form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
Statutory Auditors	Statutory Auditors of the Company being, Kalidindi Associates, Chartered Accountants for Indian GAAP. They commenced their audit engagements with Synergies Castings Limited and were reappointed in the AGM held on, 26 December, 2005.
Syndicate	BRLMs and Syndicate Member(s).
Syndicate Agreement	Agreement between the Syndicate and the Company.
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs.
TRS / Transaction	The slip or document issued by the Syndicate Members to the Bidder as

Registration Slip	proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the Syndicate and Synergies Castings Limited, to be entered into a Pricing date.

Company And Industry Terms

EMS-14001	Environment Management System
ISO	International Organization for Standardization
IT	Information Technology
LPDC	Low Pressure Die Casting Technology
MMI	Man Machine Interface
MT	Metric Tonnes
MUV	Multi Utility Vehicle
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
QS	Quality System
SUV	Sports Utility Vehicle
TS	Technical Specification
VSEZ	Visakhapatnam Special Economic Zone

Abbreviations

ACMA	Automotive Component Manufacturers Association of India
AM	After Market
ASEAN	Association of South East Asian Nations
CAFÉ	Clean Air For Europe
CAGR	Compounded Annual Growth Rate
CNC	Computer Numerical Control
CMIE	Centre for Monitoring Indian Economy
DEA	Design, Engineering, Analysis
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortization
EOU	Export Oriented Unit
FMEA	Failure Modes and Effects Analysis
FTA	Free Trade Agreement
GM	General Motors
IFA	Independent Financial Advisors
INR	Indian Rupees
ITES	Information Technology Enabled Services
JIT	Just In Time
LCV	Light Commercial Vehicle
LME	London Metal Exchange
NAFTA	North American Free Trade Agreement
OBD	On Board Diagnostics
PAT	Profit After Tax
PwC	Price Waterhouse Coopers
RFQ	Request For Quotation
SDAL	Synergies - Dooray Automotive Limited
SIAM	Society of Indian Automobiles Manufacturers
SPV	Special Purpose Vehicle
SYNCAST	Synergies Castings Limited
TPM	Total Productive Maintenance
TPS	Toyota Production System
TQM	Total Quality management
VW	Volkswagen

II. RISK FACTORS

FORWARD LOOKING STATEMENTS AND MARKET DATA

Forward Looking Statements

This Draft Red Herring Prospectus contains certain "forward looking statements." These forward looking statements can be identified with words or phrases such as "may", "will", "aim", "anticipate", "believe", "will likely result", "will continue", "intend", "plan", "goal", "project", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial condition and results of operations, business, plans and prospects are forward-looking statements.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations of the Company with respect to, but not limited to, their ability to successfully implement their strategy, their growth and expansion, ability to retain key management and employees, technological changes, generally and in respect of the supply and use of aluminium as the source production material, the price of oil, the general competitive market, their exposure to market risks, general economic and political conditions in India which have an impact on the business activities or investments, the monetary and interest 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 and foreign laws, regulations and taxes and changes in competition in the industry.

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

Market Data

Unless stated otherwise, macroeconomic and industry data used throughout this Draft Red Herring Prospectus has been obtained from publications prepared by Government sources and providers of industry information. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by itself or by any other person on its behalf. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.

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 the Company's Equity Shares. To obtain a complete understanding of the Company, you should read this section in conjunction with the sections titled "Syncast Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 61 and 133 as well as the other financial information contained in this Draft Red Herring Prospectus. If the following risks occur, the Company's business, results of operations and financial condition could suffer and the price of the Company's Equity Shares and the value of your investment in the Company's Equity Shares could decline.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

a) Some events may not be material individually but may be found material collectively.

b) Some events may have material impact qualitatively instead of quantitatively.

c) Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Wherever possible, the financial impact of the risk factors has been quantified.

<u>INTERNAL RISK FACTORS</u>

1. Expansion Plans

The expansion plans drawn by the Company are based on expected business opportunities in this industry. Although, the Company's business plans have been drawn based upon the opportunities in the segment, the Company is confident of achieving its targets and adapting to the changing environment. Any change in the market conditions could adversely affect the Company's profitability.

2. Monitoring of the funds raised

No bank or financial institution or any other agency has appraised the Company's expansion project and proposed use of proceeds to be raised through the issue. No independent body will be monitoring the use of proceeds. The deployment of proceeds of the issue will be determined based on the company management's internal estimates. All the figures under the utilization of funds raised are based on the Company's own estimates. However, the Audit Committee of the Company will be monitoring the deployment of the Issue proceeds.

3. The Company's Managing Director is a first generation entrepreneur. Also, the Company is dependent on its senior management team and any inability on their part to the business may affect its performance

The Company's Managing Director, Chandra Sekhar Movva is a first generation entrepreneur on whom the Company relies for the business strategy and growth plans. Also, the Company is dependent on the experience and the continued efforts of its senior management team who are the first generation entrepreneurs and have been associated with the company since inception.

4. **The Company's success depends in large part upon its senior management, directors and key personnel and its ability to attract and retain them**

The Company is dependent on expertise and experience of its senior management, its professional directors and other Key personnel. The Company's future performance will depend upon the availability of continued services of these persons. The Company does not maintain key man life insurance for any of the senior members of its management team, its professional directors or its other key personnel. The loss of any of the members of its senior management, its directors or other key personnel may adversely affect the Company's business and results of its operations.

5. **Restrictive Covenants by lenders**

Certain covenants in financing agreements with JP Morgan Chase Bank N.A. Mumbai Branch have provisions that outline the rights of lenders including takeover of management, in the event of default in repayment on borrowings. For details see section titled "The Loan Agreement" on page 83 of this Draft Red Herring Prospectus

6. **The trading price of the Company's Equity Shares may be affected by variations in its results of operations**

The Company expects its quarterly operating results to fluctuate in the future based on a variety of factors, including the timing and success of its growth plans, increases in personnel, marketing and other operating expenses to support the Company's anticipated growth. Due to the factors described above, the Company's operating results may vary from quarter to quarter. In addition, it is possible that in any future quarter the Company's operating results could be below the expectations of investors. In that event, the price of the Company's Equity Shares could decline.

7. **Risk relating to the Company's production facilities**

(i) <u>Termination</u>

The Company's production facilities are on usage basis under license agreement valid till 31-3-2009. As per the executed license agreement, the owners of the equipment / their lenders have the right to terminate the agreement with a 6 months notice on either receiving superior terms to the Company's offer OR non fulfillment of terms by the Company, as specified in the agreement. This may stop the Company's operations in future.

(ii) <u>Non-renewal of Agreement of License</u>

The Company has entered into an Agreement of License with Synergies - Dooray Automotive Limited that expires on 31/3/2009. There is a possibility of the Agreement of License not being renewed. However, the Company will enter into discussions / negotiations with SDAL and the lenders of SDAL and try to get the current arrangement under Agreement of License renewed for a further period and carry on the business. The Company's management does not anticipate any problem, as of now, to get the agreement of license renewed.

8. **Any future issuance of Equity Shares by the Company may dilute your holding in the Company**

To fund the future growth plans, the Company may further raise capital by way of issuance of Equity Shares or convertible instruments, which could dilute your shareholding in the Company. Further, perception of such further issues may also affect the trading price of the Company's Equity Shares. Also, sale of their shareholding by the Promoters may affect the trading price of the Equity Shares of the Company.

9. Actual off take of wheels depends on the sales of the particular model of vehicle

Whereas the order book reflects the expected off take based on the Customers projections of sales of a particular vehicle model, but the actual sales may differ marginally or significantly – accordingly, the Company's actual sales may fall short of / exceed projections.

10. Compliance with environmental laws

Failure to comply with environmental rules and regulations may adversely affect the Company's business operations.

11. The alloy wheel industry is a rapidly growing industry and the Company may require further equity issuance to satisfy its growing needs; any future equity offerings by the Company may lead to dilution of the Company's shareholding or may affect the market price of its equity shares.

The entire capital requirement of the proposed expansion plan is being raised through this IPO. However, the actual amount and timing of future capital requirements may differ from the Company's estimates due to unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes, technological changes, market developments or new opportunities in the industry. The Company's growth is dependent on having a strong balance sheet to support its activities. The Company may need to raise additional capital from time to time, depending on business requirements. Any fresh issue of shares/convertible securities would dilute existing holders, and such issuance may not be done on terms and conditions, which are favourable to the then existing investors or the Company. If the Company decides to raise additional funds through the incurrence of debt, the interest obligations would increase, and may be subject to additional covenants, which could limit the Company's ability to access cash flows from the operations. If the Company decides to raise additional funds through the issuance of Equity, your shareholding in the Company will be diluted.

12. The Company may face potential liabilities from lawsuits or claims by customers in the future.

The Company may face the risk of legal proceedings and claims being brought against it by its customers for any defects in the wheels sold to them. This may result in liabilities and/or financial claims against the Company as well as loss of its business and reputation.

13. The Company may face a claim of Rs.56 lacs towards payment of Central Excise duties and a claim of Rs.2.94 crores towards payment of Deferred Sales Tax

The Company has given an undertaking towards payment of Customs and Central Excise of Rs.56 lacs of Synergies - Dooray Automotive Limited, in case the claim arises in future and is not paid by SDAL. Similarly, an undertaking has been given to the Sales Tax department for Rs.2.94 crores on behalf of SDAL. Both are contingent liabilities devolving on the Company in the event of SDAL's failure to meet its commitment.

14. Criminal complaint under section 138 of the Negotiable Instruments Act, 1938 filed by IDBI Bank Ltd.

A criminal complaint under section 138 of the Negotiable Instruments Act, 1938 has been filed by IDBI Bank Ltd. a lender of Synergies Dooray Automotive Limited (SDAL) against SDAL and its Directors Mr. Chandra Sekhar Movva and Mr. Manoj Khaitan who are also the Promoter Directors of Syncast. 9 cheques of Rs. 36,00,000 lakhs each were drawn by SDAL on HSBC Bank towards part payment of the amount outstanding to cover balance outstanding after allowing the overdraft against export bill under collection to SDAL.

With reference to the above, a review note on SDAL was discussed by Corporate Debt Restructuring Cell at it's meeting held on February 23, 2006 for due deliberations for implementation of the CDR Scheme. The Corporate Debt Restructuring Cell in the minutes of the meeting held on March 25, 2006 recorded inter alia that IDBI should ensure that consent terms are filed with the Debt Recovery Tribunal (DRT) within a week there from and the said criminal complaint filed under section 138 of the Negotiable Instruments Act, 1938 be withdrawn immediately. However in the meeting of Joint All Lender's and Monitoring Committee of CDR for Synergies Dooray Automotive Ltd (SDAL) held on June 26th, 2006 where the representatives of SDAL requested that IDBI should withdraw the case filed against Synergies Dooray Automotive Limited and its directors by IDBI Bank under Section 138 of the Negotiable Instruments Act, 1938 for dishonor of the cheques. IDBI Bank assured that it would consider the same on merits and revert by July 15, 2006, which IDBI Bank has so far not done.

15. Liability of Successors

Since the Company has taken on Leave and License the plant for a period of 47 months without taking over any stock in trade or the liabilities, it is not successor in business of Synergies - Dooray Automotive Limited but in the event of any creditor including assessing authority considering that the License Agreement taking over the entire plant on leave and license basis and on as is where is basis would be adequate to treat the Company as a successor the unpaid tax liabilities and wages of the workers including unpaid provident fund may be recovered from the Company. As the Company has accepted the employees of SDAL on terms of continuation in employment, the unpaid provident fund and the gratuity of SDAL will be the liability of SYNCAST.

16. The Managing Director of the Company is also the promoter of SDAL

The Managing Director of the Company, Mr. Chandra Sekhar Movva is also the promoter of SDAL. Also Mr.Manoj Khaitan, one of the promoters of SYNCAST is also director of SDAL. This fact may lead to conflict of interest in business. However, SDAL is not into the business of manufacturing of Alloy Wheels since it has given on leave and license, its manufacturing facilities to the Company for a period of 47 months from May 1,2005 vide an Agreement of License dated November 3, 2005.

17. No definitive agreements made for supply of machinery

The Company has not made any definitive arrangements for the procurement of some of the equipment/ machinery/ fixed assets for the de-bottlenecking and upgrading of the Alloy Wheel Plant, Chrome plating plant and tool room for die manufacturing, which may cause delay in implementation of these activities. The Company has short-listed some equipment/machinery suppliers from the quotations received and have already placed orders for some of the equipments. For the balance, orders would be placed at the appropriate time as most of the machinery can be procured at a reasonably short notice.

18. License issued by Department of Explosives to Synergies - Dooray Automotive Limited is yet to be transferred in the name of Company

The Company has taken on leave and license, the facilities of Synergies - Dooray Automotive Limited for a period of 47 months vide License Agreement dated November 3, 2005. The License issued by Department of Explosives, Government of India to import and store 90 kilo litres petroleum in installation, which was issued to Synergies - Dooray Automotive Limited has not yet been transferred in the name of the Company. The Company has made an application on 13/4/2006 for transfer and is awaiting the same.

19. Consent Order issued by the Andhra Pradesh Pollution Control Board to Synergies Castings Limited (formerly Synergies - Dooray Automotive Limited)

The consent order received from Andhra Pradesh Pollution Control Board vide consent order APPCB/VSP/VSP/131/HO/W&A/2006-228 dated 12.5.2006 states that 'Synergies Castings Limited, formerly Synergies - Dooray Automotive Limited'. The Company has written a letter to the Pollution Control Board on 27-5-06 for rectification of the defect in their records and in all future correspondence with the Company.

20. The Company has not yet received the authorization from the Andhra Pradesh Pollution Control Board for dealing in hazardous Waste

The Company has made an application to the Andhra Pradesh Pollution Control Board on October 30, 2005 for getting the authorization for collection/reception/treatment/transport/storage/disposal of hazardous waste, which is yet to be received. The Company's management does not anticipate any difficulty in obtaining the necessary sanction.

21. Maharashtra Road Carriers Private Limited have filed a winding up petition against the Company for non payment of dues by Synergies - Dooray Automotive Limited, the licensor of the Company

Maharashtra Road Carriers has filed a winding up petition against the Company for non payment of dues by SDAL vide Company petition No.27 of 2006 under section 433, 434(1) & 439(1)(b) of Companies Act, 1956. The Company has received a show cause notice dated 17/3/06 from the High Court of Judicature of Andhra Pradesh at Hyderabad wherein the Company represented by Mr.Chandra Sekhar Movva, and others, have been asked to Show Cause as to why the application of Maharashtra Road Carrier Private Limited should not be admitted.

The dues of Rs. 8,02,291, which are outstanding, are in connection with the transportation charges due from Synergies - Dooray Automotive Ltd and not related to Synergies Castings Ltd. Synergies Castings Limited is a separate legal entity.

The Company has obtained the legal opinion from its advocate and is confident that the winding up petition will not hold good in the court of law and will not have any financial implications on the Company. The Company has filed a reply to the Show Cause Notice on 20/6/2006.

22. The financials of Thinc Destini Group as on 31st March, 2006 are not available and hence not disclosed

Thinc Destini Group Ltd was incorporated on 7th March 2005. It took over the holding Company of Thinc Group Limited on 26th May, 2005 and the holding Company of Destini Financial Services Group Limited on 25th July, 2005. The audited financials of Thinc Destini Group as on March 31, 2006 are not available for disclosure.

Under Sections 242 and 244 of the UK Companies Act, 1985 and amendments thereof, the Companies are permitted to file its first Annual Accounts with the Registrar of Companies within 10 months from the first anniversary of the company (i.e., on or before 7th January, 2007).

23. Possibility of cost over run in the capital expenditure plan

The Company has drawn the capital expenditure plan based on orders in hand and expected business opportunities in this field. Any change in the business environment/market conditions could adversely affect the Company's profitability.

The business plans drawn by the Company's management are based on its experience and its capability to produce customized products. Though it is confident of achieving the desired results, there is no assurance that it will be able to complete the capital expenditure plan as envisaged within the prescribed limit. Consequently there is likely to be cost overrun and benefits from the capital expenditure plan may not occur as anticipated.

EXTERNAL RISK FACTORS

24. The Company expects competition domestically and internationally

Global competition may force the Company to reduce the price of its products, which may lead to a education in the revenue and margins. Since it is not a very widely explored sector, the Company expects competition from the markets, as new players might set up industries to cater to the expanding alloy wheel market and thereby pose threat to its market share.

The Company may face competition from manufacturers of steel or other alloy wheels in the eventuality of an equally durable and a cheaper alternative product substitute being discovered.

Although there are many aluminium alloy wheel manufacturers worldwide, there are not many players in this niche segment the Company is in (large diameter chrome plated wheels).

25. For requirement of the major raw material-Aluminium, the Company is dependent on external suppliers, the cost of aluminium constitutes the largest component of the Company's costs

The Company is dependent on external suppliers for procurement of aluminium alloy, the main raw material for manufacturing alloy wheels. If the Company fails to get the required quantity and quality of aluminium alloy within the required time, the Company's production and delivery schedules may be hampered which may have adverse impact on its business.

Almost 100% of the Company's sales price is linked to LME price of aluminium. As such, high volatility in international aluminium price may impact the immediate earnings of the Company. But with the eventual correction in sales price, overall earnings of the company are not anticipated to be affected.

26. Changes in technology may impact the Company's business by making its plants less competitive

Advancement in technology may require the Company to make additional capital expenditure for upgrading its manufacturing facilities or may make its competitors plants more competitive. If the Company is not able to respond to such technological advancement well in time, it may lose its competitiveness.

27. Non-availability of skilled personnel and risk associated with increasing wage cost

More number of players might enter in the segment, which might create a shortage of the skilled labour in the industry. Such shortage may further lead to substantial rise in the wage bills of the companies thus seriously affecting their cost structure.

28. Substantial Dependency on business with GM

General Motors is one of the largest customers of the company. Any adverse effect on its financial condition will have a negative impact on the Company's business. The impact of the same on the Company's business is difficult to fully estimate. However, the specific models that the Company has secured orders for i.e. Hummer and the Cadillac Escalade is expected to continue to do well, and sales of such models are anticipated to be good. However, if the sales of these Models drop significantly, the Company's profitability will be affected.

29. Limited Customer Base

A majority of the Company's revenue comes form GM – USA, Ford- Europe and Toyota-India. A potential drop off in the order from any one of these could be significantly detrimental to the finances of the Company. As a result of the growth of the automotive industry and the boom in the industry, the Company is bidding for supplies to some new companies to diversify this risk. The Company is already supplying to Mahindra & Mahindra, Toyota Kirloskar Motors Limited, Tata Motors Limited in India and is pitching for new projects with other international automotive manufacturers.

30. Slowdown in the economy

The sales of cars and automobiles are highly sensitive to the growth rate of the national and international economy. Should there be a slowdown in the Indian or world economy, the profitability of the company may be adversely affected.

31. Risk associated with slowdown of economy in a country to whom the Company undertakes export

Any slow down of economy of the countries where the Company exports its products may have a negative impact on the spending power of the consumers, thereby reducing their spend on fashion and lifestyle products. Such slowdown may have an adverse impact on the export earnings.

32. After the Issue, the price of the Company's Equity Shares may be volatile, or an active trading market for the Company's Equity Shares may not develop

Prior to the Issue, there has been no public market for the Company's Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after this Issue may be subject to significant fluctuations in response to, among other factors, the Company's results of operations and performance; subsequent corporate actions taken by the Company, performance of its competitors, market conditions specific to the Indian automotive industry, and the market perception about investments in the automotive industry. The prices of the Company's Equity Shares in the Stock Exchanges may fluctuate after the issue as a result of several factors including among others:

- Volatility in the Indian and global securities markets;
- The Company's results of operations and performance;
- Sales and Financial performance of the Company's customers;

33. Terrorist attacks and other violence or war involving India and other countries could adversely affect the financial markets and the Company's business

There have been instances of terrorist attacks in many parts of the world and also in India in the recent past. Any recurrence of such events or other acts of violence/ war may negatively impact the stock price.

34. Political instability or changes in the Government of India could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally and the Company's business in particular

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions in the private sector. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and the Company's business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

35. Global economic, political and social conditions may harm the Company's ability to do business

Factors such as any negative change in policies of the government of foreign countries, acts of war or geopolitical and social turmoil in many parts of world, increased oil prices, may adversely impact the growth potential of Indian exporters and could prevent or hinder the Company's ability to do business, increase its costs and negatively affect its business operations.

36. Changes in Government Regulations

Any changes in the Government regulations with respect to the Automotive industry or 100% EOUs might adversely affect the Company's profitability and hamper the process of implementation of its business plan successfully. At present, 100% of investment by a foreign entity is permitted under automatic route. A revision of this limit might have adverse effect on the industry as a whole and on the Company's business plans as well.

37. Government Policy might impact export incentives being enjoyed by the Company

Currently, the Company operates as a 100% EOU. Per the current EOU policy, several incentives are accorded to EOU companies. These include: duty free imports of capital goods, raw-material, consumables & spares. Also, EOU Companies enjoy a tax break under section 10(B) of Income Tax Act, 1961. All such incentives might be withdrawn / phased out by the Government in the future. Such events are likely to adversely impact the profits of the Company.

38. Government Policy might impact cost of gas, fuel, power

A significant part of the costs of the Company include cost of power, energy, fuel oils, etc. Government policy might significantly change the pricing of the said inputs; which in turn could affect the margins of the Company.

39. Any downgrading of India's debt rating by an independent agency

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

40. Risks related to Merger & Acquisitions Activity

As a part of its growth and market leadership strategy, the Company may acquire certain best fit/ synergetic companies from time to time as a part of its growth strategy. Any fresh issue of shares or convertible into equity would dilute the shareholding of the existing shareholders and such issuance may be done on the terms and conditions, approved by the Board.

41. Risk due to Foreign Exchange Fluctuation

The Company faces the risk of foreign exchange fluctuation due to variation in the foreign exchange rates. The Company's revenue and expenses are denominated in US Dollars and in other international currencies

NOTES TO RISK FACTORS

1) The net asset value per Equity Share of Rs. 10 each was Rs. 17.22 as at 31st March 2006 as per the restated financial statements of the Company under Indian GAAP.
2) The net worth of the Company was Rs.240,981,000 as at 31st March 2006 as per its restated financial statements under Indian GAAP.
3) Issue of 51,08,888 Equity Shares of face value of Rs. 10/- each per share at the Issue Price of Rs. [•] for cash aggregating Rs. [•](hereinafter referred to as "the issue") including promoters' reservation of 4,13,888 equity shares and an employees reservation of 1,50,000 equity shares of face value of Rs.10 each per share at a price of Rs. [•] for cash aggregating to Rs. [•] and net issue to the public of 45,45,000 equity shares of face value of Rs.10 each per share at a price of Rs. [•] for cash aggregating to Rs. [•] (hereinafter referred to as the "net issue") and the net issue would constitute 25.25% of the fully diluted post issue paid up capital of the Company. Investors are advised to refer to the paragraph entitled "Basis for Issue Price" beginning on page 26 of this Draft Red Herring Prospectus before making an investment in this Issue.
4) Trading in Equity Shares of the Company for all the investors shall be in dematerialized form only.
5) Investors may note that in case of over-subscription, allotment to Retail Investors and Non Institutional Investors shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead Manager and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
6) The Issue is being made under clause 2.2.2 of SEBI (DIP) Guidelines, 2000, as amended, through a 100% Book Building process wherein minimum 50% of the issue Size will be allocated on proportionate basis to Qualified Institutional Bidders (including 5% for Mutual Funds). Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
7) The promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding in the Company or out of any business relation with any of the ventures in which they are interested.
8) Investors are free to contact the BRLM or the Compliance Officer for any complaint, clarification or information relating to the Issue who will be obliged to provide the same to the investor.
9) All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
10) For related party transactions, please refer to the section entitled "Related Party Transactions" on page 110 of this Draft Red Herring Prospectus.

III. INTRODUCTION

Summary

Summary of the industry and business of the issuer company

INTRODUCTION

The Business Segment

SYNCAST is in the business of engineering and manufacturing aluminium alloy wheels (of various sizes: 12" – 24" diameter, and various finishes: painted, polished, chrome plated), used in cars, SUV's and other vehicles. These wheels are a substitute for traditional steel wheels, and have become increasingly popular in recent times because of their aesthetic and engineering benefits.

Leveraging it's capabilities in precision casting and finishing of aluminium, SYNCAST has recently also entered the lucrative field of high-end specialized precision aluminum castings.

The increased demand for aluminium products, increased environmental sensitivity, and the global outsourcing phenomenon implies a potentially huge growth opportunity.

Alloy Wheels: Advantages

- Lighter weight: better mileage, reduced emission, improved acceleration
- Better tyre life and braking capability
- Superior ride / lesser vibrations due to 'un-sprung' load
- Superior aesthetics, custom looks, multitude of designs
- Environmentally friendly

Stringent Environment norms, need for reduced 'un-sprung' load, increased popularity of tubeless tyres, need for better balance and uniformity drive the need for alloy wheels

The factors contributing to the steady growth of the Alloy wheel industry comprise:

A. Increase in the number of vehicles in the market (overall AUTOMOTIVE INDSUTRY GROWTH)

B. Increase in the adoption rate of alloy wheels (PENTRATION RATE GROWTH)

A. ***(i) AUTOMOTIVE INDUSTRY GROWTH – GLOBAL***

Over the last decade, the industry has been marked by consolidation, intense competition, globalization, and increased pressure from investors. These forces will continue to have a significant impact on the automotive industry going forward. There are a number of themes, which are shaping the structure, and the competitive landscape of the industry. These are to a large extent driven by increased global competitiveness, and the estimated excess production capacity amongst OEM's.

Global production of light vehicles -- passenger cars and light trucks, comprising pick-ups, sports-utility vehicles (SUVs), minivans and most so-called "crossovers" -- will maintain an upward trend throughout the remainder of the decade, according to industry forecasters CSM Worldwide and PwC AUTOFACTS. The total production of vehicles is expected to grow from 56 million vehicles in 2003, to 66 million vehicles by the year 2011 (according to PWC AUTOFACTS) .

A. *(ii) AUTOMOTIVE INDUSTRY GROWTH - INDIA*

In 2004-05, 8.46 million vehicles were produced in India (Source: SIAM) out of which 77% were two wheelers, 14.5% were passenger cars, 4.5% were three wheelers and 4% were commercial vehicles. The automotive industry has registered a Compounded Annual Growth Rate of 17% between 1998 and 2003 and is projected by ACMA (Auto Components Manufacturers Association of India) to grow at a Compounded Annual Growth Rate (CAGR) of 15% upto the fiscal year 2012. (Source: ACMA Annual Report 2004-05).

B. PENETRATION RATE GOWTH

Alloy wheel penetration[1] in North America was approx. 50% in 2000 and is expected to increase to 65% by 2010. As the OEM market grows, it carries a ready-made market for aftermarket wheels. In Western Europe the market statistics are similar with 46% penetration in 2000 increasing to 62% by 2010[2] Asia Pacific is arguably the largest opportunity with a penetration of only 30% at present and expected to grow to 70%.

The Indian market for alloy wheels is also growing rapidly. After the initial adoption phase, the market is going through a rapid growth phase. As per industry estimates, the Indian alloy wheel market is currently about 200,000 wheels per annum and is expected to exceed 500,000 wheels by 2008 - 2009.

Alloy Wheel Market Size Summary

Overall, based on the above, it may be conservatively estimated that the alloy wheel market size in millions of units is:

	OEM	Aftermarket	TOTAL
Currently	80 – 110	25 – 35	105 - 145
Year 2010	100 – 130	35 – 45	135 – 175

Given SYNCAST's existing capacity of 0.5 million units (5200 MT), it is evident that there is huge potential market for SYNCAST to tap into.

The recent trend in the market is a shift towards 'chrome plated' wheels. This trend has caught on significantly in the US after market. Amongst OEMs, these wheels have begun to be adopted by luxury carmakers such as Lexus, Jaguar, Rolls Royce, Mercedes, Cadillac Escalade, Hummer etc., This niche segment is growing, and it is expected that this product segment (chrome plated wheels) will follow the same adoption pattern as the painted alloy wheels.

SYNCAST : A LEADER IN THE ALLOY WHEEL BUSINESS

Introduction

The company is one of India's leading global scale, world-class manufacturer of aluminium alloy wheels for cars, trucks and SUVs. Within this segment, Synergies Castings Ltd specializes in high-end 'big size' wheels and 'chrome plate finish' wheels. It has a capacity (wheels casting) to make 520,000 wheels per

1 Number of alloy wheels vs. steel wheels
2 Source: Automotive Research Centre

annum, with a chrome plating capacity of 180,000 wheels per annum (benchmarked at an average size of 16” – 17”).

The Company deploys state-of-the-art technology, best in class facilities, a skilled and committed team, and contemporary manufacturing management systems to deliver world class quality, defect free products to its customers anywhere in the world.

Competencies

SYNCAST specializes in high-end precision aluminium castings and alloy wheels. These products need to be absolutely porosity free, air-leak free, must have extremely close tolerances, and a superb surface finish. This is possible only when there is absolute and precise control on the casting process.

While there are quite a few alloy wheel manufacturers producing commodity wheels, there are only a few manufacturers in the world that are capable of producing bigger size diameter (> 17” diameter - 24”) wheels to OEM quality standards; and amongst these, only a handful that can produce a ‘chrome finished’ wheel. SYNCAST is amongst this rarified group; the result of in-house developed technical know-how, competence and experience.

SYNCAST has also developed high-end design, engineering, analysis, development, testing and validation skills that enable it to not merely manufacture a product, but develop and deliver a complete value-added solution.

The Company enjoys distinctive competitive advantages in its market segment, which will enable it to grow rapidly in this market segment.

Competitive Advantages - Summary

1. Mastered complex technology of low pressure die-casting (LPDC) and alloy wheel plating (Cu-Ni-Cr) process ahead of competitors.
2. Competence to manufacture bigger size alloy wheels (upto “24”), and ‘chrome plate’ to OEM standards.
3. Integrated supplier: Amongst few wheel manufacturers with facilities for wheel engineering, casting, finishing and accessories under one roof.
4. The SYNCAST facility has received all necessary ‘Quality’ certifications required by the global automotive customers from reputed certification bodies.
5. High-end design, engineering, analysis capability available. SYNCAST has full service supplier capability, i.e; the ability to undertake the entire ‘design -→ JIT delivery’ cycle.
6. A low cost global infrastructure that maximises competitive pricing potential.
7. Motivated and competent workforce; a committed, experienced, globally aware management team.
8. Facilities audited and approved for supply to GM and Ford Global super groups; as well as Volvo, Sweden and LandRover UK amongst others.
9. Comparative Advantages within India because of its location in the VSEZ.

SYNCAST intends to leverage these competencies to become a viable global player in the alloy wheel, chrome plated wheel and precision aluminium castings business.

Opportunity For Long Term Growth: Business Strategy

- Increasing demand for bigger size, and chrome finished wheels to support several plants of current size.
- Deluge of Request For Quote's from Global OEMs like Volvo Cars, Jaguar, LandRover, GM – USA and Europe, Ford – Europe, Australia, South Africa, USA, Subaru, etc.
- The domestic market is growing rapidly.
- The outsourcing phenomenon implies that in the automotive, engineering, aerospace and defence industries', 'aluminium' castings requirements will continue to grow quickly.

SYNCAST intends to rapidly grow in the high-end precision castings and aluminium alloy wheels segment; focusing primarily on direct supplies to Original Equipment Manufacturer (OEM) customers, rather than the retail distribution aftermarket.

MARKETING STRATEGY:

SYNCAST intends to be a significant global player in the high-end precision aluminium alloy wheels, chrome plated wheels and precision castings segment. To achieve this, the Company has developed competencies to supply the volumes, quality and timing demanded by the global OEM segment, as well as be able to establish a distribution network to service the global aftermarket.

A market mix of 80 – 90% OEM, and 10 – 20% aftermarket (at current 0.52 mil capacity) is the Company's desired market mix; with the weightage for the OEM segment rising by 5 – 10% for every 0.5 million wheels capacity.

Key Customers and Order book

- The Company's customers are the who's who of the auto industry in the GLOBAL and DOMESTIC markets. In India, SYNCAST has a full order book for at least the next 3 years. The Company expects continuing success in securing future orders.

STRATEGIC BUSINESS PLAN

Long term as well as short term:

The Company plans to double the capacity of the existing plant, including the Chrome Plant & add Tool room Die manufacturing, in a phased manner. In the long term, it also plans to add on a Greenfield capacity of 2 million wheel capacity and 0.5 million chrome wheel capacity.

Course of Action of the Company after 31/3/2009

After 31/3/2009, when the period of agreement of license comes to an end, the Company proposes to adopt one of the following options available to it at the time, which is best suited to the interest of the Company and the shareholders:

1. Renewal of the Agreement of License:

The Company will enter into discussions / negotiations with the lenders of SDAL and SDAL and try to get the current arrangement under Agreement of License renewed for a further period and carry on the business. The management of the Company does not anticipate any problem, as of now, to get the agreement of license renewed, OR

2. <u>One time settlement with the lenders of SDAL</u>:

The Company will try to enter into a one time settlement of debt, with the lenders of SDAL and acquire the plant and machinery of SDAL by settling the debt of SDAL, OR

3. <u>Put up a Greenfield plant</u>:

The Company will initiate plans to set up a Greenfield Plant of similar capacity before the expiry of the Agreement of License to perpetuate business.

As per Company's estimates, cost of establishing a Greenfield plant of similar capacity will cost approximately Rs.120 crores. As per the Company's business plan, based on the business in hand and in pipeline, the Company will be able to generate sufficient cash reserves and will be able to fund a Greenfield plant, partly from its cash reserves, and the balance from any bank/financial institution or debt or equity investment.

THE ISSUE DETAILS IN BRIEF

Equity Shares Offered :	
Issue by the Company	51,08,888 equity shares of Rs.10 each
Of which	
Promoter Reservation portion Employees Reservation portion Therefore, Net Offer to the Public	4,13,888 equity shares of Rs.10 each 1,50,000 equity shares of Rs.10 each 45,45,000 equity shares of Rs.10 each
A) QIB portion (including 5% for mutual funds)	A minimum of 22,72,500 equity shares (allocation on a proportionate basis.)
B) Non-Institutional Portion	6,81,750 equity shares (allocation on a proportionate basis.)
C) Retail portion	15,90,750 equity shares (allocation on a proportionate basis.)
D) Equity shares outstanding prior to the issue	1,28,91,112 equity shares
E) Equity shares outstanding after the issue	1,80,00,000 equity shares of Rs.10 each
F) Use of proceeds by the company	See the section titled "Objects of the issue" on page 22 of this Draft Red Herring Prospectus.

<u>SUMMARY CONSOLIDATED FINANCIAL,OPERATING AND OTHER DATA</u>

The following summary of financial data has been prepared in accordance with the Companies Act and the SEBI Guidelines and restated as described in the Auditors' Report of M/s Kalidindi Associates, Chartered Accountants, Visakhapatnam dated 26-05-2006, in the section titled "Financial Information of the Company". You should read this financial data in conjunction with the Company's financial statements for the fiscal Year 2006, including the Notes thereto and the Reports thereon, which appears on page 112 under sub-heading "Auditors' Report" in this Draft Red Herring Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" on page 133 of this Draft Red Herring Prospectus.

Statement of Restated Assets and Liabilities **(Rs. In '000)**

	As at March 31, 2006	As at March 31, 2005
A Fixed Assets :		
Gross Block	15,208	---
Less: Depreciation	474	---
Net Block	14,734	---
Less: Revaluation Reserve	---	---
Net Block after adjustment for Revaluation Reserve	14,734	---
B Investments	50,117	---
C Current Assets, Loans and Advances:		
Inventories	2,62,430	---
Sundry Debtors	1,47,542	220
Cash and Bank Balances	8,498	269
Loans and Advances	31,116	2,500
Other Current Assets	8,272	5
	4,57,858	2,994
D Liabilities and Provisions:		
Secured Loans	1,36,352	---
Unsecured Loans	42,246	---
Current Liabilities and Provisions	1,03,130	154
Share application money	---	2,625
Deferred Tax Liability	---	---
	(2,81,728)	(2,779)
E **Net worth**	**2,40,981**	**215**
F Represented by		
Share Capital	1,64,391	500
Reserves	1,11,579	105
Less Revaluation Reserve	---	---
Reserves (Net of Revaluation Reserves)	1,11,579	105
Less: Misc. Expenditure	34,989	390
Net worth	**2,40,981**	**215**

Statement of Restated Profits and Losses

	Period from August 1, 2005 to March 31, 2006	Period ended March 31, 2005
Sales:		
Of products manufactured by the Company	3,93,410	---
Of products traded in by the Company	---	---
Total	**3,93,410**	---
	3,468	225
Other Income	1,44,941	---
Increase (Decrease) in Inventories	**5,41,819**	**225**
Expenditure		
	2,52,723	---
Raw Materials consumed / Purchases	39,130	---
Staff Costs	1,65,891	---
Other Manufacturing expenses / Direct Costs	42,159	55
Administration Expenses	12,553	---
Selling and Distribution Expenses	2,026	4
Interest on Export Factoring	4,906	
Other Interest	**5,19,388**	**59**
	22,431	166
Net Profit before Tax and Extra ordinary items	703	61
Taxation – Current / Deferred	21,728	105
Net Profit before Extraordinary items	---	---
Extra-ordinary items (net of tax)	21,728	105
Net Profit after Extraordinary items	105	---
Balance brought forward from Previous Year	441	---
Proposed Dividend on Preference	3,223	---
Proposed Dividend on Equity	479	---
Tax on Dividend		
	17,690	**105**
Balance Carried to Balance Sheet		

GENERAL INFORMATION

Registered office of the Company

Synergies Castings Limited
Flat No.4A, Sampathji Apartments,
6-3-855/10/A, Saadat Manzil,
Ameerpet,
Hyderabad – 500016
Tel :+91 40 23413376
Fax :+91 40 23413376
Registration Number : 01-45171

The Company is registered at the Registrar of Companies, Andhra Pradesh situated at 2nd Floor, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500 195.

Works / Corporate Office

Synergies Castings Limited
Plot Nos. 3&4, Visakhapatnam Special Economic Zone (VSEZ)
Duvvada, Visakhapatnam – 530 046
Andhra Pradesh, India
Tel: +91 891 2587181 / 2587181
Fax: +91 891 2587481
E-mail: info@synergies-india.com, cs@synergies-india.com
Web Site: www.synergies-castings.com

Board of Directors

1. Mr. Kieran Francis O'Connor (Independent Director, Chairman)
2. Mr. Chandra Sekhar Movva (Managing Director)
3. Mr. Manoj Khaitan (Executive Director – Finance)
4. Vice Admiral (Retd) AVR Narayana Rao (Executive Director – Technical)
5. Mr. Christian Kumar (Non Executive Director)
6. Mr. Anand Bodapatty (Independent Director)
7. Mr. P.Panduranga Rao (Independent Director)

For further details of the Managing Director and other Directors, please see section titled "The Management" beginning on page 86 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Chandra Sekhara Reddy Battula
Synergies Castings Limited
Plot Nos. 3&4, Visakhapatnam Special Economic Zone (VSEZ)
Duvvada, Visakhapatnam – 530 046
Andhra Pradesh, India
Tel: +91 891 2587181
Fax: +91 891 2587481
E-mail: info@synergies-india.com, cs@synergies-india.com
Web Site: www.synergies-castings.com

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

Legal Advisors to the Issue

Dave & Girish & Co.
Advocates
1st Floor, Sethna Building
55, Maharshi Karve Road
Marine Lines
Mumbai – 400 002, India
Tel: +91-22-22062132 / 22062192/22086371
Fax: +91-22-22085620
Contact Person:Mr. Girish Dave
E-mail: davegirish@vsnl.com
Website: www.davegirish.com

Book Running Lead Managers

Imperial Corporate Finance & Services Pvt. Ltd.
102, Mittal Chambers,
Nariman Point,
Mumbai – 400021
India
Tel: +91-22-22044423, 22046796
Fax: +91-22-22875825
Contact Person: Mr. Ramesh Satagopan
E-mail: imperial@bom3.vsnl.net.in, imperial1@vsnl.com
Website: www.icfs.in

Registrar to the issue

Aarthi Consultants Pvt. Ltd.
1-2-285, DOMALGUDA, HYDERABAD – 500 029
Tel: 040-27638111, 27634445; Fax: 040-27632184
Contact Person: Mr. G. Bhaskar
E-mail: info@aarthiconsultants.com
Website: www.aarthiconsultants.com

Syndicate Member

[.]

Bankers to the issue

[.]

Bankers to the Company

HDFC Bank Limited,
Dwaraka Nagar Branch,
Visakhapatnam – 530 003.
Tel: No. 0891-5573180; Fax. No. 0891-2501668;
Contact Person: Mr.Sridhar

IndusInd Bank Limited,
1st Floor, Mohini Complex,
Main Road, Gajuwaka,
Visakhapatnam – 530 026.
Tel: No. 0891-2758223; Fax. No. 0891-2514124;
Contact Person: Mr.Krishnaji

UTI Bank Limited,
Gajuwaka,
Visakhapatnam – 530 026.
Tel: No. 0891-2766421; Fax. No. 0891-2750093;
Contact Person: Mr.K.N.Gupta

Statutory Auditors

Kalidindi Associates,
Chartered Accountants
BF-A, Crescent Towers
Opp. Eenadu
Seethammadhara
Visakhapatnam – 530 013
Tel: 0891-2534767, Fax: Not available
Contact Person: Mr. K.V.A. Narasimha Raju
E-mail: rajukvan@yahoo.com
Website: Not available

Statement of Inter Se Allocation of Responsibilities for the issue

As there is only one Book Running Lead Manager to the issue, the statement of Inter Se Allocation of Responsibilities is not applicable.

Credit Rating

As the issue is of equity shares, credit rating is not required.

Trustees

As the issue is of equity shares, appointment of trustees is not required

IPO Grading

The Company has not opted for IPO grading.

Book Building Process

Book building refers to the collection of Bids from investors, which is based on this Draft Red Herring Prospectus including the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Managers (BRLM), in this case being Imperial Corporate Finance & Services Private Limited.
3. Syndicate Members, who are the intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLM, in this case being **[•]**
4. The Registrar to the Issue, being Aarthi Consultants Private Limited

SEBI, through its guidelines, has permitted an issue of securities to the public through the 100% Book Building Process, wherein not less than 50% of the Net Issue shall be allocated on proportionate basis to Qualified Institutional Buyers (QIBs), including 5% allocation to domestic Mutual Funds. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Issue Price will be ascertained after the Bid Closing date.

Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. See page 145 for the section titled "Terms of the Issue" in this Draft Red Herring Prospectus.

The Company shall comply with guidelines issued by SEBI for this Issue. In this regard, the Company has appointed **Imperial Corporate Finance & Services Private Limited** as BRLM to the issue to procure subscriptions to the Issue.

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

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.100 to Rs. 120 per share, issue size of 1,800 equity shares and receipt of five bids from bidders. A graphical representation of the consolidated demand and price would be made available on the website of BSE (www.bseindia.com) and also at the bidding centres during the Bidding/Issue Period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	120	500	27.77%
1000	115	1500	83.33%
1500	110	3000	166.67%
2000	105	5000	277.78%
2500	100	7500	416.67%

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 issue is subscribed, i.e., Rs. 110 in the above example. The issuer company in consultation with BRLM, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 110. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

1. Check eligibility for bidding (see the section titled "Issue Procedure - Who Can Bid" on page 149 of this Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attach copies of your PAN card to the Bid cum Application Form
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with ROC, the Company 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 BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate Members do not fulfill their underwriting obligations.

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 of the underwriter	**No. of shares to be underwritten**	**Amount underwritten (Rs. In Lacs)**
	[.]	**[.]**

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

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

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

CAPITAL STRUCTURE OF THE COMPANY

CAPITAL STRUCTURE

	Particulars	Nominal Value (Rs.)	Premium (Rs.)	Total Amount (Rs.)
A	**AUTHORISED** 2,30,00,000 Equity shares of Rs.10 each	23,00,00,000	-	23,00,00,000
B	**ISSUED SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE** 1,28,91,112 equity shares of Rs.10 each fully paid up Comprising of (i) 70,00,000 equity shares issued at par (ii) 58,91,112 equity shares issued at a premium of Rs.26 per share (Out of which a pre IPO Placement of 22,80,000 equity shares was made to Silver Peak Investments (Mauritius) Limited an investment arm of JP Morgan Special Situations Asia LLC, which is a wholly owned subsidiary of JP Morgan Chase & Co., at premium of Rs.26 per equity share)	128,911,120	153,168,912	282,080,032
	4,978,401 12% Redeemable Preference Shares of Rs.10 each fully paid up (8,49,585 Redeemable preference shares out of total 5,827,986 redeemable preference shares were redeemed partly on 7th June 2006 and the balance on 9th June,2006)	49,784,010	-	49,784,010
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS** **5108888 equity shares of Rs.10 each**	51,088,880	**[.]**	**[.]**
	Out of which			
	(i) 4,13,888 equity shares are reserved for the Promoters, their friends, relatives and associates	4,138,880	**[.]**	**[.]**
	(ii) 1,50,000 equity shares are reserved for the employees of the Company	1,500,000	**[.]**	**[.]**
D	**NET ISSUE TO THE PUBLIC** 45,45,000 Equity Shares of Rs.10 each at a premium of Rs.**[.]** per share	45,450,000	**[.]**	**[.]**
E	**PAID UP EQUITY CAPITAL AFTER THE PRESENT ISSUE** 18,000,000 Equity Shares of Rs.10 each	180,000,000	**[.]**	**[.]**

Details of increase in Authorised Capital

S.No.	Particulars of increase	Date of Shareholder's meeting
1	From Rs.5,00,00,000 to Rs.11,00,00,000	3rd November, 2005
2	From Rs.11,00,00,000 to Rs.20,00,00,000	26th December'2005
3	From Rs.20,00,00,000 to Rs,23,00,00,000	24th January,2006

The subscription by the promoters for equity shares to be allotted shall be brought in at least one day before the opening of the issue at the higher price band. The Company would furnish a certificate from their Auditor confirming the contribution to SEBI. The equity shares to be allotted in this category shall be for a minimum amount of Rs.25,000 in case of individuals and Rs.1,00,000 in the case of corporate bodies. The said amount shall be kept in an escrow account with a scheduled commercial bank and the said contribution/amount shall be released to the Company along with the public issue proceeds.

NOTES TO THE CAPITAL STRUCTURE

A) Share Capital History Of the Company

Date on which Equity Shares were allotted and made fully paid up	Number Of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature Of Consideration	Reasons For allotment	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
24/1/2005	50,000	10	10	Cash	Subscribers to the Memorandum	5,00,000	-
3/11/2005	6,950,000	10	10	Cash	Further Issue	70,000,000	-
12/11/2005	3,611,112	10	36	Cash	Further Issue	106,111,120	9,38,88,912
15/05/2006	2,280,000	10	36	Cash	Further Issue	22,800,000	15,31,68,912

B) Promoters' contribution and lock in.

The shareholding of the Promoter and the Promoters Group would be locked-in for a period of three years as under :

Name	Date of Allotment/ Acquisition	Nature of Payment	Number of Equity Shares	Par Value	Issue Price	% of Post Issue Paid up Equity Capital
Abhishek Business Private Limited	November 12, 2005	Cash	25,341	10	36	0.15%
Asantra Investments Limited	November 12, 2005	Cash	106,760	10	36	0.62%
Nayan Chirala	November 12, 2005	Cash	12,672	10	36	0.07%
Chandanasri Surapaneni	November 12, 2005	Cash	81,452	10	36	0.47%
Chandanasri Surapaneni	May 15, 2006	Cash	32,581	10	36	0.19%
Lakkamsani Santhi	November 12, 2005	Cash	3,622	10	36	0.02%
MFL Net Services Pvt. Limited	November 12, 2005	Cash	36,202	10	36	0.21%
Mimosa Enclave (P) Ltd.	November 12, 2005	Cash	320,179	10	36	1.86%

Mimosa Enclave (P) Ltd.	February 9, 2006	Cash	9,052	10	36	0.05%
Munisekhar Medasani	November 12, 2005	Cash	3,622	10	36	0.02%
Dr. Prasada Rao Ravella	November 12, 2005	Cash	5,430	10	36	0.03%
Rachit Finance Private Limited	November 12, 2005	Cash	9,052	10	36	0.05%
Raghavendra Rao Chlasani	November 12, 2005	Cash	9,052	10	36	0.05%
Raghavendra Rao Chlasani	May 15, 2006	Cash	4,525	10	36	0.03%
Ramila Parekh	November 12, 2005	Cash	3,622	10	36	0.02%
Samir Parikh	November 12, 2005	Cash	1,811	10	36	0.01%
Sivarama Prasad Surapaneni	November 12, 2005	Cash	45,252	10	36	0.26%
Sivarama Prasad Surapaneni	May 15, 2006	Cash	12,670	10	36	0.07%
Sri Sudha Nuthalapati,	November 12, 2005	Cash	45,252	10	36	0.26%
Srinivasa Pradyumna	November 12, 2005	Cash	9,052	10	36	0.05%
Thinc Destini Commercial (Asia) SPV Limited	November 12, 2005	Cash	2,709,914	10	36	15.75%
Usha Mor	November 12, 2005	Cash	18,102	10	36	0.11%
Vamsidhar Medikonda	November 12, 2005	Cash	9,052	10	36	0.05%
Vamsidhar Medikonda	May 15, 2006	Cash	4,525	10	36	0.03%
Venkata Ramana Yelamanchili	November 12, 2005	Cash	9,052	10	36	0.05%
Venkata Ramana Yelamanchili	May 15, 2006	Cash	12,670	10	36	0.07%
Venkata Vishnu Vara Prasad Anne	November 12, 2005	Cash	9,052	10	36	0.05%
Venkata Vishnu Vara Prasad Anne	May 15, 2006	Cash	17,196	10	36	0.10%
Arjun Securities	February 9, 2006	Cash	18,102	10	36	0.11%
Vijay Kumar Surapaneni	May 15, 2006	Cash	17,196	10	36	0.10%
Gudipudi Venugopal Chowdry	May 15, 2006	Cash	9,050	10	36	0.05%
Total			**3,611,112**			**20.06%**

<u>Notes</u>

The above promoters have given their consent for lock-in as stated above. Shares issued last shall be locked in first. The lock-in period for above mentioned shares will commence from the date of allotment of the shares in the present public issue. Other than the shares mentioned above which are locked in for three years, the entire pre-issue capital of the company shall be subject to a lock-in for a period of one year from the date of allotment in this issue.

Locked-in Equity shares held by the promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16(b) of the SEBI guidelines, Equity shares held by the promoters may be transferred to and amongst the Promoters/Promoter group or to a new promoter or persons in control of the company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Further, in terms of clause 4.16(a) of the SEBI guidelines, Equity shares held by the shareholders other than the promoters may be transferred to any other person holding shares which are locked-in as per clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Details of Shares Pledged

1,478,616 equity shares were pledged in respect of the Bridge Loan availed by the Company from J.P. Morgan Chase Bank National Association, Mumbai (vide Loan Agreement dated March 17,2006) for Rs.9.00 crores.

The loan was subsequently fully repaid along with accrued interest on 16.05.2006 and the share pledge was vacated.

Sale or purchase of equity shares by Promoter Group and Directors of Promoter during the period of 6 months preceding the date of filing the Draft Red Herring Prospectus with SEBI

Sl. No.	Transferee	Transferor	Date on which shares purchase or sold	Number of shares	Par value	Consideration	Purchase / sale price
1	Mimosa Enclave Private Limited	Ritona Vinimay Private Limited	February 9, 2006	17410	10.00	cash	10.00
2	Mimosa Enclave Private Limited	Ritona Vinimay Private Limited	February 9, 2006	9052	10.00	cash	36.00
3	Arjun Securities	Carnex Distributors (P) Limited	February 9, 2006	34830	10.00	cash	10.00
4	Arjun Securities	Carnex Distributors (P) Limited	February 9, 2006	18102	10.00	cash	36.00
5	Chandanasri Surapaneni	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	62708	10.00	cash	10.00
6	Chandanasri Surapaneni	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	32581	10.00	cash	36.00
7	Sivarama Prasad Surapaneni	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	24386	10.00	cash	10.00
8	Sivarama Prasad Surapaneni	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	12670	10.00	cash	36.00
9	Venkata Ramana Yelamanchili	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	24386	10.00	cash	10.00
10	Venkata Ramana Yelamanchili	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	12670	10.00	cash	36.00
11	Venkata Vishnu Vara Prasad Anne	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	33096	10.00	cash	10.00
12	Venkata Vishnu Vara Prasad Anne	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	17196	10.00	cash	36.00
13	Vamsidhar Medikonda	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	8709	10.00	cash	10.00

14	Vamsidhar Medikonda	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	4525	10.00	cash	36.00
15	Raghavendra Rao Chalasani	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	8709	10.00	cash	10.00
16	Raghavendra Rao Chalasani	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	4525	10.00	cash	36.00
17	Vijay Kumar Surapaneni	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	33096	10.00	cash	10.00
18	Vijay Kumar Surapaneni	Vijay Nirman Company Pvt. Ltd.	May 15, 2006	17196	10.00	cash	36.00
19	K.R.Murgesh	Mimosa Enclave Pvt. Ltd.	May 15, 2006	20000	10.00	cash	25.00
20	Shamini Murgesh	Mimosa Enclave Pvt. Ltd.	May 15, 2006	16000	10.00	cash	25.00
21	Annapurna Jalan	Mimosa Enclave Pvt. Ltd.	May 15, 2006	1000	10.00	cash	30.00
22	Srikanth Karra	Mimosa Enclave Pvt. Ltd.	May 15, 2006	500	10.00	cash	25.00
23	G.L.Saraf	Mimosa Enclave Pvt. Ltd.	May 15, 2006	7500	10.00	cash	25.00
24	Zainuddin H. Aarif	Mimosa Enclave Pvt. Ltd.	May 15, 2006	5000	10.00	cash	25.00
25	Gudupudi Venugopal Chowdry	Dr. Prasada Rao Ravella	May 15, 2006	17419	10.00	cash	10.00
26	Gudupudi Venugopal Chowdry	Dr. Prasada Rao Ravella	May 15, 2006	9050	10.00	cash	36.00
27	Anita Kumar	Mimosa Enclave Pvt. Ltd.	May 26, 2006	25000	10.00	cash	20.00
28	Gayatri Automobile Pvt. Ltd.	Mimosa Enclave Pvt. Ltd.	May 26, 2006	55600	10.00	cash	36.00
29	L.V. Fintrade Pvt. Ltd.	Mimosa Enclave Pvt. Ltd.	May 26, 2006	10000	10.00	cash	20.00
30	R.V. Maheswari	Mimosa Enclave Pvt. Ltd.	May 26, 2006	12500	10.00	cash	20.00
31	G. Mallikarjuna Rao	Mimosa Enclave Pvt. Ltd.	May 26, 2006	2500	10.00	cash	20.00
32	Srivalli Shipping & Transport Pvt. Ltd.	Mimosa Enclave Pvt. Ltd.	May 26, 2006	20000	10.00	cash	20.00
33	Pothineni Sri Rama Krishna	Mimosa Enclave Pvt. Ltd.	May 26, 2006	45455	10.00	cash	33.00
34	Mimosa Enclave Private Limited	MFL Net Services Pvt. Ltd.	May 31, 2006	26846	10.00	cash	10.00
35	Mimosa Enclave Private Limited	Dr. Prasada Rao Ravella	May 31, 2006	4027	10.00	cash	10.00
36	Mimosa Enclave Private Limited	Gudipudi Venugopal Chowdry	May 31, 2006	6712	10.00	cash	10.00
37	Mimosa Enclave Private Limited	Lakkamsani Santhi	May 31, 2006	2683	10.00	cash	10.00

38	Mimosa Enclave Private Limited	Samir Parikh	May 31, 2006	1341	10.00	cash	10.00
39	Mimosa Enclave Private Limited	Romila Parikh	May 31, 2006	2683	10.00	cash	10.00
40	Mimosa Enclave Private Limited	Thinc Destini Commercial (Asia) SPV Limited	June 8, 2006	1989236	10.00	cash	11.77
41	Venkat R Balagani	Mimosa Enclave Pvt. Ltd.	June 8, 2006	105000	10.00	cash	20.30
42	Radha K Balagani	Mimosa Enclave Pvt. Ltd.	June 8, 2006	49200	10.00	cash	26.56
43	Dr. Appa Rao Donthamsetti	Mimosa Enclave Pvt. Ltd.	June 8, 2006	31500	10.00	cash	27.60
44	Venkata Ram Atluri	Mimosa Enclave Pvt. Ltd.	June 8, 2006	31500	10.00	cash	27.51
45	Venugopal Musunuri	Mimosa Enclave Pvt. Ltd.	June 8, 2006	15800	10.00	cash	27.55
46	Prasad Durvasula / Kanthi Durvasula	Mimosa Enclave Pvt. Ltd.	June 8, 2006	15800	10.00	cash	27.50
47	Balakrishna / Sudha Panuganti	Mimosa Enclave Pvt. Ltd.	June 8, 2006	15800	10.00	cash	27.59
48	Sastrulu Madala	Mimosa Enclave Pvt. Ltd.	June 8, 2006	15800	10.00	cash	27.50
49	Kusum Atreya	Mimosa Enclave Pvt. Ltd.	June 8, 2006	31600	10.00	cash	27.55
50	Ravi Nuthalapati	Mimosa Enclave Pvt. Ltd.	June 8, 2006	27100	10.00	cash	32.98
51	Pivotal Securities Private Limited	Mimosa Enclave Pvt. Ltd.	July 3, 2006	600000	10.00	cash	24.00
52	Pasha Finance Private Limited	Mimosa Enclave Pvt. Ltd.	July 3, 2006	600000	10.00	cash	24.00
53	Chandlas Securities Private Limited	Mimosa Enclave Pvt. Ltd.	July 3, 2006	500000	10.00	cash	12.00
54	Thinc Destini Commercial (India) SPV Limited	Thinc Destini Commercial (Asia) SPV Limited	July 3, 2006	4000	10.00	cash	10.00
55	Thinc Destini Commercial Holdings SPV Limited	Thinc Destini Commercial (Asia) SPV Limited	July 3, 2006	4000	10.00	cash	10.00
56	Thinc Destini Commercial Solutions SPV Limited	Thinc Destini Commercial (Asia) SPV Limited	July 3, 2006	4000	10.00	cash	10.00

C) Equity Shares held by top ten shareholders:

The top ten shareholders and the equity Shares held by them on the date of filing the Draft Red Herring Prospectus:

Sl. No.	Name/Names of Joint Holder:	Total
1	Thinc Destini Commercial (Asia) SPV Limited	5,924,298
2	Silver Peak Investments (Mauritius) Limited	2,280,000
3	Mimosa Enclave (P) Limited	736,294
4	Pivotal Securities Private Limited	600,000
5	Pasha Finance Private Limited	600,000
6	Chandlas Securities Private Limited	500,000
7	Chandanasri Surapaneni	333,511
8	Asantra Investments Limited	312,240
9	Sivarama Prasad Surapaneni	169,398
10	Sri Sudha Nuthalapati	132,342
		11,588,083

The top ten shareholders and the Equity shares held by them **ten days** prior to the date of filing the Draft Red Herring Prospectus with SEBI are as follows:

Sl. No.	Name/Names of Joint Holder:	Total
1	Thinc Destini Commercial (Asia) SPV Limited	5,924,298
2	Silver Peak Investments (Mauritius) Limited	2,280,000
3	Mimosa Enclave (P) Limited	736,294
4	Pivotal Securities Private Limited	600,000
5	Pasha Finance Private Limited	600,000
6	Chandlas Securities Private Limited	500,000
7	Chandanasri Surapaneni	333,511
8	Asantra Investments Limited	312,240
9	Sivarama Prasad Surapaneni	169,398
10	Sri Sudha Nuthalapati	132,342
		11,588,083

The top ten shareholders and the Equity Shares held by them **two years** prior to filing this Draft Red Herring Prospectus:

As the Company was incorporated on 24.01.2005, Top ten shareholders and the Equity Shares held by them two years prior to filing this Draft Red Herring prospectus is **NOT APPLICABLE**

Preference shares held by top ten shareholders

Sl. No.	Name of the Shareholder	No. of Shares
1	Thinc Destini Commercial (Asia) SPV Limited	1,325,529
2	Geeta Gupta	1,000,000
3	Srinivasa Rao Kothapalli	886,200
4	Prasada Rao Ravella	430,000
5	Sunitha Balagani V. Balagani	275,406
6	Radha K Balagani	199,058
7	Mimosa Enclave (P) Ltd.	150,000
8	Gurjinder Singh	132,676
9	Donthamsetti Appa Rao	132,195
10	Venkata Ram Atluri	132,181
	Total	**4,663,245**

D) Shareholding Pattern of the Company prior and post this Issue

Shareholding pattern prior and post this issue

Shareholders	Pre-issue		Post-Issue	
	Number of Equity shares	Percentage	Number of Equity shares	Percentage
PROMOTER GROUP (A+B+C)				
A) PROMOTERS				
Thinc Destini Commercial (Asia) SPV Limited.	5924298	45.96%	5924298	32.91%
Chandra Sekhar Movva	24975	0.19%	24975	0.14%
Manoj Khaithan	24975	0.19%	24975	0.14%
TOTAL HOLDING OF PROMOTER	**5974248**	46.34%	**5974248**	33.19%
B) PROMOTER GROUP				
Thinc Destini Commercial (India) SPV Limited	4000	0.03%	4000	0.02%
Thinc Destini Commercial Holdings SPV Limited	4000	0.03%	4000	0.02%
Thinc Destini Commercial Solutions SPV Limited	4000	0.03%	4000	0.02%
Others	2364709	18.35%	2364709	13.14%
TOTAL HOLDING OF PROMOTER GROUP	2376709	18.44%	2376709	13.20%
C) TOTAL PROMOTER AND PROMOTER GROUP HOLDINGS (including Promoters' Reservation of 4,13,888 equity shares) (A+B)	**8,350,957**	**64.78%**	**8,764,845**	**48.69%**
D) OTHER INVESTORS				
Silver Peak Investments (Mauritius) Limited	2280000	17.69%	2280000	12.67%
Pivotal Securities Private Limited	600000	4.65%	600000	3.33%
Pasha Finance Private Limited	600000	4.65%	600000	3.33%
Chandlas Securities Private Limited	500000	3.88%	500000	2.78%
Others	560155	4.35%	560155	3.11%
E) Total Pre Issue Share Capital (E=C+D)	12,891,112	100.00%	13,305,000	73.92%
F) Reserved Category				
Reserved for Employees			150,000	0.83%
G) Net Offer to the Public			4,545,000	25.25%
TOTAL POST ISSUE SHARE CAPITAL			**18,000,000**	**100.00%**

E) Buyback and Standby Agreements

Neither the Company nor Directors nor the Promoters nor the Promoters Group Companies, their respective Directors, the BRLMs have entered into any buyback and/or standby arrangements for the purchase of the Company's Equity shares from any person.

F) Over-subscription

An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to nearest integer while finalizing the basis of allotment.

G) In this issue, in case of over-subscription in all categories, not less than 50% of the issue shall be allocated on proportionate basis to Qualified Institutional Buyers out of which 5% shall be available for allocation on a proportionate basis to mutual funds. The remainder shall be available for allotment on a proportionate basis to QIBs and mutual funds. Not less than 15% of the issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in the non-institutional bidders and retail bidders category would be met with spillover from other categories at the sole discretion of the Company in consultation with BRLMs.

H) Only eligible employees would be eligible to apply in the Issue under the Employee Reservation Portion on competitive basis. Eligible Employees can also make Bids in the Net Public Offer and such bids shall not be treated as multiple bids.

I) Under-subscription, if any in the Employee Reservation Category would be met with spill over from the Net Offer to the Public category at the sole discretion of the Company in consultation with the BRLMs.

J) Cash flow statement showing the deployment of promoters' contribution which has been brought in prior to the public issue and already deployed by the Company.

I. <u>Source of Funds</u>	(Rs. In lacs)
1. By Thinc Destini Commercial(Asia) SPV Limited, Mauritius	1497.13
2. By Chandra Sekhar Movva & Associates	502.87

	2000.00

II. <u>Application of Funds</u>	
1. Start up Expenses	88.30
2. Design, Engineering & Development Expenses	26.56
3. Preliminary & Pre-Operative Expenses	17.51
4. Refurbishment of Machinery	22.08
5. Margin Money Deposit(Bank Guarantees)	20.00
6. Capital Expenditure	23.98
7. For Working Capital	1801.57

	2000.00

OBJECTS OF THE ISSUE

The objects of the issue are to:

(i) raise capital for financing the cost of Capital Expenditure for installation of balancing equipment for De-bottlenecking and Upgrading the Alloy Wheel Plant, the Chrome Plating Plant and Tool Room for Die manufacturing;

(ii) raise the margin for long-term working capital requirements; and

(iii) meet the expenses of the present Issue.

The net proceeds of the issue after deducting underwriting and management fees, selling commissions and all other issue related expenses is estimated at Rs. [.] million. The issue amount will be determined based on the issue price discovered through the book-building process.

In the event of a shortfall in raising the requisite capital from the proceeds of the fresh issue, in meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals and/or from fresh debt. In case of any surplus of monies received in relation to the Fresh Issue, the Board of Directors in accordance with Company's policies will take necessary steps to determine the proper application of such monies for general corporate purposes; which may include capital expenditure and/or working capital.

Funds Requirement:

The estimated cost of the proposed de-bottlenecking, as envisaged by the management is as follows:

(Rs. In Lakhs)

Sl.No.	Particulars	Total Project Cost
A	De-bottlenecking and Upgrading of Alloy Wheel Plant, Chrome Plating Plant and Tool Room.	1674.00
B	Margin for Long-term Working capital requirement	244.00
C	Expenses of the Issue	159.00
	Total	**2077.00**

The main objects clause of the Memorandum of Association and the objects incidental and ancillary to the main objects enable the Company to undertake its existing activities as well as activities for which the funds are being raised through the present Issue.

MEANS OF FINANCE

The above fund requirement is proposed to be financed as under:

(Rs. In Lakhs)

Particulars	Amount
Public Issue of Equity Shares	1839.00
Pre -IPO equity contributions	238.00
Total	**2077.00**

DETAILS OF PROJECTS

A. DE-BOTTLENECKING AND UPGRADING OF ALLOY WHEEL PLANT AND CHROME PLATING PLANT:

Alloy Wheel Plant

The Company intends to de-bottleneck the Alloy Wheel Plant (present capacity 0.52 million wheels per annum based on a standard wheel size of 17"). The installation of the equipments will take place in the existing premises only as there is sufficient space to accommodate the new machinery. The Company has on-hand orders from General Motors to deliver wheels of 20" diameter and higher. The Company intends to do the de-bottlenecking and upgrading of the Alloy Wheel Plant to accommodate the manufacturing of bigger size wheels (i.e. > 20"). Some of existing equipments are not designed for manufacturing bigger size wheels on a commercial basis, as the current plant was designed to handle upto a maximum of 20" wheels only. Thus, to manufacture wheels of size exceeding 20" diameter (including the 22" Cadillac Escalade order from General Motors - USA) would require additional equipment / upgrading of existing equipment.

Chrome Plating Plant

The Company intends to do de-bottlenecking and upgrading of Chrome Plating Plant to accommodate the manufacturing of bigger size wheels (i.e. > 20"). Some of the existing equipments are not designed for, nor capable of manufacturing bigger size wheels on a commercial basis, as the current plant was been designed to handle only upto a maximum of 20" wheels only. Thus, to manufacture bigger size wheels exceeding 20" diameter (including the 22" Cadillac Escalade 'chrome wheel' order from General Motors - USA) would require upgradation of tanks, jigs, rectifiers, filters, chillers, compressors, etc.

The Company has already placed orders for some of the machines and for the remaining machinery, negotiations with the suppliers are on. The costs of each item, other than the items for which orders have been placed, are indicative and based on prevailing market rates and previous orders for similar equipments. The actual costs may vary.

B. UPGRADING & REFURBISHMENT OF TOOL ROOM FOR DIE PARTS MANUFACTURE / REPAIR and REFURBISHMENT of MOULDS:

The Company intends to upgrade and refurbish the Tool Room to make certain parts of the mould that are currently being imported, or require repeated replacements / refurbishment. A Key element of manufacturing precision castings is the design and manufacture of the moulds / dies which make the products. One of the key strengths of the Company is its ability to custom design the die to enhance life, to custom design cooling rings, to improve the mould flow, and thereby enable good quality castings.

Also, an in-house sophisticated tool room allows the Company to retain the in-house developed know-how related to design of the dies / cooling rings / other parts of the mould.

The break up of the costs involved for the project is as under:

Description	Estimated Cost (Rs. In Lakhs)	Probable Suppliers
Casting Equipment : LPDC machines, upgradation of existing machines and holding	235.00	GIMA GmbH

furnace		
X- Ray equipment	240.00	YXLON International, GE Inspection Technologies, FinePro Corporation
CNC Equipment : 2 turning centers, 1 pallet, and ugradation of existing CNC 's	607.00	IMT Asia Pte Ltd., MMK Co. Ltd., Chiron-Werke GmBH & Co.,Far East Machinery Co. Ltd.
Air compressors, chillers, DM (De-Mineralised) water plant, Effluent Treatment Plant upgradation, cooling tower pump	105.00	Atlas Copco (India) Limited, Ingersoll-Rand India Limited, Blue Star Limited, Vayubodhan Upkaran Private Limited
Forklifts and Material handling	38.00	Godrej & Boyce Mfg. Co. Ltd., Romesh & Co., Josts Engineering Company Limited
Polishing facility : grinding stations, buffing stations, semi-automatic polishing machines	66.37	Precision Castings Ltd.,
Chrome line upgradation : additional Copper tanks, rectifiers, filters, pumps, HAS modification in line 2	47.00	PAL HK/ Kamtress Automation Systems Pvt Ltd., Taichung, Plating Associates, etc
Additional Paintline for Paint over chrome line in Chrome Plant	58.22	Josts Engineering Company Limited
Additional Jigs, Shields, Secondary anodes	35.00	Ravi Fabricators; Sakuntala Engineering
First fill Chemicals and Metals	66.10	Atotech, Ottokompu, Inco, Falconbridge,etc
Upgradation of Tool room- Grinders, Milling Machine, EDM, Softwares and Material handling equipment	108.31	Gromax Enterprises(USA),Sparkonix(India) Private Limited ,TCS
Miscellaneous Auxiliary equipments	28.00	NA
Provision for contingencies	40.00	NA
Total	**1674.00**	

C. Working Capital Margin

In the envisaged project, an amount of Rs.977 lacs is being estimated as the additional working capital requirements for future working capital borrowings. The amount of margin for the envisaged long term working capital requirement, i.e., Rs.244 lacs, is being raised through the present issue. The growth in the operations necessitates the company to infuse additional margins to the Current Assets, which would enable it to access the required working capital support from the banks.

The working capital requirement has been calculated on the basis of additional working capital required over a period of next two years. Inventories, Receivables and Advances have been taken at various levels, which is in consonance with industry practice and past trends. **(Rs. Lacs)**

	2006-07	**2007-08**
A. Total Current Assets	7698	8726
B. Other current liabilities and other bank borrowings	369	421
C. Working Capital Gap (A-B)	7329	8305
D. Bank Borrowings	3275	3275
E. Net Working Capital (C-D)	4054	5030
Additional Working Capital Requirement (Rs.5030 lacs – Rs.4054 lacs)		976
Margin for Working Capital @ 25%		244

Assumptions underlying the projections :

a) Stores and Spares – 3 months holding
b) Raw Materials - 1 month
c) Stock in process and Finished Goods in transit / warehouse: overseas customers – 6M ; domestic customers – 2M
d) Receivables have been assumed at 2 months sales
e) Creditors have been assumed at 1.5 months purchases

All the above projections are based on the management's estimate and have not been appraised by any bank.

The present working capital limits are as under: **(Rs. Lacs)**

S.No.	Name of the Institution / Bank	Type Of Loan	Amount Of Loan Sanctioned
1	J.P.Morgan Chase Bank N.A, Mumbai	Secured Term Loan	1250
2	J.P.Morgan Chase Bank N.A, Mumbai	Receivable Finance	1500
3	Foremost Factors Limited	Receivable Finance	525
	TOTAL		**3275**

SCHEDULE OF IMPLEMENTATION:

Activity	Commencement Date	Completion Date
Plant and Machinery and Equipments		
-Placement Of Order	March 2006	September 2006
-Installation And Commissioning	August 2006	December 2006
-Trial Run	September 2006	December 2006
- Commercial Production	September 2006	December 2006

D. Issue Expenses

The expenses for the issue include among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees payable to the stock exchanges. The estimated issue expenses are as follows:

Expenses Incurred	Estimated Expenses
BRLM	[.]
Registrar to the Issue	[.]
Advisors (Legal Counsel and Auditors)	[.]
Marketing Costs	[.]
Others (Insurance, printing, stamp duty, listing fees, depository fees, SEBI filing fees, postage and other related expenses)	[.]
TOTAL	[.]

Interim Use of Proceeds

Pending use of funds as described above, the Company intends to invest the proceeds of the Issue in high quality, interest/ dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorized by the Board or a duly authorized committee thereof. The Company may also use the same to fund its existing working capital requirement on a temporary basis.

Monitoring of the Issue Proceeds

No bank or financial institution or any other organization has appraised the de-bottlenecking project and proposed use of proceeds to be raised through the issue. No independent body will be monitoring the use of proceeds. The deployment of proceeds of the issue will be determined based on the Company's management's internal estimates. All the figures under the utilization of funds raised are based on the Company's own estimates.

BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, the terms of this Red-Herring Prospectus, Bid-Cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and/or other authorities, as in force on the date of the Issue and the extent applicable.

BASIS FOR ISSUE PRICE

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

QUALITATIVE FACTORS

The Company manufactures chrome plated alloy wheels in India

SYNCAST uses the LPDC technology to manufacture alloy wheels. The alloy wheels have a uniform finish and are of a better quality as compared to alloy wheels manufactured using other technology. Also, SYNCAST is the only company in India to manufacture OEM standard chrome plated wheels.

SYNCAST is the OEM supplier for GM, Ford and other such reputed automobile manufacturing companies.

Location

SYNCAST is a 100% EOU located in the Visakhapatnam Special Economic Zone. Due to the location, it is currently entitled to the following benefits:

- Duty free imports of capital equipment

- Duty free import of raw materials, consumables, spares and other inputs
- Income tax exemption under Section 10B on export profits upto Assessment Year 2009-10
- Annual entitlement at concessional rates of duties to sell in the domestic market up to a value equal to 50% of the FOB value of exports.

Other Factors affecting the Company

- Competence to manufacture bigger size alloy wheels (upto “24”)
- Competence to plate Chrome on wheels.
- Integrated facilities with all test equipment in-house
- ‘Full Service Supplier’ competence
- All necessary global quality certifications received: ISO / TS 16949:2002, EMS 14001.
- Orders for supplies from a premier Customer base: GM, Ford, Toyota, Tata Motors, M&M in INDIA + Ford-Europe, GM - USA.
- A low cost global infrastructure that ensures competitive pricing.
- Motivated and competent workforce; a committed, experienced, globally aware management team
- Audited and approved for supply to GM, Ford and LandRover.
- Highly increasing demand for bigger size, and chrome finished wheels to support several plants of current size
- Deluge of RFQ’s from Global OEM’s like Volvo Cars, Jaguar, LandRover, GM – USA and Europe, Ford – Europe, Australia, South Africa, Thailand, USA, Subaru.
- One of the early mover in a growing domestic market.
- The two-wheeler ‘alloy wheel market’ set to expand rapidly: opportunity for several plants of current size
- The automotive, engineering, aerospace ‘aluminium’ castings opportunity is expected to grow dramatically in the next ten years.
- Substantial growth in demand for bigger size alloy wheels and chrome plated wheels, which are the Company’s manufacturing strengths.

QUANTITATIVE FACTORS

1. Adjusted Earnings per share (EPS) of face value Rs. 10/-

Period	EPS (Rs.)	Weight
Year ending 31-3-05	2.10*	1
Year ending 31-03-06	2.01	2
Weighted Average	**2.04**	

*The income is derived by virtue of providing services for repairing CNC machine and not from the activity of manufacturing alloy wheels.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [•]

Based on the adjusted EPS of Rs.2.01 for the Financial Year ended 31st March, 2006, the Issue Price at the lower price band of Rs. 30, answers to a P/E multiple of 14.93 and at higher price band of Rs. 36, answers to a P/E multiple of 17.91.

3. Return on Net worth (RONW)

Period	Return On Net Worth (%)	Weight
Year ending 31/3/05(1-2-05 to 31-3-05)	48.96	1
Year ending 31/3/06	9.02	2
Weighted Average	**22.33**	

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS of Rs. [•] is [•]

5. Net Asset Value (NAV) per share :

a. NAV as on 31-3-06	Rs. 17.22
b. Issue Price	[.]
c. NAV after the Issue	[.]

Note : Net Asset Value Per Share = Equity Share Capital plus Reserves & Surplus Less Miscellaneous Expenditure to the extent not written off / No. of Equity Shares

6. Industry P/E Ratio

Highest (Setco Automotive)	75.1
Lowest (Raunaq Auto)	5.9
Average	40.5

Source: Capital Market – July 3-16,2006, Segment : Auto Ancillaries

7. Comparison with Industry Peers

Particulars	Market Price on 26.06.06 (Rs.)	Earning per Share (Rs.)	Price Earning	Return on Networth (%)	Book Value (Rs.)
Enkei Castalloy	335	16.10	20.8	42.70%	47.80
Wheels India	223	27.70	9.0	25.60%	123.70
Steel Strips Wheels	108	9.30	11.6	35.4%	44.30

Source: Capital Market – June 5-18,2006, Segment : Auto Ancillaries

7.The face value of Equity Shares of the Company is Rs.10 and the Issue Price is [.] times of the face value

The Issue Price of Rs. [.] has been determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

STATEMENT OF TAX BENEFITS

Date: 11th July 2006

To
Synergies Castings Limited
Flat No.4A, Sampathji Apartments
6-3-855/10/A, Saadat Manzil
Ameerpet, Hyderabad – 500 016.

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Synergies Castings Limited and its shareholders under the current tax laws presently in force in India as amended by the Finance Act, 2006.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below 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, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with
- The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For Kalidindi Associates,
Chartered Accountants

K.V.A. NARASIMHA RAJU
Proprietor

Benefits available to the company:

Benefit under Section 10B of Income Tax Act:

Under Section 10B of the Income Tax Act, the Company is eligible for tax benefits available to EOUs.

- Deduction under section 35D of the Act

Under section 35D of the Act the Company is eligible to claim amortisation of preliminary expenses, subject to limits specified in sub-section (3) of the said section.

- Dividends exempt under section 10(34) and 10(35) of the Act.

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic company would be exempted as per the provisions of section 10(34) read with section 115O of the Act. Further, income received from units of a Mutual Fund specified under section 10(23D) of the Act would also be exempt as per the provisions of section 10(35) of the Act.

- Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of Unit Trust of India ('UTI') or Mutual Fund units or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets if these are held for a period exceeding twelve months.

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

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

Effective October 1, 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

Effective October 1, 2004, as per the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)] are subject to tax at the rate of 10% (plus applicable surcharge and cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

- Exemption of capital gain from income-tax

As per section 54EC of the Act and subject to the conditions specified therein capital gains arising to the Company on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by the National Highways Authority of India ('NHAI') and the Rural Electrification Corporation Ltd. ('REC') on or after 1st day of April, 2006.

Where the cost of the notified bonds has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1) of Section 54EC,--

(a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(b) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising from the transfer (before 1st day of April, 2006) of listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring equity shares forming part of an eligible issue of share capital. The investment is required to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions:

a. The issue is made by a public company formed and registered in India; and

b. The shares forming part of the issue are offered for subscription to the public.

Where the cost of the Eligible issue of capital has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1) of Section 54ED,--

(a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(b) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006

There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. It may be relevant to note that the Central Board of Direct Taxes ('CBDT') has clarified vide its Circular No.7/2003 dated September 5, 2003, that the term 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the Company or by the existing shareholders of the Company.

Benefits to the Resident Shareholders

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

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

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except for shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets if these are held for a period exceeding twelve months.

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

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

Effective October 1, 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

Effective October 1, 2004, as per the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are subject to tax at the rate of 10% (plus applicable surcharge and cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

3. Exemption of capital gains arising from income tax

As per section 54EC of the Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by NHAI and REC on or after 1st day of April, 2006.

Where the cost of the notified bonds has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1) of Section 54EC,--

(c) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(d) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising from the transfer (before 1st day of April, 2006) of listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring equity shares forming part of an eligible issue of share capital. The investment is required to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions:

a. The issue is made by a public company formed and registered in India; and

b. The shares forming part of the issue are offered for subscription to the public.

Where the cost of the Eligible issue of capital has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1) of Section 54ED,--

(a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(b) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006

There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. At this stage, it may be relevant to note that the CBDT has clarified vide Circular No.7/ 2003 dated September 5, 2003, that 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual/ HUF should not own more than one residential house other than the new residential house on the date of transfer.

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

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

4. Rebate under Section 88E of the Act

As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

Benefits to the Non-Resident Shareholders

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

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

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except for shares held in a company or any other listed securities or units of UTI or units of Mutual Fund or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets if these are held for a period exceeding twelve months.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. Under first proviso to section 48 of the Act, the taxable capital gains arising on transfer of capital assets being shares or debentures 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 done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 112 of the Act, long-term gains are subject to tax at a rate of 20% (plus applicable surcharge and cess).

Effective October 1, 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

Effective October 1, 2004, as per the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess), provided the transaction is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

3. Exemption of capital gain from income-tax

As per section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the non-resident individual on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by NHAI and REC on or after 1st day of April, 2006.

Where the cost of the notified bonds has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1) of Section 54EC,--

(a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(b) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising from the transfer (before 1st day of April, 2006) of listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring equity shares forming part of an eligible issue of share capital. The investment is required to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions:

a. The issue is made by a public company formed and registered in India; and

b. The shares forming part of the issue are offered for subscription to the public.

Where the cost of the Eligible issue of capital has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1) of Section 54ED,--

(a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006 There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. At this stage, it may be relevant to note that the CBDT has clarified vide Circular No.7/ 2003 dated 5 September 2003, that 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual/ HUF should not own more than one residential house other than the new residential house on the date of transfer.

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

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Benefits to the Non-Resident Indian Shareholders

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

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

2. Computation of capital gains

As per the provisions of section 115I of the Act, a Non-resident Indian ('NRI') as defined therein has the option to be governed by the normal provisions of the Act or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter *inter alia* entitles an NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, taxable long-term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10% (plus applicable surcharge and cess)

As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian company would not be chargeable to tax. To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act.

If whole or part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

As per the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if:

Their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both; and

The tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

As per the provision of section 115H of the Act, when a NRI becomes assessable as a resident in India, the provisions of the Chapter XII-A can continue to apply in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

3. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

Benefits to the Foreign Institutional Investor ('FII')

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

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

2. Capital gains

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

Nature of Income Rate of tax (%) *

Long-term capital gains 10

Short-term capital gains 30

* Plus applicable surcharge and cess

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

From October 1, 2004 long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act on being subject to Securities Transaction Tax as levied under Chapter VII of the Finance (No. 2) Act of 2004.

From October 1, 2004 short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D) of the Act) exchange to Corporate FIIs are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess) on being subject to Securities Transaction Tax levied under Chapter VII of the Finance (No. 2) Act of 2004).

3. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

Benefits to the Mutual Funds

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

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

2. Income exempt under section 10(23D) of the Act

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 thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

Benefits to the Venture Capital Companies / Funds

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

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

2. Income exempt under section 10(23FB) of the Act

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified.

Benefits available under the Wealth-tax Act, 1957 (Common to all)

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

Benefits available under the Gift-tax Act (Common to all)

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

IV. ABOUT THE ISSUER

1. INTRODUCTION

The Business Segment

SYNCAST is in the business of engineering and manufacturing aluminium alloy wheels (of various sizes : 12" – 24" diameter, and various finishes : painted, polished, chrome plated), used in cars, SUV's and other types of vehicles. These wheels are a substitute for the traditional steel wheels, and have become increasingly popular in recent times because of their aesthetic and engineering benefits.

Leveraging it's capabilities in precision casting and finishing of aluminium, SYNCAST has recently entered the lucrative field of high-end specialized precision aluminum castings.

The increased demand for aluminium products, increased environmental sensitivity, and the global outsourcing phenomenon implies a potentially huge growth opportunity.

The Product

SYNCAST's current product profile includes the following:

- Alloy Wheels of various sizes, and its accessories
- Aluminium Precision Engineering Castings
- High-end Chrome plating on aluminium / plastics
- High-end Design, Engineering, Development Services

The current capacity is 520,000 per annum of aluminium alloy wheels, with 180,000 wheels chrome plating capacity per year. Based on the average weight of a wheel being 10 kilograms, the capacity in terms of tonnage is 5200 MT.

Alloy Wheels: Advantages

Alloy wheels are used as replacement for traditional steel wheels:

- Lighter weight: better mileage, reduced emission, improved acceleration
- Increases engine speed and efficiency
- Lower inertia
- Better tyre life and braking
- Superior ride / lesser vibrations
- Superior aesthetics, custom looks, multitude of designs
- Environmentally friendly
- Higher thermal conductivity

Stringent Environment norms, need for reduced 'un-sprung' load, increased popularity of tubeless tires, need for better balance and uniformity drive the need for alloy wheels

INDUSTRY OVERVIEW

AUTOMOTIVE INDUSTRY

Automotive Industry Trends

Over the last decade, the industry has been marked by consolidation, intense competition, globalization, and increased pressure from investors. These forces will continue to have a significant impact on the automotive industry going forward. There are a number of themes, which are shaping the structure, and the competitive landscape of the industry. These are to a large extent driven by increased global competitiveness, and the estimated excess production capacity amongst OEM's.

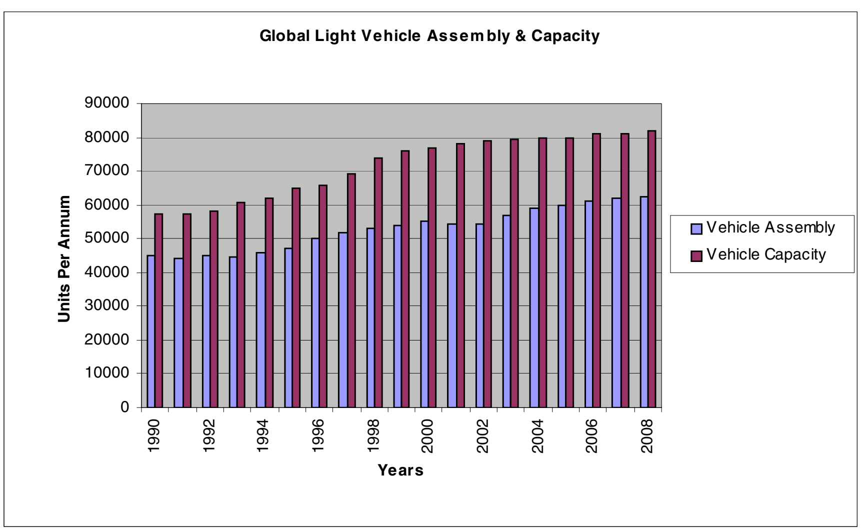
Globalization

Most of the growth in the industry is expected to be generated outside the 'replacement' demand driven markets of North America and Western Europe. This together with the transferability of technology, simplification of products, processes and systems, convergence of market needs, and opportunities for efficiencies and economies of scale has made globalization one of the most dominant driving forces in the industry.

Although the world is not a single marketplace, globalization has presented the industry with an array of opportunities. This is not without its risks and issues such as global strategies, global pricing, global integration, global platforms and global mergers, which present the industry with increased complexity and challenges. However, these new dimensions have so far not placed a damper on the enthusiasm with which globalization has been embraced by the industry.

Capacity

The urge by OEM's to globalize, especially those with a "build-where-you-sell" model, has contributed to structural excess in production capacity. This has been exacerbated by the addition of import-substitution capacity in developing markets without a proportional decline in home-market capacity and the addition of capacity that outpaced production growth to meet corporate objectives that are out of line with market reality.

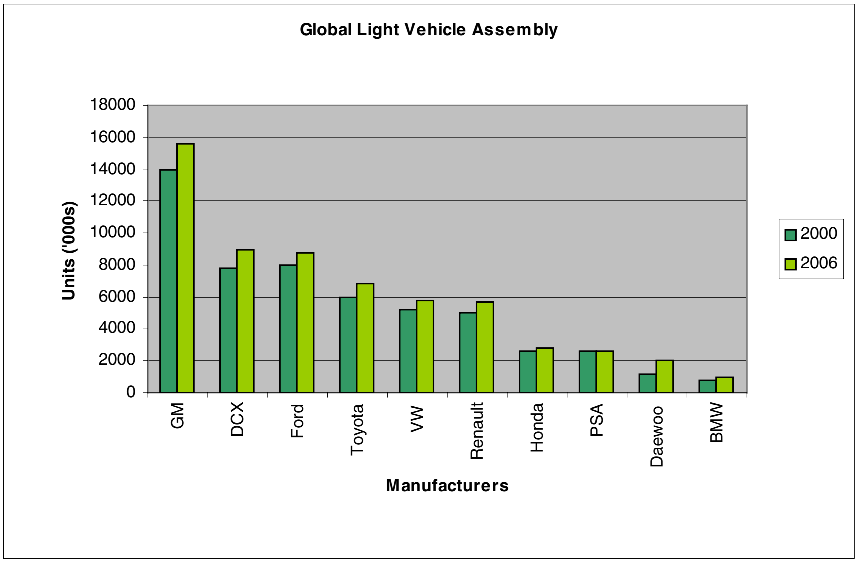


Source: PricewaterhouseCoopers

Given this scenario and difficult economic conditions, the viability of some of the OEM's will be challenged significantly going forward and more consolidation in the industry cannot be ruled out.

Consolidation

Consolidation of industry has to a large degree been fuelled by globalization, excess capacity, and the need for economies of scale and improved profitability. A number of mergers and alliances have been concluded over the last few years and it does not seem to be the end of this trend. After the recent consolidation wave the market position of the top OEM's are as follows:



Source: PricewaterhouseCoopers

Globally 6 OEM's represent over 80 per cent of the global light vehicle assembly market and the top 10 represent over 95 per cent of the assembly market.

Vehicle Brand Owners (VBOs)

Developments in the industry would indicate that the OEM's are rethinking, realigning and redeploying their competencies and assets among their supply chain partners. OEM's are narrowing the scope of their focus and are positioning themselves more as Vehicle Brand Owners. They are increasingly concentrating on design, project management, distribution and marketing.

As OEM's withdraw from their traditional roles, key roles are being outsourced to the most efficient and most capable member of the extended enterprise. Responsibility is being pushed down the supply chain and the selection of the right partners is becoming critical, as the OEM's or VBO's demand higher quality and technology standards, stricter delivery requirements and very favourable competitive prices. At the same time, the OEM's are consolidating the number of key suppliers.

Maximizing Returns

In this competitive industry, business performance is dependent on achieving the best return on investment. Pressures from investors are forcing industry participants to leverage their assets and competencies to generate greater returns. Given the structure of the industry and the size of the top ten global OEM's they are able to exert a disproportionate level of power over medium-small suppliers. Suppliers are therefore under constant pressure of develop more efficient and productive manufacturing techniques in order to reduce the cost of manufacture and to stay competitive.

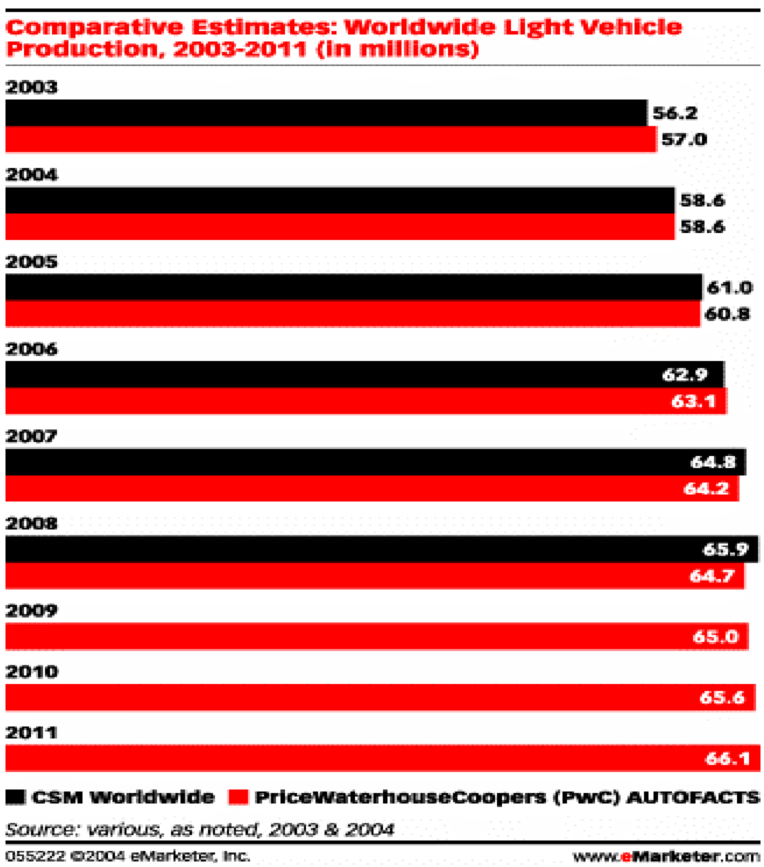
Additionally, in an effort to reduce costs, OEM's have shifted some of their manufacturing facilities to the relatively low cost yet skilled countries of Asia, Eastern Europe and Latin America. To fully reap the cost benefits, this requires a flexible and compliant supply base and world-class logistics.

Technology, Product Development and Differentiation

The changing needs and preferences of society, technology, legislation (safety, fuel efficiency, and emission controls), affordability and pricing are all factors that have a significant influence on the development of new products in the industry. Whereas ten years ago vehicles were relatively simplistic, the vehicles of today and tomorrow are much more sophisticated because of technological advances, legislative requirements and consumer demands.

Global Automotive Industry: Production and Sales Trends

Global production of light vehicles -- passenger cars and light trucks, comprising pick-ups, sport-utility vehicles (SUVs), minivans and most so-called "crossovers" -- will maintain an upward trend throughout the remainder of the decade, according to industry forecasters CSM Worldwide and PwC AUTOFACTS. As a result, the problem of overproduction is not likely to abate. Manufacturers will have to continue to find ways to entice consumers to buy their vehicles. Should they persist in emphasizing rebates, they will have difficulty escaping from their current predicament.



Domestic Automotive Industry

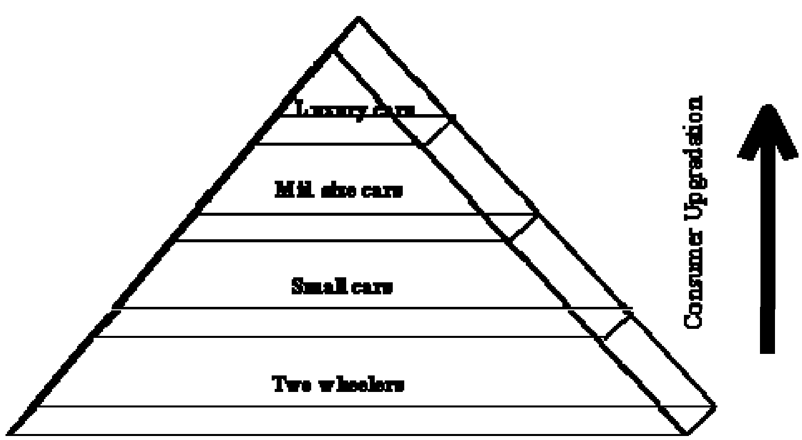
In 1990s, economic liberalization allowed foreign automakers such as Hyundai, Ford, Toyota and GM to set up base in India. The local component manufacturers did not have the requisite size, technology or quality to meet the needs of these international carmakers. The high import tariffs made it unviable for the companies to import components and thus the overseas component suppliers had to set up manufacturing base in India, which resulted in a lower cost of production by about 30%.

The opening up of the sector over the last decade has caught the attention of global auto majors as the only market rivaling China in terms of potential market size and growth opportunity. The global automotive industry is going through a paradigm shift and the global automotive supply chains of OEMs are being reinvented at a rapid pace. These developments present not only highly rewarding opportunities, but also daunting challenges for the automotive industry. A sustained growth in the domestic market and the exponential export growth has been responsible for this exceptionally good performance. The automotive industry is an important part of the growth bound auto industry as a whole.

In 2004-05, the overall vehicle industry grew by 17%, and the four-wheeler segment growth was higher at 23%, passenger cars and commercial vehicles being the major contributor to this high growth in four wheeler segment. Two wheelers grew at a modest rate of 16%. The automotive industry has registered a Compounded Annual Growth Rate of 17% between 1998 and 2003 and is projected by ACMA (Auto Components Manufacturers Association of India) to grow at a Compounded Annual Growth Rate of 15% till fiscal 2012. (Source: ACMA Annual Report 2004-05)

Many automobile majors are shifting their base to India as India has resources in terms of qualified workforce, design capability and raw materials. As the automobile industry has grown and matured, the Indian automotive industry has also grown tremendously, and is rapidly achieving global competitiveness both in terms of cost and quality. In the recent years, the Indian automotive industry has flourished like never before. Industry observers believe that the auto components industry is poised to take off and is one of the handful of industries where India has a distinct competitive advantage. This extra ordinary growth that the automotive industry has witnessed is due to the improvement in the living standards of the middle class, and an increase in their disposable incomes.

The following figure describes the structure of the Indian Passenger Vehicle market:



Source : Frost & Sullivan

The increased demand for Indian automobiles has resulted in a large number of multinational auto companies entering the Indian auto market and working in collaboration with the Indian firms. Also, the institutionalization of the automobile finance has further paved the way to sustain long-term high growth for the industry.

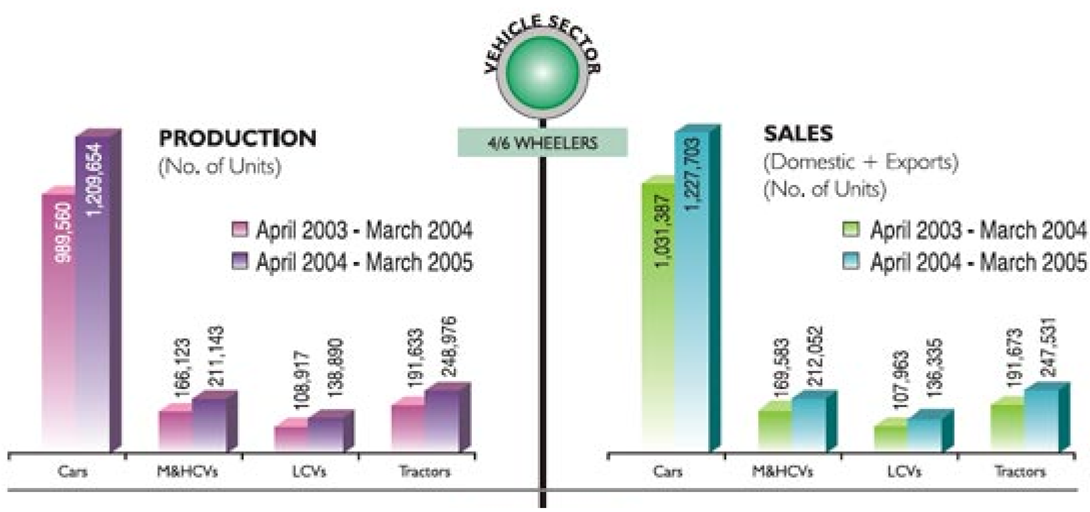
The automotive industry is a key driver of economic growth. In 2004-05, 8.46 million vehicles were produced in India (Source: SIAM) out of which 77% were two wheelers, 14.5% were passenger cars, 4.5% were three wheelers and 4% were commercial vehicles. The automotive industry put up a robust financial performance in the quarter ended September 2005. This was on the back of a healthy demand for automobiles in the domestic market and very sharp increase in exports, compared to September 2004. Operating profit margin improved as sales and profits recorded healthy growth. Operating profit margin of the sector improved to 16.2% from 15.1% in the September 2004 quarter. (Source: A Monthly Review, CMIE, November 2005)

Recent Trends

The Indian automotive industry flourished like never before in the recent years. This extra-ordinary growth that the Indian automotive industry witnessed is a result of two major factors namely, the improvement in the living standards of the middle class, and an increase in their disposable incomes.

The increased demand for Indian automobiles has resulted in a large number of multi-national auto companies, especially from Japan, USA, and Europe, entering the Indian market and working in collaboration with the Indian firms. Also, the institutionalization of automobile finance has further paved the way to sustain a long-term high growth for the industry.

The following graph describes the growing trend of the vehicle sector in India:



<u>AUTOMOTIVE COMPONENTS INDUSTRY: INDIA</u>

During 2004 – 05, exports of automobile ancillary components posted a growth of 27.3% or Rs. 9,772.50 crores. USA has always been the largest market for Indian exporters. Last year the exports to USA grew by 30.5% or Rs. 2,175.20 crores. The second largest market has been UK where the exports grew by 48.1 %.

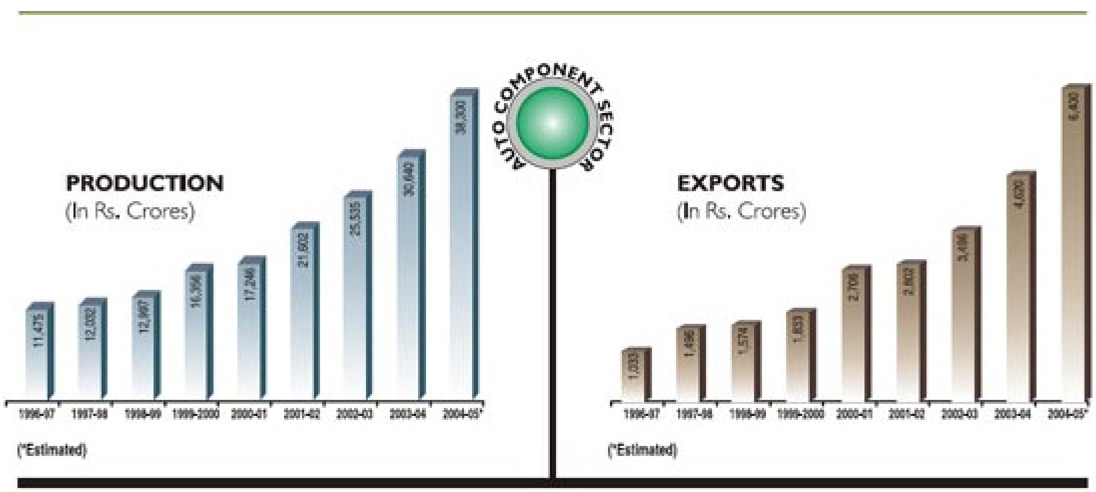
(Source: A Monthly Review, CMIE, Nov, 2005).

Automobile Ancillaries Exports April to March (India)

Country	Rs in Crs		% Change	
	2003-04	2004-05	2003-04	2004-05
World	7674.08	9772.48	17.68	27.33
USA	1667.40	2175.24	9.19	30.46
Germany	732.41	681.98	56.12	-6.89
Mexico	169.40	198.48	-50.55	17.16
UK	577.96	856.22	31.05	48.15
Nigeria	199.28	192.41	15.19	-3.45
UAE	333.07	384.23	27.44	15.36
Italy	315.93	581.83	27.17	84.16
Bangladesh	122.76	129.90	-16.18	5.81
Sri Lanka	153.42	171.66	-4.91	11.89
South Africa	201.42	332.25	32.19	64.95
Nepal	60.29	61.01	-31.07	1.19

CMIE – Nov 2005

The following graph gives a more clear idea of the growing production and exports in the auto component sector.



Off shoring – A Necessity

In today's business scenario all major automobile manufacturers have in essence only a two point agenda – How to compete & lower production cost?

Off shoring is rapidly becoming a standard business practice for companies in many industrial sectors around the globe looking to generate tactical advantages and strategic new market opportunities. This trend offers multiple operational benefits, including low labour rates, access to large emerging domestic base, lower operational cost, greater emphasis in R & D, technologically qualified manpower etc.

India is slowly emerging as an outsourcing hub for auto parts for companies such as GM, Ford, Daimler Chrysler, Fiat, Volvo and Renault. Foreign automakers, such as Ford, GM, Honda, Toyota, Daimler Chrysler and Hyundai are also looking to increase their presence in fast-growing markets such as India and use it as an export hub. Visteon and Delphi, the world's largest auto component manufacturers already have a presence in India. Toyota has made India its global hub for transmission systems. Volvo and GM have set up purchasing offices. A rising share of Indian auto parts exports goes to OEMs.

A research study done by McKinsey for ACMA in March 2005 (Vision 2015) suggests that the Indian auto component industry has the potential to grow 500% from its current revenue levels to revenues of US$ 33-40 billion by 2015. This means, that the auto component industry alone will contribute around 2.5% of India's GDP in 2015, as compared to its contribution of 1.1% to the GDP in 2003. The report further suggests that by 2015, the export levels could hit around US$ 20-25 billion.

The report also indicates that India will be in a position to compete for around 40% of the global auto component business amounting to US$ 700 billion.

Current AUTOFACTS light vehicle forecast analysis (05Q4) indicates that India will contribute 9.2% to global capacity growth (7,36,000 units) from 2004-2012. This growth ranks third behind only China and Iran and is greater than ASEAN, Japan and S. Korea combined. (Source: PwC Automotive Institute Analyst Note, Nov.10, 2005).

Around 5000+ components are used in tandem to get the final product on the road. The raw material costs over 65% of net sales. The end product comes as a single unit. The need is to have a composite high end IT manpower coupled with an educated workforce for R & D and manufacturing the end product at a fast pace with low overheads. Major Corporates have already started to look at India as its destination.

Investment Argument

Auto component outsourcing from low-cost countries has become a survival imperative for global auto majors. Though China is the biggest auto component exporter among Asian countries, India has emerged as an island of quality with strong redesigning capabilities. Indian component producers are expected to carve their own niche with 3-4% share of the component export market estimated at US$ 700 billion.

Outsourcing: An Imperative for survival of Global Auto Majors

OEMs as well as their tier I suppliers are looking at opportunities to directly source components from low cost manufacturers in Asia. Tier I suppliers such as Delphi, Visteon, etc are shifting their high cost process to India, whereas GM & Ford have stated their intentions to increase their off take of components from Asia to US$ 8-10 billion per annum from the present US$ 1.2 billion by financial year 2010. Besides global OEMs like Volvo, Daimler Chrysler, Fiat etc have also set up Indian Purchase Offices to source components.

Outsourcing by global OEMs and tier I suppliers is expected to gather momentum primarily owing to rising cost pressure in developed countries and emergence of skilled, cost-competitive suppliers from countries like Brazil, China, India and Thailand. The margin pressure faced by OEMs / Tier I suppliers is likely to magnify significantly over the next decade given the imperative to launch new models with additional features as also comply with higher safety standards while maintaining (or lowering) selling prices. This clearly implies that OEMs would increasingly have to resort to cost saving via outsourcing of mechanical parts (i.e. forgings, castings, engine parts, crankshafts, camshafts etc).

Further to understand auto majors long time strategy, many global Tier I manufactures such as Visteon, Delphi, Cummins and Denso have set up operations in India to meet the requirements of global OEMs like Ford, GM and Hyundai Motors India. They are taking advantage of the low-cost manufacturing base by exporting components manufactured at their Indian operations and also by sourcing components from domestic vendors.

Exports – Key growth driver

With India gaining global recognition on quality and redesigning capacities, this opens up a huge export opportunity estimated at about Rs. 20-25 billion.

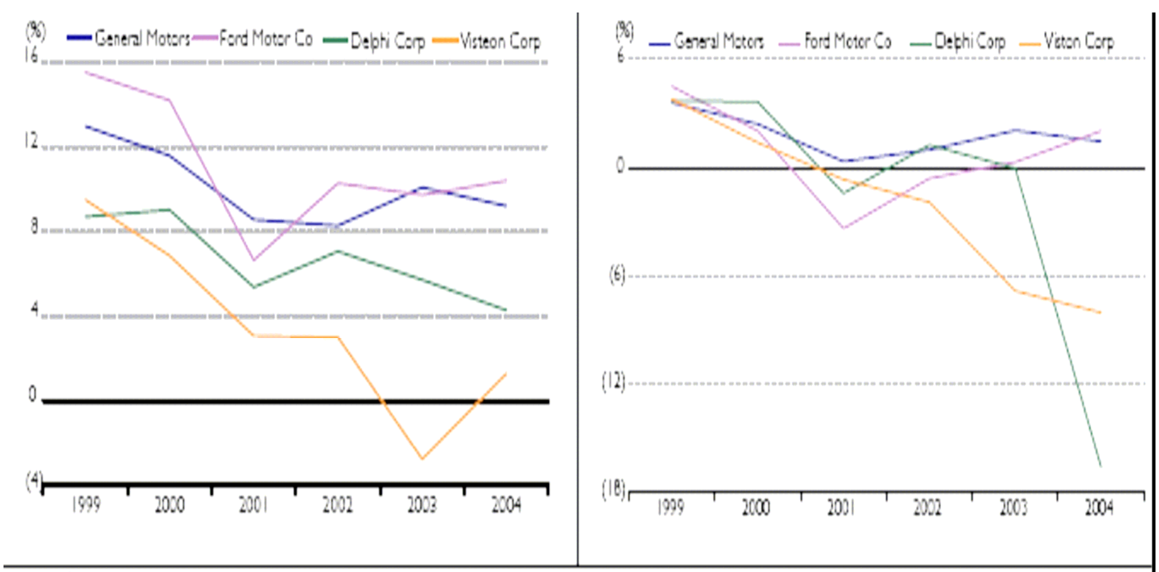
Recognizing the huge export opportunity, Indian companies are gearing themselves to garner a greater share of the Global auto component souring market. To enhance capacities and upgrade technical skills, Indian auto component companies are not only considering greenfield / brownfield expansions, but are also using the inorganic growth route and are aggressively acquiring plants / operations in overseas market. Leveraging on their strong engineering capabilities and the benefits of a low-cost manufacturing base, auto component companies are expected to witness a staggering growth in exports over the next few financial years.

Margins – taking off

Increasing share of high-margin exports (22% by FY 07 (estimated) – 16% currently) and higher value-added products, coupled with easing of input cost would likely drive a 150-200 basis points expansion in operating margins of Indian auto component majors over FY 05-07. However, high depreciation and interest charges in view of aggressive capital expansion that is underway could chip off net profit growth.

Auto / Tier I majors EBITDA Margins

PAT Margins



Source: Bloomberg

The Indian auto component industry is likely to see largely volume-driven growth going ahead as the Company see little scope for improvement in component realization on an absolute basis. OEMs, to mitigate their margin pressure, are stipulating a 2-3 % per year reduction in component prices for larger orders, while compensating suppliers by higher volumes for the loss of margins**.**

ADVANTAGE INDIA

India offers a distinct technological and cost-competitive advantage, which global Original Equipment Manufacturers (OEMs) and automotive suppliers are leveraging for both manufacturing and research facilities. Presently a US$ 6.3 billion industry, the Indian auto component industry is expected to triple in less than eight years time to US$ 17 billion by 2012.(Source :AUTOMOTIVE report by IBEF and Ernst & Young). The Indian automotive industry has a significant labour cost advantage. India's automotive sector has the world's second largest pool of skilled labour, and with its high education levels, India also provides the world's largest pool of qualified engineers. The Indian automotive industry is well-positioned to integrate with the global automotive supply chain, either as Tier 2 or 3 suppliers or as value providers through engineering and software services backed by high quality and state-of-the art technological products. Global Tier I auto component makers like Dana Corporation, Delphi, Visteon and Denso plan to leverage India's technological advantage over other competing Asian countries by setting up manufacturing units in the country to produce the most complex auto components. Dana Corporation is relocating four of its plants, located in US and Europe to India. India has a well-developed and reliable financial and legal system.

The following table presents a comparative overview of the relative strengths and weaknesses of manufacturers in each region. A mapping vis-à-vis a production facility in India reveals the competitive advantages of each country.

Parameter	US and Europe	China	Korea, Taiwan	Malaysia, Thailand, Philippines	India
Capital Costs	High	Low	Average	Average	Average
Labour Costs	High	Low	Average	Low	Low
Technical Competence	High	Average	Average	Average	High
Design Capability	High	Average	High	Low	High
Customer Service	High	Low	Average	Low	High
Infrastructure Support	High	High	High	High	Average

Source : Company

As can be seen from the above, a manufacturer in China has the distinct advantages of lower labour and material costs, whereas a manufacturer in Europe / USA has superior customer service and design strengths. An India manufacturer has the benefits of lower labour costs, design and engineering competency but suffers from infrastructure and scale disadvantages.

India Uniquely positioned in the Global auto component space

A recent survey by AT Kearney indicates that major US-based auto manufacturers preferred off shoring jobs to India over China, Mexico and Brazil.

Like IT and ITES industries where Indian companies are a global success, India has a significant advantage over peers in the auto component industry too due to its low cost, technically skilled engineers. According to a study conducted in 2000 by the International Institute for Management Development (IMD) Switzerland, India ranked second among peers in availability of skilled manpower and first in availability of qualified engineers – ahead of countries like USA, China, Mexico and Brazil. Surveys have also indicated that skilled Indian labour costs around US $5-8 an hour, which is significantly lower than the US $15 – 18 average hourly wages of an American counterpart. This is very well reflected in the average wages to sales ratio of the Indian auto component industry (6-7%) vis–a–vis Dana Corporation USA (39%)

From carrying out just support related work like testing and reverse engineering few years ago, Indian auto component manufacturers have rapidly upgraded their technology capabilities by entering into strategic tie-ups and technical collaborations with global leaders. The skill sets developed by Indian auto component manufactures are being acknowledged globally with OEM majors like Toyota setting up their R&D product development centers in India.

Focus on Quality and achieving global quality standards

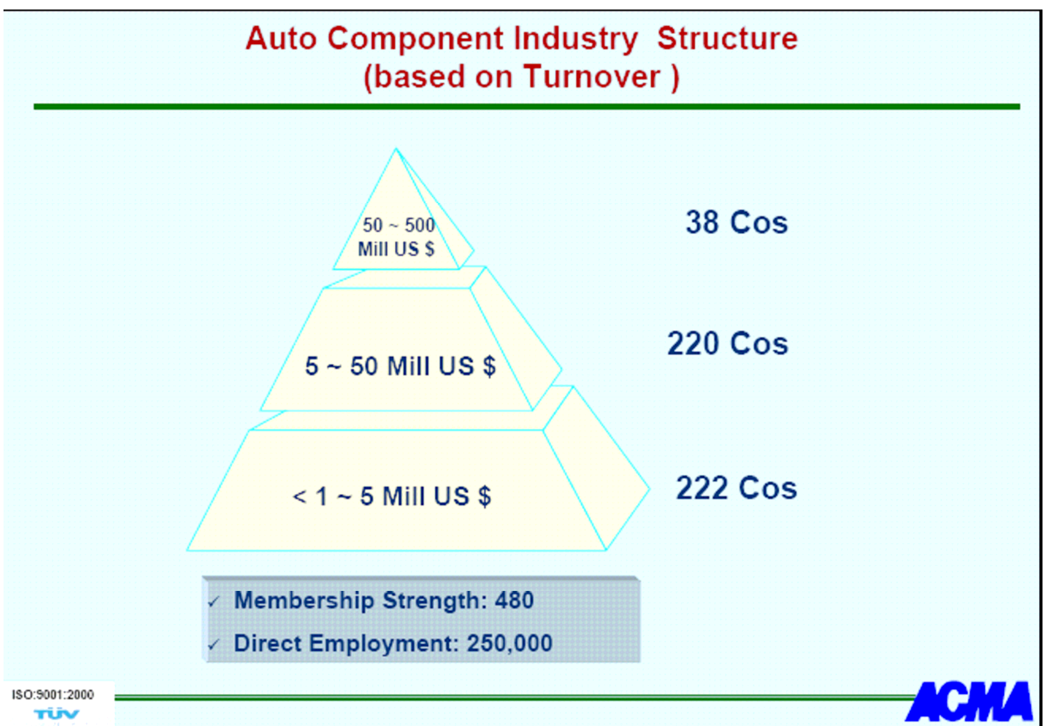
The Indian auto component industry has, in the last two years, undergone a rapid transformation with significant focus on quality. Component manufacturers have been aggressively working on improving product quality process, and are seeking certifications like TQM, TPM, Six Sigma etc for their plants / operations / products. As a result Indian vendors are now well versed with global automotive standards and have won the confidence of Global OEMs and tier I vendors with regards the quality of components manufactured by them.

Further the Indian Auto component Industry has been continuously developing processes and initiatives to reduce costs on the back of its strong R & D and product development capabilities.

Indian Auto component Industry gains on two critical counts compared to other low-cost countries that is – Engineering skills and Innovations. Indian companies have shown that they have strong redesigning skills – redesigning of manufacturing processes at a much faster pace, and reduction in development costs and lead time for Global OEMs. Advanced tooling and machining ability has resulted in significant indigenization of capital equipment and in-turn, reduction in capital costs

The domestic auto ancillary industry in terms of sales to OEMs is estimated at around Rs. 246 billion (65% of total revenues), while the replacement market is about Rs. 72 billion (accounting for 19% of total revenue).

The structure of the Auto Component Industry in India can be further categorized based on the turnover as per the following figure :



ALLOY WHEEL INDUSTRY

Alloy Wheel Industry – An Overview

Overview

The cast aluminium wheel is a unique automobile component in that it combines a complex engineered structural component with a cosmetic component that has a significant effect on the overall aesthetics of a vehicle. Alloy wheels offer numerous benefits over their more popular and cheaper steel counterparts. Firstly, alloy wheels are considerably lighter than steel wheels, which translates into both environmental (lower fuel consumption) and performance (ride comfort) benefits. As consumer demand drives the trend towards more sophisticated cars, the weight of these additional components must be offset by reductions in weight elsewhere. Secondly, alloy wheels offer innumerable styling options which steel cannot offer. Vehicle manufacturers are able to change the look of their vehicle easily by simply changing the wheels and thus differentiating their product.

Alloy wheels have a vast range of applications ranging from motorcycles, cars and light trucks, through to heavy trucks and trailers, as well as in most motor sports. Additionally, the car alloy wheel comes in numerous sizes with variations in width and diameter. Styles are customer-driven and are dictated by cultural and regional preferences. OEM styles are usually more conservative than after-market styles.

The car alloy wheel market is divided into three distinct Customer bases. The largest are the vehicle manufacturers who fit alloy wheels as original equipment (OEM market). The next segment is the free after-market (AM) where alloy wheels are supplied to retail outlets for sale to customers wishing to add non-standard alloy wheels to their vehicles. And lastly, vehicle manufacturers also offer accessory wheels as dealer-fit accessories (OES market); which market has characteristics similar to OEM + AM.

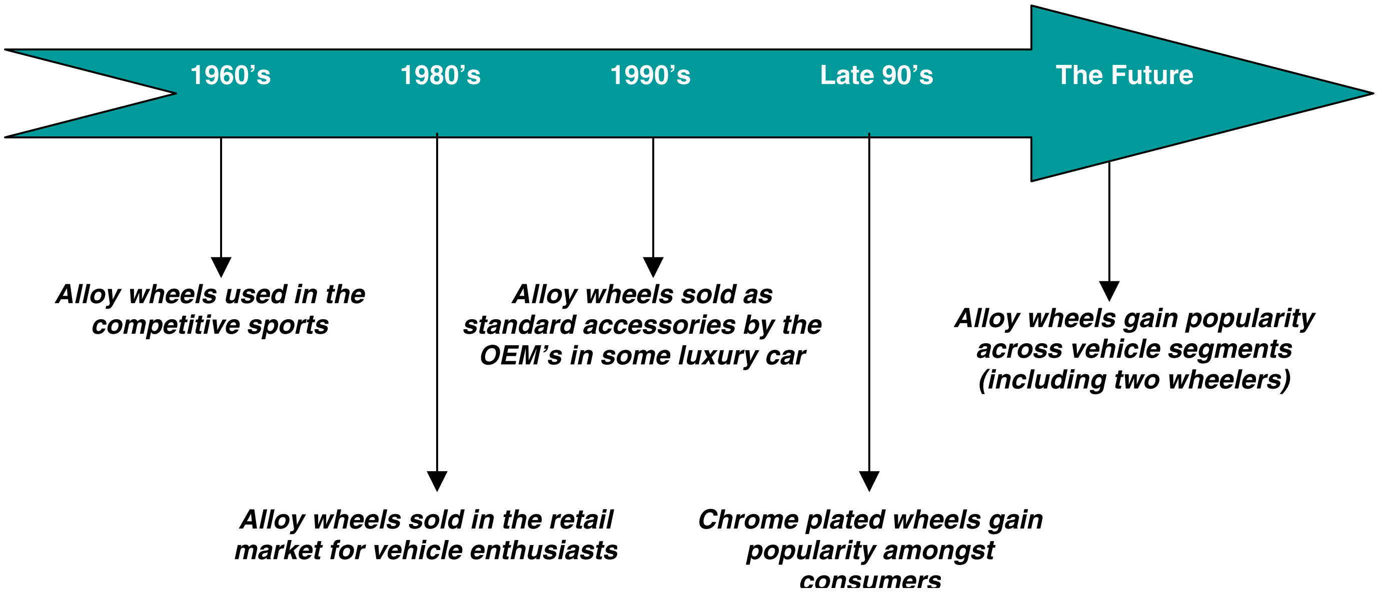
The alloy wheels market is forecast to grow, driven more so by the increase in the alloy wheel fitment rate than by the increase in automobiles manufactured. The fitment rate itself is driven by both customer preference and the OEM's desire to minimize the weight of vehicles and styling options.

Benefits of Alloy Wheels

The advantages of aluminium alloy wheels over conventional steel wheels include:

- Increased tyre life and braking capability: Due to better heat conductivity of aluminium alloy wheels the heat generated by the tyres and the brake systems are released faster, which can prevent the possible rupture of tyres and improve the braking capability in general. Also the design of alloy wheels can be so made that more air can flow over the brakes.
- More Safety: The shock absorbing capability of aluminium is superior to steel. Consequently, handle trembling and body vibrations are reduced during high speed driving. This enhances driving safety.
- Increased fuel efficiency: Aluminium has a specific gravity of approximately one-third of steel, thereby contributing to reducing the weight of cars. Correspondingly, the fuel efficiency and acceleration improves, and emissions are reduced.

Evolution Of The Alloy Wheel Industry



Cast aluminium alloy wheels are made from an aluminium alloy of silicon and magnesium that has superior strength-weight characteristics. These wheels were first developed in the late 60's to meet the demand of racetrack enthusiasts who were constantly looking for an edge in performance and styling.

Today, due to more sophisticated and environmentally conscious consumers, with their demand for enhanced performance, styling and design, the usage of alloy wheels has become increasingly prevalent. Tried and tested on race tracks- off road and cross country- under the toughest road conditions, alloy wheels are now considered the de-facto standard in many world cars. With this increased demand came new developments in design, technology and manufacturing processes to provide an increasingly wide range of aesthetically beautiful designs of superior strength.

The production of alloy wheels has evolved from being a low quality, low technology industry to a high volume, technologically complex and highly automated industry. The complex demand requirements of this industry have shifted the focus towards manufacturing 'efficiency' of the wheel manufacturers.

The manufacturing bases were originally restricted to the US and select European countries. However, in recent times, the manufacturing of alloy wheels has shifted significantly to the Far East and Southeast Asian countries. These regions have not only developed the competencies to manufacture a quality product, but are able to do so very competitively. Thus, substantial new capacity has been added in this region.

Alloy Wheel Industry: Market Segmentation

While the market can be segregated in different ways, it is useful to do so by customers, so as to understand the basic characteristics of the business.

The customer base can be segregated into two broad segments:

- Original Equipment Manufacturers (OEM's)
- Retail customers (also referred to as 'After Market customers', or 'AM')

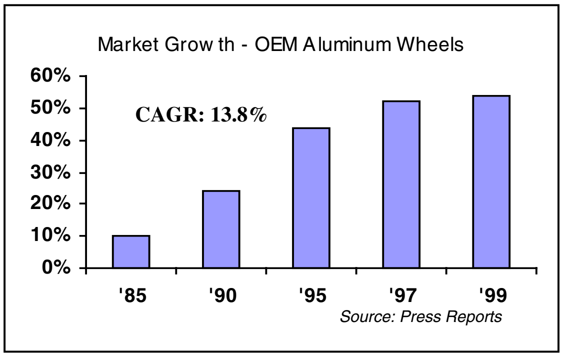
OEM Customers

Auto manufacturers like General Motors, Ford, Toyota and Daimler Chrysler are amongst the largest customers of alloy wheels. The growth in the OEM segment has been driven by increasing consumer demand and also by the higher margins made by the OEMs in pre-fitting alloy wheels.

The structure and the characteristics of the OEM market are -

1. High off-take of wheels in pre-defined designs and sizes

Most OEM's prefer to use their own designs; others request their vendors for new designs and styles. The ability of the vendor to continuously come up with new and innovative styles and designs is a key ingredient for success in this segment.



The key differentiator is the ability to be a full service supplier – a supplier who is able to design, engineer, develop, produce and deliver the product to the customer.

2. Just-in-time (JIT) supply necessity

OEM supplies are typically time-bound as they are integrated with the OEM's supply chain. Thus vendors have to cater to delivery schedules of the OEMs. Orders are placed in advance with vendors, after compliance with a set of strict norms and procedures. This ensures quality of the product, minimizes disruptions in the supply chain and ensures that the safety standards and brand image of the OEM is not compromised. There are thus very few manufacturers in the world with a capability to supply to the global OEM segment (less than 10 - 15% of all manufacturers are OEM quality suppliers).

3. Realizations

The realizations in this segment are generally lower than those in the retail/secondary market. However, common practice is to index the price of the product to the price of Aluminium on the LME (London Metal Exchange). Thus, typically, the risk related to the aluminium price fluctuations is not borne by the Suppliers.

4. Entry

Entry into the OEM segment, although a protracted and cumbersome process is extremely beneficial as it leads to higher volumes, better brand recognition, long term stability and continuous quality improvement. A large proportion of OE contracts in the sales mix ensures better inventory management, as there is greater visibility on the requirement of wheel sizes and designs. An early entry into the OEM manufacturers also ensures high entry barriers for other competing vendors.

Aftermarket (AM) / Retail / Spares Market Customers

Retail customers have been the driving force behind the growth of the alloy wheel market in the world. Many retail customers have different requirements with regards to the wheel size, style and finish. This has directed manufacturers to widen their product portfolio by introducing larger sized wheels with different finishes, particularly chrome finish and different radical styles.

Retail customers have very varied non-recurring requirements of small quantities. This necessitates the presence of a large combination of different wheel sizes with different designs and different finishing. Such combinations result in very high inventory levels with both the distributors and manufacturers. This however is balanced by relatively high margins in the retail segment.

The recent trend in the market is a shift towards 'chrome plated' wheels. This trend has caught on significantly in the US after market. Amongst OEMs, these wheels have begun to be adopted by luxury carmakers such as Lexus, Jaguar, Rolls Royce, Mercedes, etc., and it is likely that this product follows the same adoption pattern as the painted alloy wheels.

SYNCAST has developed competencies that allow it to access and compete effectively in the Global OEM market. Its strategy is to focus primarily on the OEM segment.

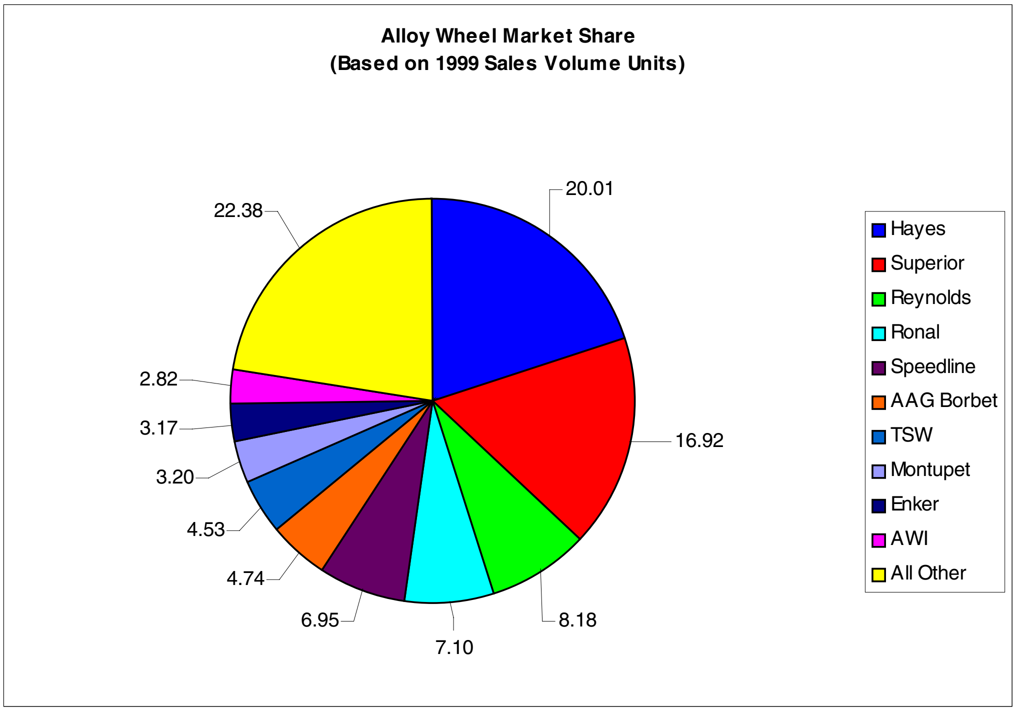
Structure Of The Alloy Wheel Market

There are several alloy wheel manufacturers across all regions of the world. The size of these manufacturers ranges from as low as 30,000 units per annum, to as much as 15 million+ units per annum. Based on their relative strengths, the manufacturers determine the market segment (OEM or AFTERMARKET) that they participate in, and work on the competencies required to compete effectively in that segment.

Overview of market participants and industry composition

Size	Key Players	Market Segment	Competitive Advantages
8mn wheels/year	• Superior • Hayes • Enkei	• 90-95% OEM	• Scale / Manufacturing Competency
3-8mn wheels/year	• Ronal • Borbet • Hitachi • ATS/ TSW • Amcast/Speedline • Dongwa	• 70-80% OEM • 20-30% AM	• Quality • Branding • Distribution
0.5-3 mn wheels/year	Close to 30-50 players in the industry	• 30-40% OEM • 60-70% AM	• Quality • Price • Styling • Technology
0.03-0.5 mn wheels/year	Close to 300 players in the industry	• 95-100% AM	• Price • Value

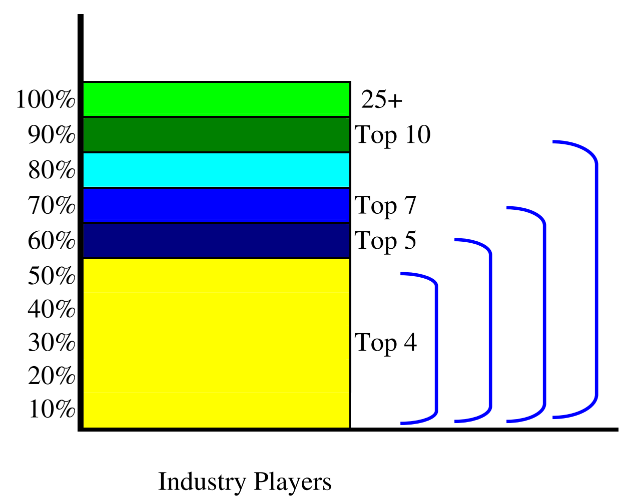
Source: Company



Source: Automotive Research Centre

As can be seen, there has already been substantial consolidation in the industry, and this trend is likely to continue. As per the figure below, the top 4 manufacturers hold a combined market share in excess of 50 per cent, the top 5, 60 per cent, the top 7, 70 percent, the top 10, 80 per cent and the balance is made up by the remaining 15 plus players.

Industry Concentration



The smaller players that make up the final 10 per cent of the market are generally low volume specialty producers. The medium size players, however, with a market share of between 4-6 per cent are quite a diversified group.

Factors Affecting Alloy Wheel Market Size

The factors that are fuelling the alloy wheel market are as follows:

- Increase in vehicle population in the existing markets: Despite sluggish demand conditions in the US and in Europe, the global vehicle population is expected to increase by 6-8% pa, primarily driven by growth in Asia, and South America.

- Increase in penetration rates: The reasons for increased penetration -- past, present, and future – have to do with the weight savings, styling advantages and environmentally friendly characteristics that cast aluminium wheels bring to the vehicle. These benefits are critical competitive features for the vehicle manufacturers directly contributing to their increased popularity. The penetration rates indicated in the table reflect the tremendous potential for continued growth.

Penetration Rates	
Korea	70%
US	55%
India	5%

(Source: Press Reports)

- Development of new markets: The potential for alloy wheels has not yet been fully exploited in several key markets, largely in the Asian region. Several markets like India, China and other Asia-Pacific countries like Malaysia, Indonesia, Thailand and the Philippines have adopted alloy wheels only in a limited way.

- Two-wheeler Adoption: As in the four-wheeler segment, the two-wheeler segment offers outstanding volume growth opportunity. This represents a huge market in excess of 10 million vehicles in the India/Asia Pacific region alone. The Company is not currently manufacturing alloy wheels for two wheelers.

- Increased competition in the automobile market: Manufacturers will need to constantly 'refresh' their vehicles to drive sales in an increasingly complex and competitive market. Alloy wheels with their range of new designs, styles and finishes provide the 'freshness' of look and style with minimal engineering change requirements'. Thus, there will be an increased demand for alloy wheels to distinguish individual manufacturers products.

- Improved Distribution Network: Initially sales of alloy wheels were through independent agents, mechanics, race car enthusiasts working in a disorganized manner, and sometimes selling spurious, and poor quality products. As the industry became larger, more sophisticated and organized, the adoption of the product by the mainstream grew. This trend is expected to grow in the future as well. Today, not only do OEMs fit vehicles wit alloy wheels at the factory, but increasingly are supplying 'optional' wheels to their dealer showrooms. The resulting 'enhanced credibility' will spur sales further.

Industry Size – Global Over View

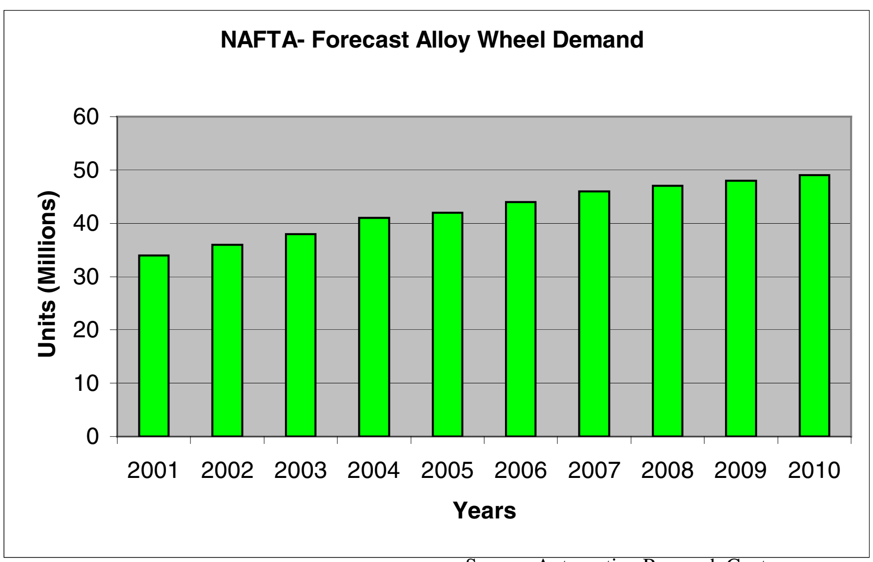
With the soaring sales figures of vehicles world wide, the market for alloy wheels presents a global opportunity. As per industry sources and press reports, the size of the OEM alloy wheel market is estimated at about 80 – 110 million wheels per annum. The after market is estimated at 33% of OEM sales.

The global increase in demand for alloy wheels will continue to be driven by the increased sales of passenger and light vehicles, and the increase in penetration rates. The key alloy wheel markets in the world are the NAFTA region, Western Europe and the Asia-Pacific region.

NAFTA Region

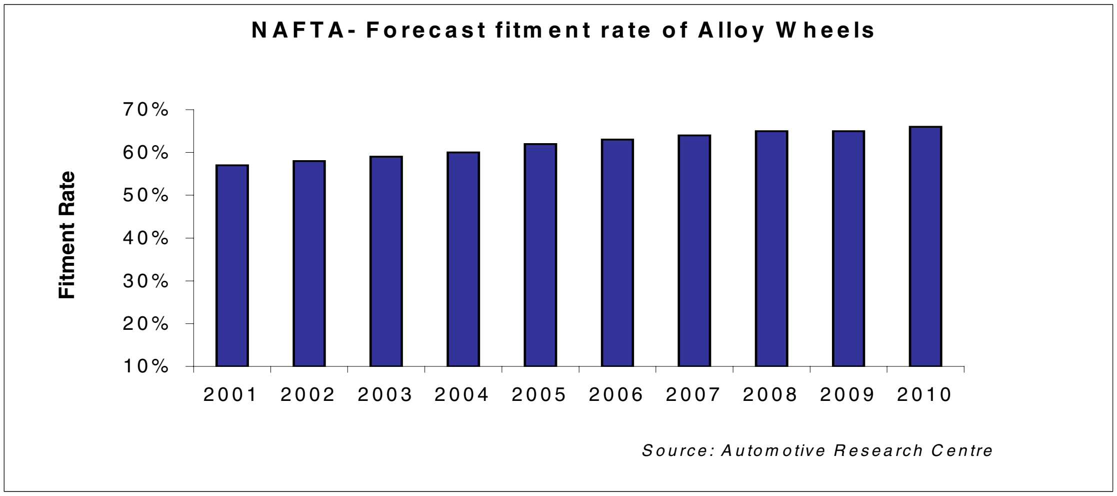
Penetration in North America was about 50% in 2000 and is expected to increase to 65% by 2010 amounting to a little over 49 million wheels. With competitive pricing, these wheels are now being adopted by even the smaller vehicle platforms. Ford, GM, Chrysler, Toyota are the key players in this market. The management believes that in the coming years, alloy wheels will increasingly become a commodity product in the US market, which will force down prices further whilst increasing total volumes.

The market is largely defined, in the United States, by visual appeal, with less emphasis on weight and performance, as consumers are more likely to buy a vehicle, which is fully loaded with all extras than in Western Europe. In the future, weight will become a more critical factor as emissions legislation force down the overall kerb weight of vehicle, increasing the significance of lightweight materials.

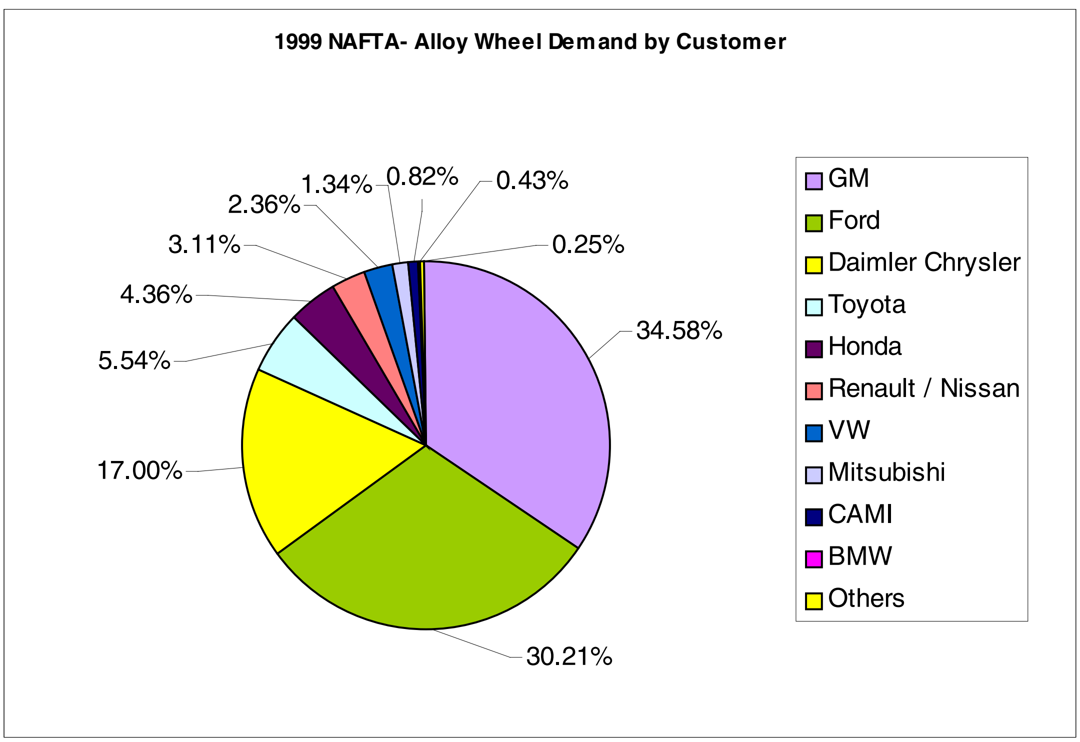


Source: Automotive Research Centre

Ford and GM are currently the most dominant OEMs in terms of alloy wheel fitment, a determinant of the huge volumes of vehicles they produce. Chrysler generally has lower fitment rates to its vehicles and also produces fewer vehicles, hence the reduced significance of this OEM.



Source: Automotive Research Centre

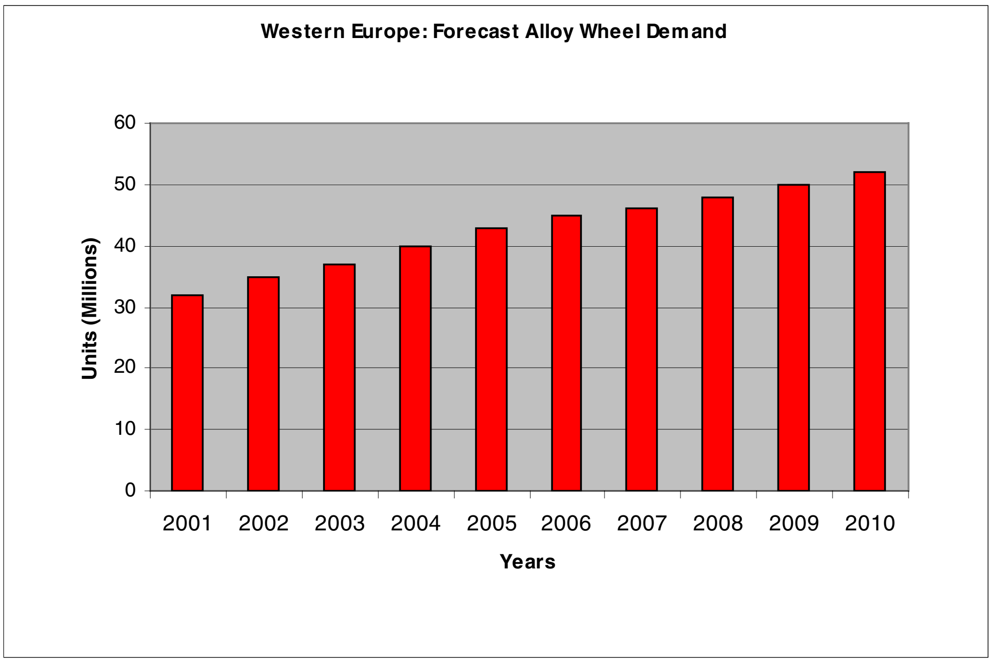


Source: Automotive Research Centre

Western Europe Region

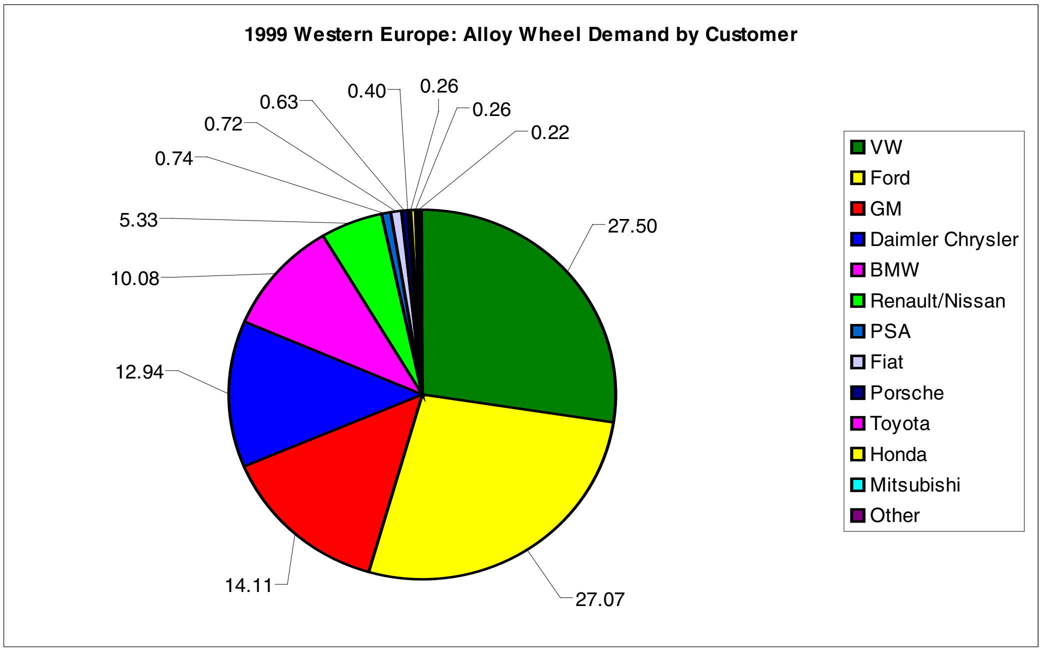
The Western European market for alloy wheels is much less mature than that in North America with an average fitment rate of 46 per cent in 2000. This is expected to increase to 62 per cent in 2010, which in number terms is in excess of 52.5 million wheels. Alloy wheels demand in Western Europe is set to increase due to a combination of trend growth in vehicle production and year-on-year fitment rate growth.

Currently the main Western European players are the VW Group, the Ford Group, General Motors Europe and Daimler Chrysler. VW is the largest due to high fitment rates and high production levels, followed by the Ford Group with high fitment rates on the Land Rover and Jaguar, then General Motors Europe and Daimler Chrysler.



Source: Automotive Research Centre

Although fitment rates in Western Europe will not reach North American scales within the time frame of this forecast, it is likely in the very long term that alloy wheels will also increasingly become a commodity product in Western Europe. This will force down prices, prompting further fitment growth, following the US trend. Although visual appeal has been the most notable driver in Western Europe, weight reduction of vehicles is also witnessing increased importance in this market. The introduction of US style CAFÉ (Clean Air For Europe) and OBD (On-Board Diagnostics) type emissions legislation in Western Europe will force OEMs to increase the fuel efficiency of their product range.



Source: Automotive Research Centre

Asia-Pacific Region

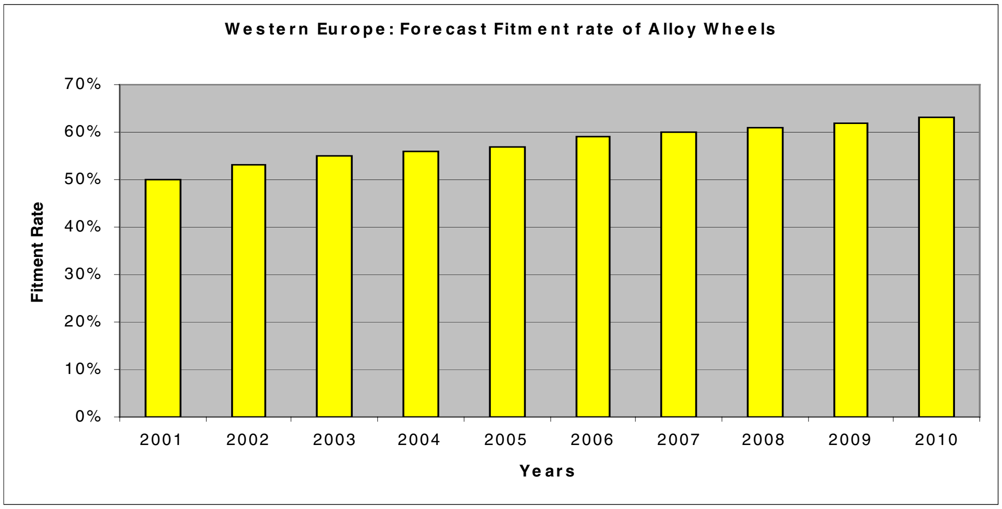
This market is not covered in as great a detail as NAFTA or Western Europe. Currently the OEM fitment rate is around 30 per cent accounting for around 12 million units, but this is likely to increase driven by fitment rate as car production is forecast to remain moderately flat.

The movement of car production away from Japan to other regions, for example Asia-Pacific, will prompt alloy wheel consumption growth in these areas. In the future, we are therefore likely to see developing nations becoming increasingly important in the world alloy wheels market.

In order to enhance alloy wheel volumes, suppliers will look to move additional capacity to external markets, for example Asia.

Industry Size – Domestic Over View

The Indian market for alloy wheels is rapidly growing. After the initial phase of the OEMs going through the product acceptance cycle, the market is now growing dramatically; and is likely to continue to grow. As per industry estimates, the Indian alloy wheel market is currently about 200,000 wheels per annum and is expected to cross 500,000 wheels by 2009 - 2010.



Alloy Wheel Market Size Summary

Alloy wheel penetration in North America was approx. 50% in 2000 and is expected to increase to 65% by 2010. As the OEM market grows, it carries a ready-made market for aftermarket wheels. In Western Europe the market statistics are similar with 46% penetration in 2000 increasing to 62% by 2010 Asia Pacific is arguably the largest opportunity with the current penetration of only 30% expected to grow to 70%.

The Indian market for alloy wheels is rapidly growing. After the initial phase when OEMs were going through the product acceptance cycle, the market is now growing dramatically; and is likely to continue to grow. As per industry estimates, the Indian alloy wheel market is currently about 200,000 wheels per annum and is expected to cross 500,000 wheels by 2008 - 2009.

Overall, based on the above, it may be conservatively estimated that the alloy wheel market size in millions of units is:

	OEM	Aftermarket	TOTAL
Currently	80 – 110	25 – 35	105 - 145
Year 2010	100 – 130	35 – 45	135 – 175

Given SYNCAST's existing capacity of 0.5 million units, it is evident that there is huge potential market for SYNCAST to tap into.

SYNCAST BUSINESS OVERVIEW:

Introduction

SYNCAST uses India's first world-class aluminium alloy wheel manufacturing plant. This evidenced by the fact that the company is the licensee of Synergies - Dooray Automotive Limited, vide License Agreement dated November 3,2005 as detailed elsewhere in this document. The company is in the business of manufacturing alloy wheels and other precision aluminium castings. Within this segment, Synergies Castings Ltd specializes in high-end 'big size' wheels and 'chrome plate finish' wheels. SYNCAST aims to be a significant player in the global aluminium automotive parts business by leveraging its world-class facilities, state-of-the-art technologies, modern management principles and a committed and talented workforce to produce and deliver world-class quality products at globally competitive prices.

At present, the Company manufactures aluminium alloy wheels for all vehicles (cars, SUV's, light trucks) in various sizes (12-24 inch diameter), designs and finishes (silver painted, polished and chrome plated). It has a capacity (wheels casting) to make 520,000 wheels per annum and a chrome plating capacity of 180,000 wheels per annum (benchmarked at an average size of 16" – 17").

The company has recently entered the lucrative high-end specialized precision aluminium castings. The increased demand for aluminium products, increased environmental sensitivity, and the blow-out outsourcing phenomenon implies huge growth opportunity.

The company is one of India's first global scale, world-class manufacturer of aluminium alloy wheels for cars, trucks and SUVs. The plant has a capacity to manufacture 5,20,000 wheels per annum. Based on the average weight of a wheel being 10 kilograms, the capacity in terms of tonnage is 5200 MT. The Company deploys state-of-the-art technology, best in class facilities, a skilled and committed team, and contemporary manufacturing management systems to deliver world class quality, defect free products to its customers anywhere in the world.

Competencies

SYNCAST specializes in high-end aluminium castings and alloy wheels. These products need to be absolutely porosity free, air-leak free, must have extremely close tolerances, and a superb surface finish. This is possible only when there is absolute and precise control on the casting process: from the composition to the molten flow, the forming, the solidification and cooling process.

While there are quite a few alloy wheel manufacturers producing commodity wheels, there are only a few manufacturers in the world that are capable of producing bigger size diameter (> 17" diameter - 24") wheels to OEM quality standards; and amongst these, only a handful that can produce a 'chrome finished' wheel. SYNCAST is amongst this rarified group; the result of in-house developed technical know-how, competence, and experience.

SYNCAST has also developed high-end design, engineering, analysis, development, testing and validation skills that enable it to not merely manufacture a product, but develop and deliver a complete value-added solution.

Competitive Advantage - Summary

1. Mastered complex technology of low pressure die-casting (LPDC) and alloy wheel plating (Cu-Ni-Cr) process ahead of competitors. The Company is one of the leading manufacturers in India using the LPDC technology to manufacture alloy wheels. The alloy wheels have a uniform finish and are of a better quality and yield as compared to alloy wheels manufactured using other technologies.

2. Competence to manufacture bigger size alloy wheels (upto "24"), and 'chrome plate' to OEM standards. Very small number of the world's alloy wheel manufacturers are able to produce this challenging product to OEM standards. It is a combination of good design and engineering skills, porosity control in casting, a good casting process and finishing the wheel precisely. The company possesses the know-how.

3. Integrated supplier: Amongst few wheel manufacturers with facilities for wheel engineering, casting, finishing and accessories under one roof. Most wheel companies either outsource or need external support for the design, chrome plating etc. At SYNCAST, all facilities are under one roof.

4. All required 'quality' certifications received : The SYNCAST facility has received all validations required by global automobile manufacturers. These include : ISO /TS 16949:2002 (an advancement over QS 9000), ISO 14001. The Company recently received the Ford's prestigious Q1 – Preferred Quality Status award.

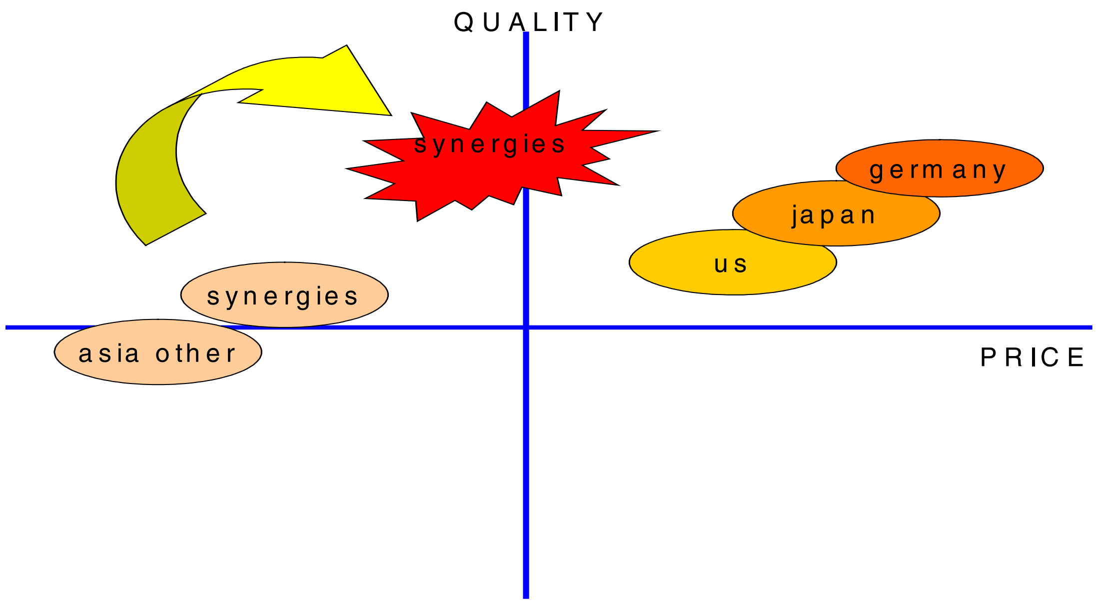
5. Leadership in an explosively growing domestic market: Dominant OEM market share. As one of the leaders, the Company set the benchmark for standards in the category. The Company's global supply experience and thorough understanding of the Indian roads and driving conditions gives the Company an edge over its competitors.

6. A low cost global infrastructure that ensures competitive pricing. Front-end Customers service by 'locals'; intensive, expensive 'back-end' processing moved to India helped give the Company an edge over other low cost saving countries as well as increase its cost competitiveness.

7. Motivated and competent workforce; a committed, experienced, globally aware management team. Since the management has extensive experience in the global auto markets of US, Japan and India, the Company understands the auto component business and the customers changing needs and what needs to be done to address them.

8. Facilities audited and approved for supply to GM + Ford Global groups; as well as Volvo, Sweden, Land rover UK, etc.

SYNCAST intends to leverage these competencies to become a viable global player in the alloy wheel business.



Honours

The ability of the facilities taken on leave and license by Synergies Castings Ltd to deliver world-class quality products is evident from the list of various awards and honours received by the said facility.

- ALUCAST 2004 – Best foundry of the year in India
- VSEZ – Best Performance Award, 2001, 2002
- Toyota – Most Innovative Technology Transfer – 2005
- Ford Q1 – Preferred Quality Status Award recipient
- Recipient of one of the largest orders from GM – USA worth nearly US$ 100 million over 4 years
- Selected as supplier to premium vehicles such as Hummer, Cadillac

Opportunity For Long Term Growth: Business Strategy

- Increasing demand for bigger size, and chrome finished wheels to support several plants of current size.
- A significant number of Requests For Quote's from Global OEMs like Volvo Cars, Jaguar, Land rover, GM – USA and Europe, Ford – Europe, Australia, S. Africa, USA, Subaru, etc.

- The domestic market is growing rapidly

- The outsourcing phenomenon implies that automotive, engineering, aerospace, defence industries' 'aluminium' castings requirements will continue to grow dramatically.

SYNCAST intends to rapidly grow in the high-end precision aluminium wheels and castings segment; focusing primarily on direct supplies to Original Equipment Manufacturer (OEM) customers, rather than the retail distribution aftermarket.

LOCATION & PLANT

The plant obtained on license by SYNCAST is established in the Vishakapatnam Special Economic Zone, erstwhile Visakhapatnam Export Processing Zone, which is in close proximity to Hyderabad (Andhra Pradesh) as well as Chennai (Tamil Nadu). Location within the export-processing zone yields certain key advantages. Units in the Export Processing Zones enjoy a package of incentives and facilities, which include duty free imports of all types of capital goods, raw materials and consumables in addition to tax holidays against exports. On this account, the Company avails of tax benefit under Section 10B of the Income Tax Act.

The plant is spread over an area of 47,809sq. metres, of which around 82% of the area is occupied by the alloy plant (for manufacture of wheels). The chrome plant (for chrome plating) occupies the balance land area. Total built up area in both the plants is about 20,958 sq. metres.

There is adequate infrastructure at the plant to meet the energy, water, air and fuel requirements.

Most of the equipment at the plant has a residual useful life of 10-15 years. The plant has been licensed to SYNCAST vide license Agreement entered into with Synergies - Dooray Automotive Limited on 3rd November,2005, which entitles Synergies Castings Limited to use the existing facilities of Synergies - Dooray Automotive Limited for a period of 47 months w.e.f. May 1,2005.

The important terms of the License Agreement entered into between SDAL and SCL on November 3,2005 are as under :

1) The agreement has been entered into pursuant to the Lenders of SDAL (hereinafter referred to as lenders) lead by ICICI Bank Limited agreeing in principle to make a reference under Corporate Debt Restructuring (CDR) Scheme to recast the debt of SDAL by licensing the equipment and facilities owned by SDAL to SYNCAST for repayment of the dues of the Banks.

2) Thinc Destini Commercial Solutions Limited, UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006), the promoters have agreed to arrange for investments and provide financial assistance to the company through equity and equity related instruments as well as need based working capital assistance.

3) A licensing arrangement which would allow access to equipment and facilities owned by SDAL to SYNCAST for the purpose of continuing the business.

4) The tenure of the agreement is for a period of 47 months from the date of commencement of the agreement i.e. 1^{st} May 2005 and will remain valid till 31-3-2009. The parties to the agreement have the right to terminate the agreement by giving a 6 months written notice. At the end of the licensing term the license may be renewed for a period and terms to be mutually agreed upon between SDAL and SYNCAST, which shall be subject to the prior approval of the Lenders.

5) SYNCAST shall obtain all consents, licences, approvals as are necessary for import, storage, installation, use and operation of the equipment and undertakes to keep them effectively and in force during the subsistence of this agreement and till the equipment is delivered back to SDAL in good condition.

6) SYNCAST shall deposit the usage charges of the equipment and facilities as set out in detail in the schedule to the agreement in a designated escrow account and pay the installments as agreed upon between SDAL and the Company regularly and punctually, without any deductions or abatement, irrespective of the whether SYNCAST is using the equipment and facilities.

7) SYNCAST will maintain the unit and also defray the cost of wear and tear and capital equipment usage charges to SDAL or to such lender group that SDAL may direct.

8) SYNCAST shall not sell, mortgage, charge, demise, sub-let or otherwise dispose off any land or building on or which the equipment is stored installed, used or operated.

9) The agreement will stand terminated on exercise of rights by the lenders of SDAL under the charges/ mortgages created by SDAL in favour of the lenders.

10) SYNCAST shall hold the equipment as the bailee of SDAL and shall not claim any right, title and interest on the equipment or facility other than that of licensee or contest SDAL's sole and exclusive ownership of the equipment or facility and specifically agrees that it only has the right to use the equipment under the licence as per the terms and conditions contemplated in the Agreement.

11) SYNCAST shall insure the equipment and facility in the joint names of SDAL and the Lenders of SDAL that have a charge on such equipment and facility with SDAL's name as the owner and Lenders as loss payee for such values with such Insurance Company as may be approved by SDAL/Lenders against all risks including transit, erection, fire, riot, lightening, explosion, earthquake, strike, storm, tempest, flood, war, malicious damage, theft, civil commotion and such other risks (including third party risks) and pay all insurance premia and renew the same from time to time and handover the original insurance policies and premia receipts to SDAL/Lenders.

12) In the event of any claim arising under insurance SYNCAST will immediately intimate in writing to SDAL/Lenders and comply with all instruction of SDAL/Lenders in connection therewith and take all steps, actions and proceedings as may be necessary.

13) SYNCAST shall not transfer assign or otherwise dispose of or purport to transfer assign or dispose of SDAL's right or obligation or interest by way of mortgage, charge, sub-lease, sale, or other assignments, hypothecation, pledge, hire, encumbrance conducting arrangement licence or otherwise in any manner part with the possession of the equipment/facility or any part thereof or allow or purport to allow or create any lien, charge, attachment or other claim of whatsoever nature or equipment/facility or any part thereof.

14) SYNCAST shall permit SDAL and the Lenders and any persons authorised by them to inspect, view and examine the state and condition of the equipment. It shall also bear the cost of such inspection and out of pocket expenses of any such persons authorised and pays the same to SDAL on receipt of a notice of demand.

15) SYNCAST shall indemnify and keep indemnified SDAL and the Lenders at all times against any loss and seizure of all the equipment/facility under distress execution or other legal process or destruction or damage to the equipment/facility by fire, accident or other costs, from any claim or demand arising out of the import, storage installation, use or operation of the equipment/facility or any risk or liability for death of loss of limb of any person whether employee of SDAL or of third party or not or injury or damage to the Equipment/Facility or any property of the SDAL or third party and hold SDAL harmless, against all losses, damages, claims, penalties, expenses, suits or proceedings of whatever nature made, suffered or incurred and take out all such workmen compensation/third party insurance cover as may be necessary, customary or the practice in the business carried out by SYNCAST or as may be directed by SDAL, in that behalf.

16) SYNCAST has satisfied itself as to the condition and suitability of all equipment and facilities and has accepted the same on and as is where is basis.

17) SYNCAST confirms that it alone, as an agent of SDAL, is responsible for obtaining all the regulatory approvals that are required to operate the licence.

18) SDAL confirms that it is not the manufacturer of the equipment or facility which is granted to SYNCAST.

19) The agreement of License shall automatically get terminated if SYNCAST fails to observe or perform or commits or allows to be committed breach of any of the terms, conditions, provisions or stipulations of the Agreement on its part to be observed and performed (other than failure to pay any sums hereunder when due and payable) and if such breach is remediable, fails to remedy the same within fourteen days of notice by the Party No.1 specifying such default and requiring such default to be remedied.

20) Upon termination of the Agreement pursuant to Clause 8 SDAL shall without any notice be entitled to remove and repossess the equipment and facility and for that purpose by itself its servants or agents enter upon the building, land or premises where the equipment and facility is situated.

21) The total usage charges payable under the license agreement over a period of 47 months amounts to Rs.226 million (detailed payment schedule as mentioned in the agreement copy).

Without prejudice the rights of the Lenders under the charges/mortgages created by the SDAL in favour of the Lenders, the Lenders may exercise any of the rights/remedies of SDAL under the Agreement by a written notice to SYNCAST. On receipt of such notice from the Lenders, SYNCAST shall be bound to act on the instructions of the Lenders (even if the same is in contradiction to the instructions of SDAL) and shall be deemed to be the instruction of SDAL.

TECHNOLOGY & PROCESESS

Key Technologies

The matrix below summarizes the technologies being utilized and developed in the manufacturing of alloy wheels. Management believes that by analyzing these technologies and trends in the industry, low-pressure die-casting is and will remain the preferred technology for the foreseeable future.

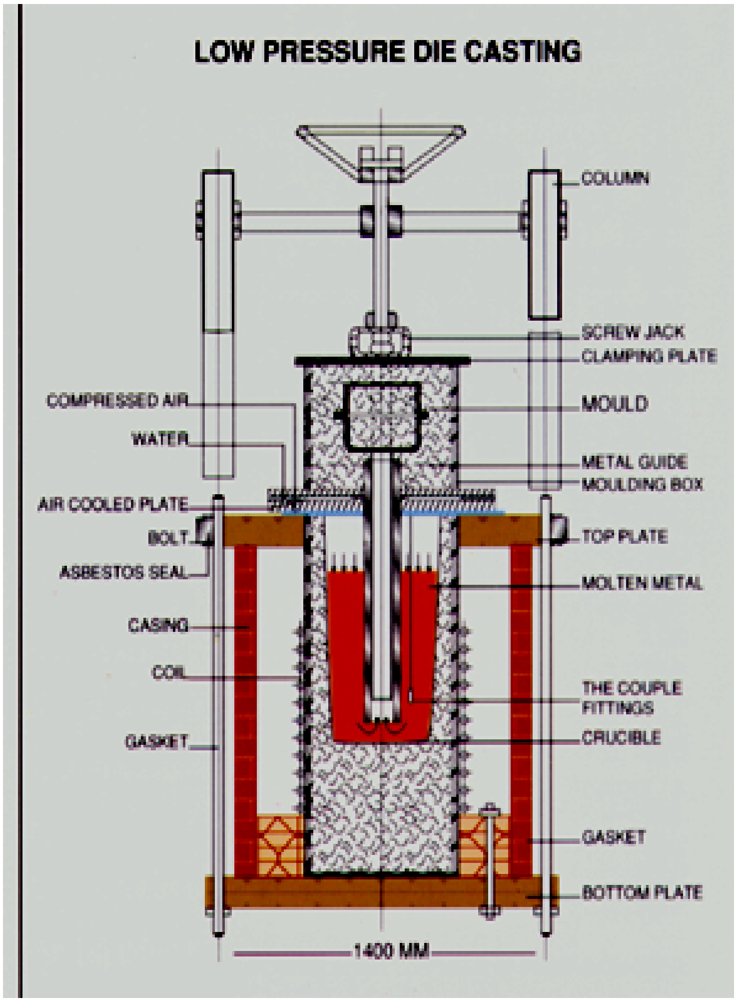
WHEEL TECHNOLOGIES

Technology	Characteristics	Benefits	Assessment
Low pressure cast	Low air pressure filling of mould.	Excellent styling, Medium strength.	Good cost, Well proven, Good quality/flexibility profile.
Forging	Forged (hammer) not cast	High strength, Low weight.	High capital cost, Specialist, technology.
Squeeze cast	Molten aluminium mechanically squeezed into mould	High strength, Low weight, Good styling.	High capital cost, Fairly unproven.
Semi-solid moulding	No melting, semi-solid slug squeezed shape	High strength, Low weight, Limited styling.	High capital cost, Fairly unproven.
Fabricated	Press, rolled and welded.	High strength, Low weight, No styling.	No styling advantage over steel wheels.
Alulite	LP cast followed by roll forming.	Excellent styling, High strength, Low weight.	Good styling, High capital cost.
Gravity cast	Liquid metal poured into mould.	Excellent styling, Low strength, Low quality.	Low capital cost, Low quality.

Source: Company

Low Pressure Die-Casting (LPDC) Technology

SYNCAST uses state-of-the-art low-pressure die-casting technology to manufacture Alloy Wheels. This bottom-up casting methodology enables absolute control on the casting and cooling cycle, thereby reducing cavities and shrinkage. This technique is amenable to large-scale automation, allows true to shape forms, and higher yields. The figure below gives a description of the process:



This technology is superior to the conventional Gravity casting method. In this case, the mould is filled by the upward displacement of molten metal from a sealed holding furnace by applying a relatively low pressure of 15 psi or less on the surface of the molten bath. This causes the metal to rise through a central gate (at the bottom of the mould) into the mould cavity. A comparison of the LPDC technology and the more conventional gravity casting is summarized in Figure below

LPDC	Gravity Casting
The low pressure and bottom entry of molten ensures smooth flow; no turbulence, no gas pick-up, no porosity	Molten falls in a stream into mould. Turbulence and hence gas pick-up, drossing and metal oxidation, greater porosity
Cooling is faster and precisely controlled by a stream of air, water and mist; there are no cold shuts and shrinkage	Slower and less controlled cooling lead to cold shuts and uneven shrinkage
Solidification is under pressure which ensures no warpage	Solidification is under gravity, and castings are susceptible to micro-shrinkages
Finer and thinner sections possible. Yields as high as 90%, amenable to automation, excellent surface finish	Sections are usually much thicker, lower yields, extra material around casting, surface not as smooth

Source :Company

SYNCAST has successfully mastered this technology to manufacture wheels of various designs and sizes.

Technology – Chrome Plating Plant

The SYNCAST chrome plant is a fully automatic MMI (Man Machine Interface) controlled sophisticated copper-nickel-chrome unit capable of producing 1,80,000 wheels per annum of all sizes and designs (benchmarked at an average size of 16" – 17") . This state-of-the-art facility has built in fully automated mechanisms to ensure current control, automatic dosing of chemicals and transfer through the different plating stages, and complete forward and backward tracking of plating history.

Because of the intricate designs and shapes of alloy wheels, it is extremely challenging to ensure proper, adequate and thorough coverage on the surface of the wheel. Special custom secondary anodes and jigs ensure and enable this. These anodes are custom built, and a keen sense of geometry, chemistry and experience contribute to enabling success in chrome plating of an alloy wheel. SYNCAST has rapidly traversed this curve.

Manufacturing Facilities & Processes & Capacities

The Company manufactures aluminium wheels through the low-pressure die-casting of wheels and possesses complete concept to production capability with integrated casting, polishing and plating facilities. It has also mastered the technique of producing billets for 2-piece wheels using the LPDC process.

Design, Engineering and Analysis

A key element of SYNCAST's long term strategy to service the global OEM customer is to develop FULL SERVICE SUPPLIER (FSS) status.

New concepts are constantly developed by the designers in close consonance with customers, and fine tuned rigorously to fully satisfy their aesthetic demands, as well as to comply with various engineering and manufacturing norms and constraints. Full-face mock-ups are developed and signed-off with the customers to ensure that there are no communication gaps.

Engineering analysis tools such as FMEA (Failure Modes and Effects Analysis), fatigue analysis, finite element analysis is conducted to optimize designs and sections. Various mould flow techniques are deployed to ensure optimal flow patterns, and cooling patterns prior to clearing for tooling development. The Company expects to procure further high-end structural and shape optimization software, Mould Flow software, non-linear analysis software, as well as a whole host of GLOBAL OEM converters such as PODGS, CATIA, CADAM, etc. to suit customer requirements.

SYNCAST's current game-plan is to do the styling and design at the customer's locations and the back-end engineering, analysis and development phases in India. This enables optimal utilization of resources yet ensuring close contact with the customer at the critical styling and design confirmation stages. SYNCAST intends to replicate this model in other continents as well. Based on the individual projects and prospective customers, SYNCAST will expand its offices in Michigan, Los Angeles, Germany, Korea and Japan into full-fledged DEA centers with back-end support from the India office.

This competency and game plan is consistent with the Company's philosophy of being able to provide concurrent engineering services to its customers.

Manufacturing Process

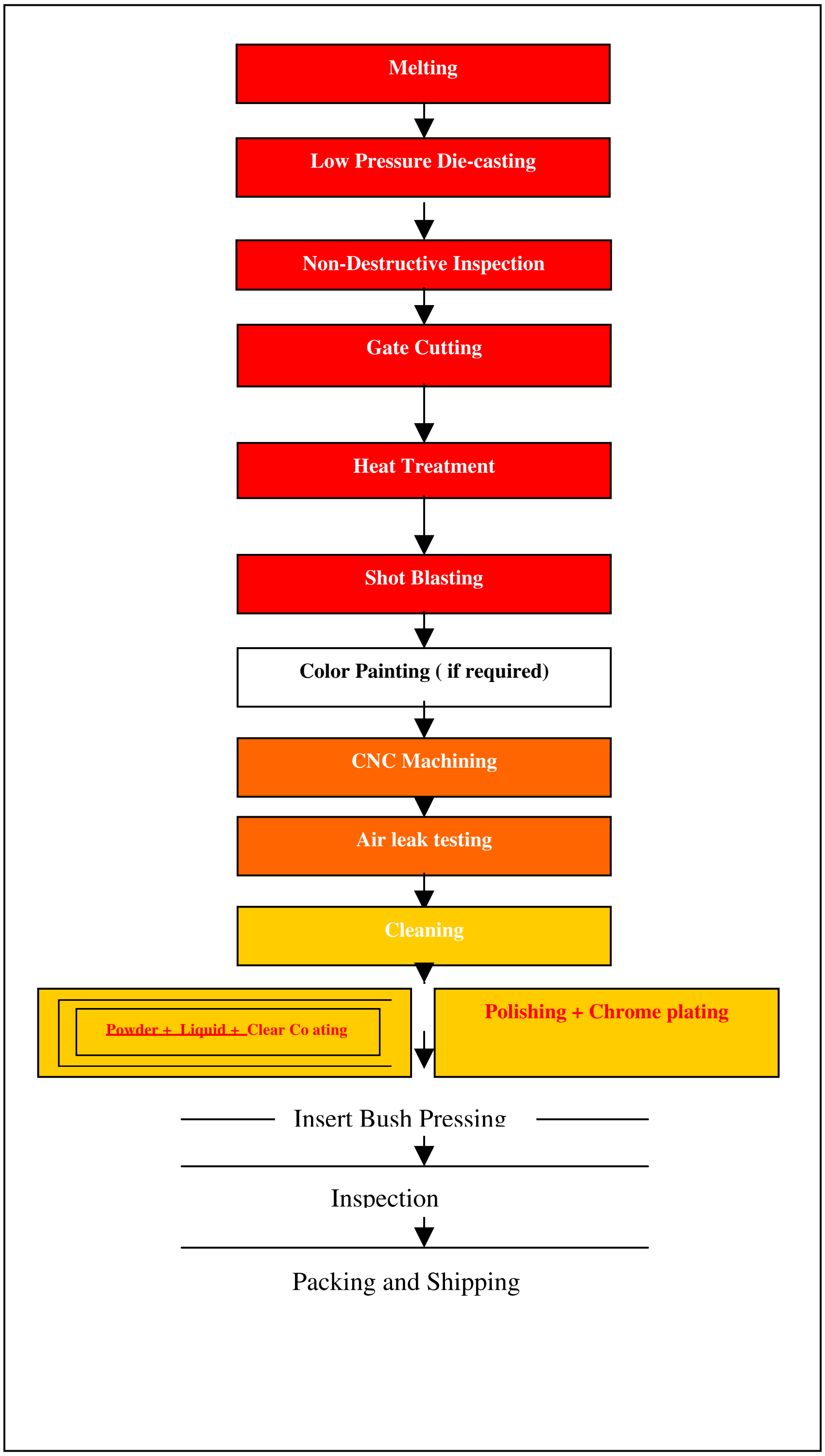
The Company's commitment to manufacturing excellence begins with the raw material. Pre-tested virgin A356.2 alloy is melted in sophisticated and clean induction melting furnaces to ensure absolute consistency of the molten metal and minimal porosity. This molten metal is then converted into raw wheel castings by the most modern low-pressure die-casting machines.

After a thorough X-ray inspection, the wheels are placed in baskets, which go through a 3-stage heat treatment process that further enhances the mechanical and structural properties of the wheel. The wheels are then machined on fully computerized CNC machining centers to ensure dimensional precision and finish.

Finally, the wheels are either painted, or chrome plated depending on customer requirements. If the customer requests painted wheels, then they go through a completely automated 2 or 3 layer electro-static powder painting process that includes colour, liquid and clear coating lines. These coatings enhance the appearance of the wheel, improve surface wear resistance and prevent corrosion. If the wheels are to be chrome plated, they are sent to be polished, prior to being loaded into the automatic chrome plating line.

Wheels manufactured by SYNCAST are 100% X-rayed, leak tested and undergo a series of mechanical tests to ensure that only the highest quality product reaches the customers.

Manufacturing Flow chart of wheels



Chrome Plating Plant

The first step in chrome plating a wheel is to grind, buff and clean the raw wheel properly. The polishing of the wheel is a combination of manual and automatic effort. While the intricate curves and edges of the wheels are manually 'grinded' to ensure a smooth, shiny surface, and then the wheels are buffed and processed through an automatic twin spindle polishing machine to eliminate the polishing lines. This process is executed externally, and supervised by the Company's quality control experts.

After through cleaning of the wheels, they are then loaded onto the Copper plating line, where they are first cleaned, etched, and then plated.

After copper plating, the wheels are buffed to ensure an absolutely clean, pore free and glossy surface prior to being loading onto the nickel chrome line. Skilled staff regularly test and conduct process controls to ensure absolute consistency and chemical composition of the baths, regular purification and maintenance in an extensively equipped lab. Skilled engineering personnel ensure the optimal design, engineering and in-house manufacturing of custom secondary anodes that ensure perfect, consistent, reliable coverage and adhesion.

The wheels are visually inspected on-line in addition to being subjected to routine batch tests such as the Cass test, reverse saw cut and thickness cum Step test before being packed and shipped out. A sophisticated indexing system enables complete forward and backward tracking including tracing the history of each and every wheel.

In addition to the alloy wheel chrome plating line, the SYNCAST chrome facility also has a fully automatic plastic chrome plating unit to ensure that the plastic caps that go along with the wheels are plated to the same standards and that the wheels are fitted with the caps prior to dispatch.

It is this focus on each individual process that has enabled SYNCAST meet OEM standards of chrome quality. In fact, SYNCAST is amongst the few wheel manufacturers in the world capable of delivering an OEM quality painted and / or chrome wheel.

Quality

The Company has a world-class alloy wheel and chrome plating facility with state-of-the-art technology and equipment procured globally. The Company uses contemporary manufacturing techniques such as TPS, Kaizen, Quality Circles, etc. to ensure continuous quality excellence.

The Company's commitment to quality is reflected in its quality philosophy:

"We the Members of Team SYNERGIES commit ourselves to manufacture and deliver the most contemporary, high quality, defect free products in the industry to our Customers."

We will achieve this by developing customer – oriented business and manufacturing processes, within our immediate organization, and amongst our supplier partners, that will focus on innovation, defect prevention, and continuous improvement."

As a control measure, the Company has instituted inspection and quality checks at various points in the manufacturing process to minimize defects. This assumes particular importance in view of the fact that early detection of defects reduces the wastage since at subsequent stages of manufacturing, the value addition is substantial.

The objective of the intense quality tests is to ensure that there are no field rejects. The good wheels are then identified, packed as per the customers' requirement, labeled and only then made available for shipment.

Quality Certifications : The SYNCAST facility has received all validations required by global automobile manufacturers. These include: ISO / TS16949:2002, ISO 14001. The Company recently received Ford's prestigious Q1 – Preferred Supplier award.

Infrastructure Facilities for Raw Materials and Utilities like Water, Electricity, etc.

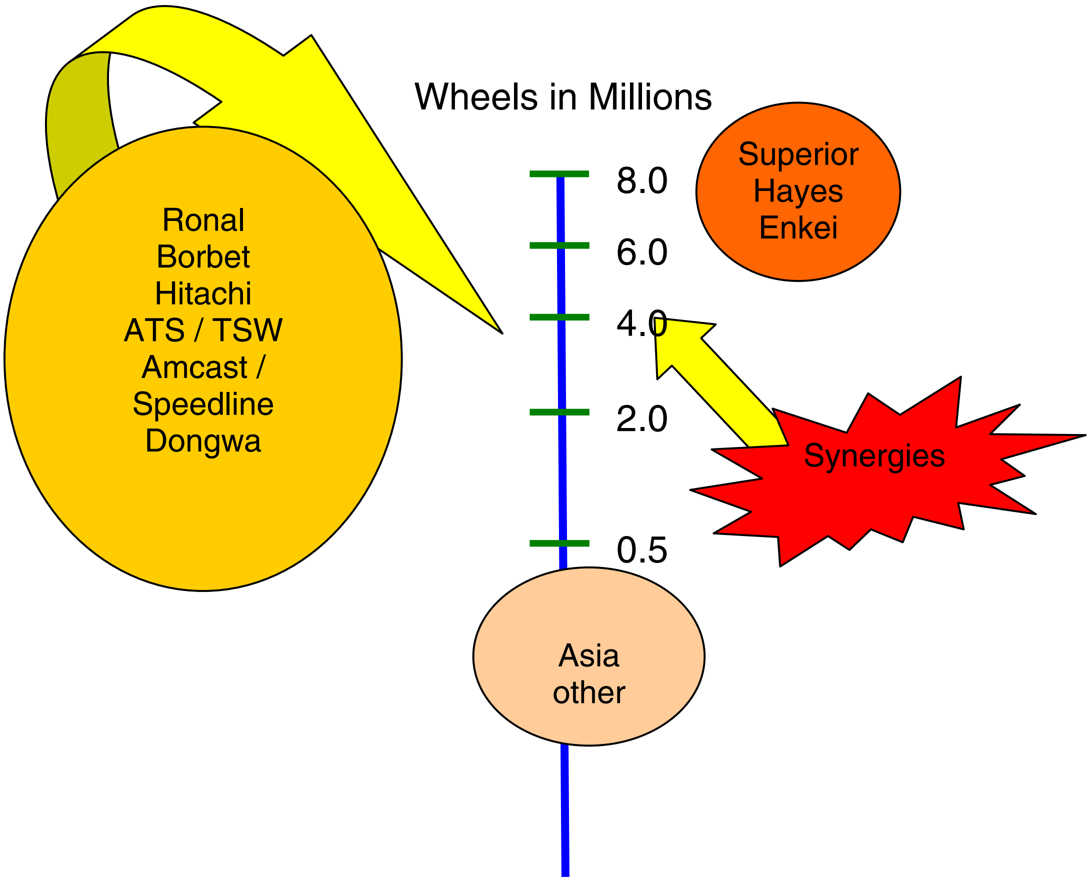
The facilities are located in the Visakhapatnam Special Economic Zone (VSEZ), Visakhapatnam, INDIA. The Company is the beneficiary of uninterrupted power assured by the State, as well as has adequate reserves of water. In addition, the Company has captive generator sets to take care of any special contingency / shutdown.

MARKETING STRATEGY:

Segmentation

In the long term, SYNCAST intends to be a significant global player in alloy wheel manufacturing. To achieve this, the Company has developed competencies to supply the volumes and quality demanded by the global OEM segment, as well as be able to establish a reputed brand and global distribution network to service the global aftermarket.

To better service the global OEM, SYNCAST must increase its capacities to more than 1 million wheels, and have established quality certifications. Although the margins are lower, the volumes available in the OEM segment are greater, more stable, and necessary for quantum organic growth of the Company.



The aftermarket is important because it is a forerunner to the latest trends in designs, styling, technologies related to wheel manufacturing, and is more profitable besides being more readily accessible; important when there is a sudden OEM demand downturn. However, this segment demands extremely quick reaction to the market, regular introduction of new styles and designs, a larger working capital to maintain shelf-inventory, and development of a strong brand and distribution network.

It is clear that different market segments have different characteristics, and the Company needs to develop a market specific strategy to succeed.

Positioning

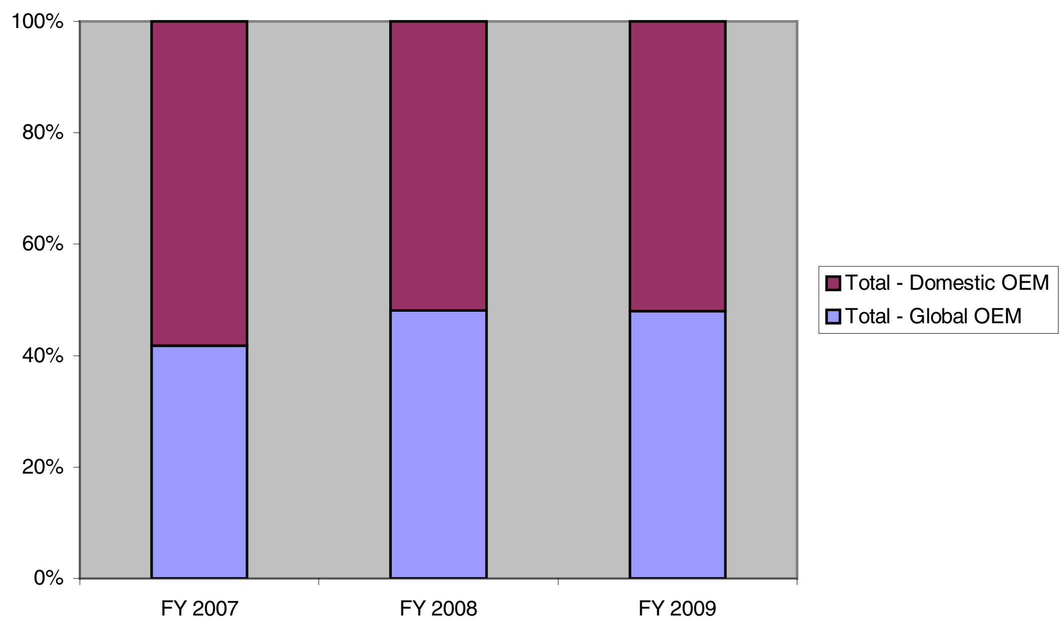
Given the need for a stable, durable and long term business model, the opportunity 'space' available in the global market, and the Company's competencies and competitive advantages, the company has positioned itself as follows:

The four primary segments that SYNCAST focuses on, the characteristics of the segment, and the Company's positioning is summarized below:

Domestic OEM Market growing explosively @ 40%+ Competition : MODERATE, hindalco, neo, Enkei, FTA imports Market share : 80%+ Edge : DEA, superior product, incumbency, excellent rapport	Global OEM - base segment Market growing @ 10 – 15% Competition : HIGH, large established players from America, Europe, Asia including China, SE Asia Market share : 0.5 - 1% Edge : Pricing, DEA
Global Aftermarket – Chrome Market growing @ 20 – 30%+ Competition : HIGH, several players from all over the world; particularly Asia Market Share : 2 - 3% Edge : Network, Designs, Availability, Pricing	Global OEM – Premium segment Market growing @ 20 – 30%+ Competition : LOW, a few large players from America, Europe Market Share : 0% Edge : Capability, Price, Capacity, Integrated supplier, DEA skills

A market mix of 80 - 90% OEM, and 10 - 20% aftermarket (at current 0.52 mil capacity) is the Company's desired market mix; with the weightage for the OEM segment rising by 5 – 10% for every 0.5 million wheels capacity.

On a macro level the product mix should look as follows for the coming 5 years :



MARKETING PLAN

Channels

The Company focuses primarily on the OEM segment, with the Aftermarket segment being used primarily as a filler.

OEM: Generally, it has been found that the best, most durable solution is to approach and deal with the OEMs directly. SYNCAST has very experienced personnel with vast experience in the castings industry, and these members are posted in Europe, and America; and serve as the Company's front end representative, technical trouble shooter, customer service provider.

In the OEM segment, the primary attributes for selection are the competencies, the validations and the price. SYNERGIES has received all necessary accreditations to be selected as a Supplier by several Global OEM groups (i.e. GM-USA & Ford-Europe). To-date, the Company has received approval from:

- All OEMs in India : GM, Ford, Toyota, Tata Motors, Mahindra & Mahindra, Hyundai, Maruti, etc.
- Ford – Global Group including Land Rover, Volvo
- GM – Global Supplier Approval that includes all group companies such as Cadillac, Buick, Pontiacs, Subaru, Saab, etc.

It is therefore eligible for the online RFQ's that these OEMs put out regularly, and is invited to bid for the same.

The Company has a target to be approved by at least one major global OEM each year, and is confident of delivering on the same.

AM: The Company has continuing relationships with major aftermarket(AM) players in the US, Europe and middle-east. Through these long standing relationships, the Company regularly receives container load orders.

The result of the above is the Company's very healthy order book for the next several years.

Key Customers

The Company's customers are the premium who's who of the auto industry. In India, SYNCAST has a majority market share in the OEM business, and has amongst its customers:

Ford – India, Chennai
General Motors – India, Halol
Mahindra & Mahindra- Nasik & Mumbai
TATA Motors- Pune
Toyota Kirloskar Motors Ltd- Bangalore

Globally, it's current Global OEM Customers include:

Ford – Europe, Belgium & Germany
General Motors North American Operations – Hummer Division
General Motors North American Operations – Cadillac Division
General Motors – Spare Parts Operations

As can be seen, the Company has a full order book for the next few years, and must increase its capacity to accommodate new projects that it is currently bidding for.

In particular, the General Motors' "Cadillac" project envisages the production and supply of 90,000 wheels per annum of 22" diameter size. This is a significantly 'larger' size wheel, and requires investments in certain new equipment, and the modification of existing equipment to accommodate the larger diameter of wheel. This investment is part of the utilization of funds from the proposed Public Issue.

Confirmed Order book

Capacity	FY 2007	FY 2008	FY 2009
Global – OEM – Painted	46,350	0	0
Domestic – OEM – Painted	204,000	216,000	217,000
Global – OEM Chrome	100,000	200,000	200,000
TOTAL	**350,350**	**416,000**	**417,000**

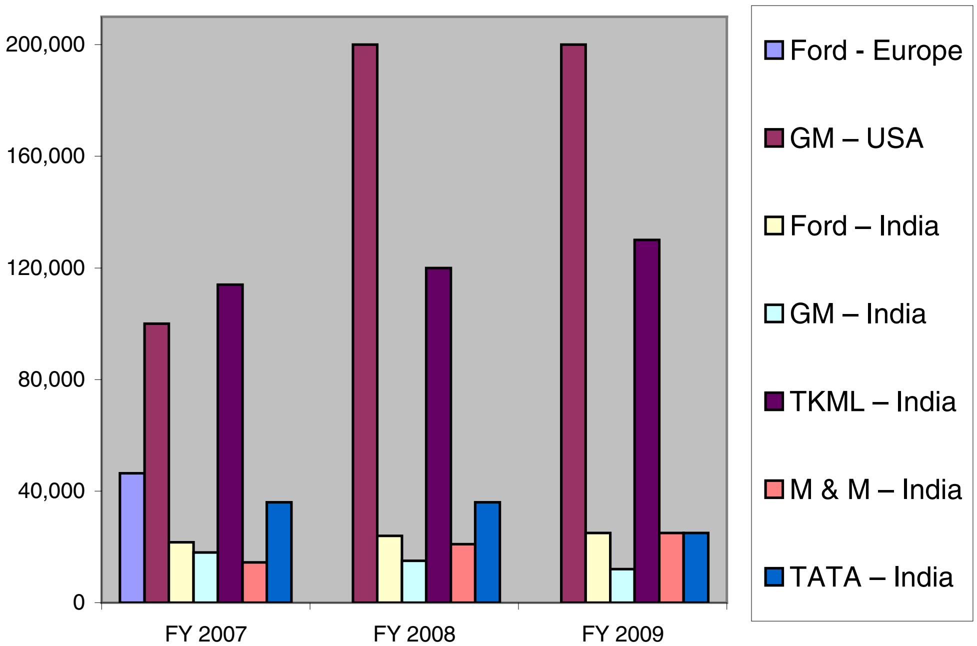
Customer wise Order Book for the next Two Years is as follows:

In some cases, particularly in the case of domestic OEMs, customers do not give a long-term projection beyond 2 years. In such cases, an estimation is made of the duration of the program.

No. of Wheels

Customer	FY 2007	FY 2008	FY 2009
Ford Motors - Europe	46,350	0	0
General Motors – USA	100,000	200,000	200,000
Ford Motors – India	21,600	24,000	25,000
General Motors – India	18,000	15,000	12,000
Toyota Kirloskar Motors Limited – India	114,000	120,000	130,000
Mahindra & Mahindra – India	14,400	21,000	25,000
Tata Motors – India	36,000	36,000	25,000
Total	**350,350**	**416,000**	**417,000**

A graphical representation of the Order Book position is given below:



As can be seen, the Company has a full order book for the next few years, and must increase its capacity to accommodate new projects that it is currently bidding for.

CUSTOMER PROFILE

Global – OEM – Painted

Ford – Europe: The Company has a contract with Ford – Europe for supply of 120,000 – 150,000 16" painted wheels per annum, which will end in December 2006. In recognition of this, Ford has awarded the Company with its' Q1 ranking – given to Companies that are amongst the best of their Suppliers.

The Company is actively negotiating with Ford – Europe for some fresh orders which are likely to commence from 2007 – 2008 and continue for a couple of years.

Domestic – OEM – Painted

The Company enjoys a major chunk of the market share in the domestic OEM segment. As the first mover in this business, it has established leadership credentials because of its cutting edge, design, engineering services, its' manufacturing capabilities, and world-class testing and quality credentials.

Ford – India: The Company has secured orders for supply of 14" wheels for the FORD FUSION and the FORD FIESTA with approximate volumes of 25,000 wheels per annum. The programme runs up to 2009. The Company is also expecting to secure some fresh orders for the new Ford vehicles expected to be launched in the market.

GM – India: The Company is presently supplying 15" wheels for the Chevrolet Tavera with approximate volumes of 20,000 wheels per annum. The programme runs up to 2008. The Company is also expecting to secure some fresh orders for the new vehicles from the GM / Opel / Chevrolet stable expected to be launched in the market.

Mahindra & Mahindra: The Company has secured orders to supply 16" wheels for the Mahindra Scorpio with approximate volumes of 20,000 wheels per annum. In addition, the company is also supplying a small quantity of the Chrome Plated version of the same wheel. This programme runs up to 2009. The Company is also expecting to secure some fresh orders for the new Mahindra SUV's expected to be launched in the market.

TATA Motors: The Company is a privileged supplier for 16" wheels for the new Safari Dicor with approximate volumes of 30,000 wheels per annum. The programme runs up to 2009. The Company is also expecting to secure some fresh orders for the new TATA vehicles expected to be launched in the market.

Toyota: Presently, all Toyota Corolla cars are factory fitted with 15" wheels supplied by the Company. In addition, the Company also supplies 15" wheels for the Toyota Innova with approximate volumes of 120,000 wheels per annum. The programme runs up to 2009. The Company is also expecting to secure some fresh orders for the new Innova and future vehicle programs.

Global – OEM – Chrome

General Motors – Hummer : The Company has clinched an extremely prestigious order from General Motors for their high-end HUMMER platform. This 'resourcing' project requires the Company to supply upto 92,000 chrome wheels per year from March 15, 2006. This project is currently under execution, and is on course to meet the timelines of GM. The project runs upto 15.03.2008

General Motors – Spare Parts Operations: In addition to the above, the Company has received 5 smaller spare parts programs for a total volume **of 24,000 wheels** per annum. Of these 3 projects are under implementation, and are expected to go into commercial production by March 2006. These programmes are generally 2 – 3 year programmes.

General Motors – Cadillac Escalade: In yet another outstanding breakthrough, the Company has clinched a 90,000 wheels per year order from General Motors for the very high-end Cadillac Escalade vehicle. This order is also for Chrome wheels, and runs from 3rd quarter 2006 through the year 2010. The Cadillac is a General Motors high end platform, and the Escalade is a premium vehicle in the US market. This order reflects the high-end capability and competency of the Company, and the confidence of a major Customer such as General Motors in the Company.

The order is for very large size wheels (22") of chrome finish; which is the trend of the future. The Company sees the successful fulfilment of this prelim order leading to a quantum increase in its GM business, as well as its 'chrome' business.

EXPORT COMMITMENT

The Company, located in the Special Economic Zone is expected to be a Net Positive Foreign Exchange (NFEP) earner; that is on an annual basis, it is expected to earn more foreign exchange than it spends on importing capital goods, raw materials, consumables and tools. As of date, the Company has accrued a positive NFEP of 14.64%, and does not foresee any challenges due to this.

STRATEGIC BUSINESS PLAN

Details of Company's Corporate strategy – long term as well as short term

Phase 1: Capex for installation of balancing equipment for de-bottlenecking of Alloy Wheel Plant, Chrome Plating Plant and Tool Room for Die Manufacturing; TIMELINE: 6 months.

Phase 2: Consistent with the opportunities described above, the Company intends to add capacity at the existing plant location to accommodate immediate global OEM orders. Expand current plant to 1 mil wheels (from current 0.5 mil capacity) + chrome plant to 0.5 mil wheels (expected investment INR 500 – 600 mil). TIMELINE: Year 1 - 2

Phase 3: The Company intends to setup a Greenfield expansion of more than 2.0 million wheels capacity, and increase the chrome plating capacity by more than 100% to 0.5 million wheels per annum to accommodate expected global + domestic OEM orders. Add on Greenfield capacity of 2 mil wheel capacity (expected investment INR 1600 – 1800 mil); TIMELINE: YEAR 2 – 3

Industry Regulations & Policies

The company is engaged in the business of manufacturing of aluminium alloy wheels, which falls under the automotive industry. The applicable regulations will be the Auto Policy of the Government of India.

The Government of India approved a comprehensive automotive policy in the year 2002 to promote an integrated automotive sector that can achieve sustainable growth. The policy, inter alia, seeks to:

- Make India an international hub for manufacturing small, affordable passenger cars and a key centre for manufacturing tractors and two-wheelers for sales worldwide;
- Ensure a balanced transition to open trade at a minimal risk to the Indian economy and the local industry;
- Provide a conducive environment for modernization and facilitate indigenous design, research and development;
- Assist development of vehicles propelled by alternative energy sources;
- Develop safety and environmental standards at par with international standards;
- Identifying the lack of volumes (both in the automotive and components sectors) as a major impediment constraining efficient production, the policy proposes a set of measures.

Foreign Direct Investment

The Company does not require any specific approval for foreign direct investment in the Company since the Company's manufacturing unit is not only 100% Export Oriented Unit but is also engaged in manufacturing of components of automobile which falls under the formula of automatic approval under the foreign exchange management regulations for foreign direct investment.

Import tariff

Import tariffs have been fixed in a manner to facilitate development of manufacturing capabilities as opposed to mere assembly. For motor cars and multi utility vehicles (MUVs), the import tariff has been designed to give maximum fillip to manufacturing without extending undue protection.

Incentives for Research and Development (R&D)

The finance bill 2005 provides a weighted deduction of 150% for in-house R&D expenditure in the auto component industry. Further, the policy proposes to include vehicle manufacturers for a rebate on the applicable excise duty for every 1 per cent of the gross turnover of the company expended during the year on R&D.

Environmental aspects

Adequate fiscal incentives have been given to promote use of low emission auto fuel technology (in line with the Auto Fuel policy). The auto policy states the Government's intent to align domestic policy with the international practice of imposing higher road tax on used old vehicles to discourage their use. Recognizing the need to support the development and introduction of vehicles propelled by alternate fuels (hybrid vehicles, vehicles operating with batteries and fuel cells), the policy proposes a long-term fiscal structure to be put in place to facilitate their acceptance.

Other Measures

Recognizing the importance of small cars (cars not exceeding 3.80 meters in length) in the domestic market and the potential India holds to become an international hub for the manufacture of small cars, the policy emphasizes the need to spur growth in this segment through fiscal incentives. Considering the importance of the MUV segment in the rural and semi-urban areas, the policy states the need to provide fiscal incentives in this segment.

Environmental standards: The National Auto Fuel Policy

The principal environmental standards in India are the Euro I and Euro II norms, which regulate vehicular emission in terms of pollutants such as carbon monoxide (CO), hydrocarbons, nitrous oxides (NOx) and suspended particulate matter.

The Government of India announced the National Auto Fuel Policy, which recommended Euro II (Bharat II) norms. These norms are in place in Delhi, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, Ahmedabad, Pune, Surat, Kanpur and Agra. The policy also suggested that the norms be further extended to the entire country from April 1, 2005 onwards, and subsequently be extended to other parts of the country from 2010. Estimates suggest that the automobile industry would require investments in the range of US$ 5-7 billion for manufacturing vehicles compatible with the proposed emission norms.

Export Commitment

The plant is located in the Special Economic Zone in Visakhapatnam and operates as a 100% EOU. The location / 100% EOU advantages include the following :

- Duty free imports of capital equipment
- Duty free import of raw materials, consumables, spares and other inputs
- Income tax exemption u/s 10(B) on export profits upto Assessment Year 2009-10.
- Entitlement to sell in the domestic market up to a value equal to 50% of the FOB value of exports at concessional rates of duties.
- CST refund, Excise duty exemption on domestic purchases, etc are some of the other benefits the company enjoys.

In turn, the Company is expected to be a net positive foreign exchange (NFEP positive) earner; that is on an cumulative basis, it is expected to earn more foreign exchange than it spends on importing capital goods, raw materials, consumables and tools. As of date, the Company has accrued positive **NFEP of 14.64 %**, and does not foresee any challenges due to this.

HISTORY AND CORPORATE STRUCTURE

The Company

The Company was incorporated as Synergies Castings Limited on 24th January, 2005. The Company is in the business of manufacturing Aluminium Alloy Wheels and caters specifically to the OEM market.

Main Objects Of the Company

The main objects of the Company as given in Memorandum Of Association of the Company are reproduced below :

1. To carry on the business of manufacturers, traders, buyers, sellers, importers, exporters, stockists, dealers, service providers and representatives of all kinds and descriptions of Casting & engineering Components for the Automotive and other industries.
2. To design, assemble, test, overhaul, hire, lease, supply, fabricate, construct and commission plant and equipment; and to render consultancy and supervisory services in industrial fields in India and Abroad.
3. To act as stockists, distributors, agents, brokers, buyers, merchants, traders and generally to undertake and carry out agency work of any kind whatsoever relating to the above business.

CHANGES IN THE MEMORANDUM OF ASSOCIATION

Since its incorporation, the following changes have been effected in the Memorandum Of Association:

S.No.	Date Of Shareholder Approval	Authorised Capital
1	November 3,2005	The Authorised Capital of the Company was increased from Rs.5,00,00,000 comprising of 50,00,000 Equity Shares of Rs.10 each to Rs.11,00,00,000 comprising of 1,10,00,000 Equity Shares of Rs.10 each
2	December 26,2005	The Authorised Capital of the Company was increased from Rs. 11,00,00,000 comprising of 1,10,00,000 Equity Shares of Rs.10 each to Rs.20,00,00,000 comprising of 2,00,00,000 Equity Shares of Rs.10 each
3	January 24,2006	The Authorised Capital of the Company was increased from Rs. 20,00,00,000 comprising of 2,00,00,000 Equity Shares of Rs.10 each to Rs.23,00,00,000 comprising of 2,30,00,000 Equity Shares of Rs.10 each

SUBSIDIARIES OF THE COMPANY

The Company does not have any subsidiaries

Investment by Private Equity Investors

The Company has entered into a Shareholders Agreement dated 11.05.2006 with Chandra Sekhar Movva And Associates, Thinc Destini Commercial (Asia) SPV Limited and Silver Peak Investments (Mauritius)

Limited, (incorporated in the Republic Of Mauritius on 30.5.2005), an investment arm of JP Morgan Special Situations Asia LLC, which is a wholly owned subsidiary of JP Morgan Chase & Co,

The Company has also entered into a Share Subscription Agreement dated 11.05.2006 with Chandra Sekhar Movva And Associates, Thinc Destini Commercial (Asia) SPV Limited and Silver Peak Investments (Mauritius) Limited, (incorporated in the Republic Of Mauritius on 30.5.2005), an investment arm of JP Morgan Special Situations Asia LLC, which is a wholly owned subsidiary of JP Morgan Chase & Co,

Summary of the Bridge Loan Agreement dated March.17 ,2006, Loan Agreement dated May11, 2006, Deed of Hypothecation dated March 17,2006 and May 11, 2006, , Share Pledge Agreement dated March 17,2006 Share Subscription agreement dated May 11, 2006, and Shareholders Agreement dated May 11, 2006 are as under:

The Bridge Loan Agreement, Share Pledge Agreement, Deed of Hypothecation

By a bridge loan agreement dated 17th day of March, 2006 SYNCAST had borrowed a sum of Rs. 90,000,000/- (Rupees Ninety Million Only) from J P Morgan Chase Bank, N.A., at an interest rate of 11% per annum to meet its ongoing working capital requirements.

The bridge loan amount was secured: -

1) by a deed Of Hypothecation dated 17th March 2006 SYNCAST hypothecated all its moveable assets in favour of J P Morgan Chase Bank, N.A.; and
2) by share pledge agreement dated 17th March 2006 between Mr. Chandra Sekhar Movva and associates (as defined therein) and J.P. Morgan Chase Bank N.A. Mr. Chandra Sekhar Movva and associates pledged their shareholding in SYNCAST, in favour of and for the benefit of J.P. Morgan Chase Bank N.A.

SYNCAST has now repaid to J P MORGAN CHASE BANK, N.A. the bridge loan amount borrowed by it under the aforesaid bridge loan agreement consequent to which: -

1) all the movable assets hypothecated under the deed of hypothecation dated 17th March 2006 have been released from the hypothecation made there under; and
2) The shares of Mr. Chandra Sekhar Movva and associates pledged to J.P. Morgan Chase Bank N.A. under the share pledge agreement dated 17th March 2006 have been released from the pledge made there under.

The Loan Agreement

SYNCAST has, as borrower, entered into a loan agreement (the “Loan Agreement”) dated 11th day of May, 2006 with J P Morgan Chase Bank, N.A., (the “Lender”) and others, where upon the request of SYNCAST, subject to the terms and conditions set out in the Loan Agreement, the Lender agrees to lend and advance to the Company and the Company agrees to borrow the sum of Rs. 12,50,00,000/- (Rupees Twelve Crores Fifty Lacs Only) (the “Facility”). The proceeds of the Facility shall be used by SYNCAST for repaying its Unsecured Creditors, repaying prior loan given by the Lender and for its working capital requirements.

An interest at a rate of 11% per annum, shall be payable (quarterly) on the outstanding amount of the Facility disbursed. Such Interest will be calculated on reducing balance basis, with monthly rests.

If the Company fails to pay any sum due and payable to the Lender on its due date, the Company shall pay additional interest (of a further 3%) on such sum from the due date(s) thereof, up to the date of actual payment.

The Facility is provided against the security of (i) all the present and future assets of the Company including its receivables, loans & advances, and investments; (ii) The receivables from GM shall be carved out of the current assets of the Company and shall be exclusively charged to secure GM Receivable Financing;

The Facility shall be repaid in fifteen equal quarterly installments of Rs.83,33,333 each, commencing from September 30, 2006. In addition to the repayment, at the end of each financial year SYNCAST shall use minimum 80% of the Excess Cash (as defined therein) to repay the amount taken under the Facility.

Deed of Hypothecation

Under a deed of hypothecation dated 11th May 2006 executed by the Company in favour of J.P. Morgan Chase Bank N.A. (the "**Lender**"), the Company has hypothecated all moveable plant and machinery, machinery spares, tools and accessories and other movables, all book-debts, outstanding moneys, receivables, investments, loans and advances, claims including insurance claims intangible assets including but not limited to goodwill, intellectual property rights, undertaking, documents of title to goods and other assets now belonging to SYNCAST or that may at any time during the continuance of the security belong to SYNCAST or that may be held by any party to the order and disposition of SYNCAST as and by way of an exclusive first charge in favour of the Lender, as security for repayment by SYNCAST to the Lender of loan Facility in a principal amount of Rs.12,50,00,000/- (Rupees Twelve Crores Fifty Lacs Only) only and all costs, charges, expenses additional interest, liquidated damages, and all other monies due to the Lender under the Loan Agreement dated 11th May, 2006:

If SYNCAST fails to pay on demand any monies which ought to be paid by SYNCAST to the Lender under the Loan Agreement or shall commit any breach of any terms of the Loan Agreement it shall be lawful for the Lender to forthwith or at any time thereafter after giving seven (7) days of prior written notice to enter into or upon any place or premises where or wherein any of the hypothecated assets may be situated, kept or stored and for the purpose of such entry to do all lawful acts, deeds or things deemed necessary by the Lender, and to inspect, evaluate, insure, and/or to take charge or possession of and/or to seize, recover, remove, receive, appoint receivers of and/or to take possession of all or any of the hypothecated assets thereupon either forthwith or at any time and to sell and dispose of all or any part of the hypothecated assets.

The security created under the Loan Agreement is a continuing security and shall remain in full force and effect, notwithstanding any intermediate payment or settlement of account or other matter or thing whatsoever and in particular the intermediate satisfaction by SYNCAST of the whole or any part of the Facility and other obligations in accordance with the Loan Agreement and the charge of the Lender on the hypothecated assets will continue unaffected until the Facility and all obligations under the Loan Agreement, is repaid in full to the Lender. The security is in addition and without prejudice, to any other security, guarantee, lien, indemnity or other right or remedy which the Lender may now or hereafter hold for the Facility or any part thereof during the existence of the Facility under the Loan Agreement.

Share Subscription Agreement

Under a share subscription agreement dated May 11, 2006 executed by the Company with Silver Peak Investments (Mauritius) Limited, [through which JP Morgan Chase (JPM) has agreed to invest into the share capital of the Company], Chandra Sekhar Movva and Associates (the "Sponsor"), Thinc Destini Commercial (Asia) SPV Limited (the "Promoter") Upon the fulfillment of all the condition precedent as narrated in the said agreement JPM shall subscribe to 2,280,000 fresh equity shares of Rs.10 each at a premium of Rs.26 per equity share in the share capital of the Company

Shareholding Pattern of the Company before the Share Subscription Agreement

	Shareholder / Shareholders' Group	No. of shares of Rs.10/-	%	Nominal Value (Rs.)	Share Premium (Rs.)	Total (Rs.)
1	Thinc Destini Commercial (Asia) SPV Ltd. (Promoter)	7,925,534	74.69	79,255,340	70,457,764	149,713,104
2	Chandra Sekhar Movva & Associates (Sponsors)	2,685,578	25.31	26,855,780	23,431,148	50,286,928
	Total	**10,611,112**	**100.00**	**106,111,120**	**93,888,912**	**200,000,032**

Shareholding Pattern post completion of the Share Subscription Agreement

	Shareholder / Shareholders' Group	No. of shares of Rs.10/-	%	Nominal Value (Rs.)	Share Premium (Rs.)	Total (Rs.)
1	Thinc Destini Commercial (Asia) SPV Ltd. (Promoter)	7,925,534	61.48	79,255,340	70,457,764	149,713,104
2	Chandra Sekhar Movva & Associates (Sponsors)	2,685,578	20.83	26,855,780	23,431,148	50,286,928
3	Silver Peak Investments (Mauritius) Limited	2,280,000	17.69	22,800,000	59,280,000	82,080,000
	Total	**12,891,112**	**100.00**	**128,911,120**	**153,168,912**	**282,080,032**

Utilisation of Subscription Consideration as per Share Subscription Agreement

	Particulars	Rs.
1	Redemption of 12% redeemable preference Shares	58,279,860
2	Capex for De-bottlenecking of Alloy Wheel Plant and Chrome Plating Plant	23,800,140
	Total Subscription Consideration	**82,080,000**

Shareholders Agreement

The Company, Chandra Sekhar Movva and Associates (the "Sponsors"), Thinc Destini Commercial (Asia) SPV Limited (the "Promoter") and Silver Peak Investments (Mauritius) Limited, have entered into the shareholders agreement dated 11.05.06 (the "Shareholders Agreement"). The Shareholders Agreement lays down the rights and obligations, of the parties to the Shareholders Agreement. Below mentioned is the summary of the Shareholders Agreement: -

1. JPM has a right to nominate a director on the Board of the Company until (i) the expiry of a period of three (3) years from the listing of the Company on a major stock exchange, or (ii) until the date on which JPM ceases to hold at least 7.5% of the Share Capital of the Company, whichever is earlier.

   i) The Shareholders Agreement also requires that any Major Decisions (therein mentioned) proposed by the Board can be made only after receiving the affirmative vote of a Director nominated by JPM.

ii) So long as the Sponsors and the Promoter collectively holding 51% of the Share Capital, the Sponsor(s) and Promoter are free to sell any portion (in excess of the aforementioned 51% shareholding) of the Equity Shares of the Company held by them. Notwithstanding the above, the Sponsor(s) may transfer or sell any Equity Shares held by them which would result in the collective shareholding of the Sponsors and Promoter falling below 51% of the Share Capital, to any of their respective Affiliates, provided that such Affiliate agrees to be (jointly and severally) bound by the terms thereof. Notwithstanding any provision to the contrary, JPM shall be entitled to transfer its shareholding in the Company at any time, without any restrictions.

iii) In the event that Sponsors and the Promoter, either jointly, severally, collectively, directly or indirectly, in one or several tranches, proposes to sell more than 51% of the Share Capital, or a lesser amount of shareholding to prospective buyer/s which would result in the Sponsors (without change in the composition) losing Management Control of the Company, JPM shall have a tag along right in respect of some or all of the JPM Shares, at JPM's discretion at the same price per share as the total consideration paid or to be paid by the prospective buyer/s:

2. In the event JPM is desirous of selling its shares, the Sponsors shall have a right of first offer with respect to any proposed block sale. JPM shall send to the Sponsors a written notice at least twenty (20) days prior to any third party being offered Shares by JPM as part of a proposed block sale. The Block Sale Notice shall set forth the number of Shares being offered for sale under that block sale that JPM proposes to Transfer, the expected price per Block Sale Share and any other proposed terms and conditions relating to the payment of the price for such block sale.

3. At the end of two years from the date of investment by JPM, if JPM's compounded annual return on its total investment in the Company including the JPM Shares and the Secured Term Loan is greater than 35% p.a., then, subject to the provisions of the Law, including prevailing SEBI, Stock Exchange, Foreign Investment Promotion Board, Reserve Bank of India and other regulations, JPM shall transfer, as a management incentive 559,360 Shares (with par value of INR 10 each) of the Company to the Sponsors, at zero cost.

4. The Sponsors undertake to not set up a company engaged in the same business as the Business of the Company and/or directly or indirectly compete with the Company during the tenure of this Agreement and for a period of five (5) years from the date of this Agreement. The Promoters undertake to not acquire controlling stake in any company that directly or indirectly competes with the Company.

Strategic and Financial Partners

The Company does not have any strategic or financial partners.

<u>MANAGEMENT</u>

Name and Address	Occupation	Age	Date of Appointment	Other Directorships
Chandra Sekhar Movva 9-19-4, C.B.M. Compound, Visakhapatnam – 530 003	Business	41	Since Incorporation	(i) Synergies – Dooray Automotive Limited (ii) Stellar Wheels Limited (iii) Abhishek Business Pvt. Ltd. (iv) Pentafour Exim & Marketing Pvt. Ltd.

				(v) Mimosa Enclave Pvt. Ltd.
Manoj Khaitan 4th Floor, Sandeep Towers, 57 B, Kirlampudi Layout, Visakhapatnam – 530 017	Business	42	Since Incorporation	(i) Synergies – Dooray Automotive Limited (ii) Stellar Wheels Limited (iii) Abhishek Business Pvt. Ltd. (iv) Pentafour Exim & Marketing Pvt. Ltd. (v) Mimosa Enclave Pvt. Ltd. (vi) Rachit Finance Pvt. Ltd. (vii) Triveni Minerals Pvt. Ltd.. (viii) Khaitan Minerals Development Corporation Pvt. Ltd.
Vice Adml. (Retd.) A.V.R. Narayana Rao 50-1-45, Near Saibaba Temple, A.S.R. Nagar, Seethammadhara, Visakhapatnam – 530 013	Service	68	01-05-2005	(i) Synergies – Dooray Automotive Limited
Christian Kumar 3 Earles Holme, Kempston, Bedfordshire, MK42 8PG, UK	Service	38	21-05-2005	(i) Thinc Destini Commercial (Asia) SPV Limited. (ii) Thinc Destini Commercial (INDIA) SPV Limited (iii) Thinc Destini Commercial Holdings SPV Limited (iv) Thinc Destini Commercial Solutions SPV Limited
Kieran Francis O'Connor 14 Mayfield Road Wimbledon London SW19 3NF	Professional Advocate in London, UK	44	24.1.2006	NIL
Anand Boddapaty Flat No. 502, Padmaja Palace, Srinagar Colony, Hyderabad – 500 082.	Business	43	26.12.2005	(i) Millennium Finance Limited (ii) MFL Net Services Private Limited (iii) MFL Insurance Services Private Limited (iv) Apind Communications Private Limited (v) Saamya Biotech India Limited
P. Panduranga Rao Datascribe Infotech Pvt Ltd 34, 2nd floor, First Main	Business	48	24.1.2006	(i) Datascribe Technologies Pvt Ltd (ii) RingaRoom Tours Pvt Ltd

Seshadripuram, Bangalore-560020				(iii) Zolipe solutions Pvt Ltd

The existing promoters have a satisfactory track record of managing the operations of the company. The key lenders have repeatedly expressed confidence in the bonafides and capabilities of the promoters. However, as part of the restructuring exercise, management had initiated talks with the potential investors/strategic partners, resulting in detailed due diligence exercise by some of them. During the process, the company expressed its willingness to reconstitute the shareholding pattern in favour of new investor, if so required.

BRIEF PROFILE OF THE DIRECTORS

Mr. Chandra Sekhar Movva

Mr. Chandra Sekhar Movva, aged 41 years, Managing Director of Synergies Castings Limited, is a post graduate in Mechanical Design / Automotive Engineering from Michigan State University and an MBA from Kellogg Graduate School of Management, Northwestern University, USA. He is responsible for evolving a tenable vision for the Company, developing a strategic game plan to realize the vision, promoting an ethical code of conduct with in the Company in addition to day to day management. His associates include family and friends with vast experience in industry, finance and administration.

His work experience at Engineering Mechanics Research Corporation (EMRC), Detroit, Zexel Corporation, Tokyo and Ford Motor Company, Michigan includes over 8 years in the automotive industry in Detroit and Tokyo in design, engineering, marketing, project procurement, implementation and general management.

At EMRC, he was involved in the development of tools for the design, development and analysis of various automotive components such as differentials, steering columns, compressors, gear boxes, housings, crank shafts, alloy wheels, etc. He was deputed as a consultant to Zexel Corporation, Japan, a US $1.4 billion fuel injection systems manufacturing company where his profit centre responsibility included developing directives and strategies for sales and marketing of engineering services, software development, budgeting and control and personnel training. Later at Ford, he was the Product Planning Analyst for the light truck division responsible for evaluating and recommending advanced features and technologies to be incorporated into the vehicle.

He was the founder promoter director of the erstwhile Synergies-Dooray Automotive Limited

Mr. Manoj Khaitan

Mr. Manoj Khaitan, aged 42 years, Executive Director (Finance) of Synergies Castings Limited, is a Graduate in Commerce and Semi-qualified Cost Accountant of the Institute of Cost and Works Accountants of India. He is in charge of Finance, Accounts, Secretarial, Purchase, Stores, Logistics, Marketing, Sales and Distribution functions. He is responsible for all Imports and Exports, co-ordination with production department for production planning, implementing strategic initiatives, determination, fixation and implementation of all corporate policies and procedures. He has excellent relationships with European market / buyers; and is directly responsible for business development in Europe and India.

His previous assignments includes more than 15 years of hands on experience in handling his family business, where he was responsible for controlling operations involving mining, exports, material handling, trading, transportation and inland logistics. He was also with Synergies-Dooray since its inception, where he was directly responsible for the finance, marketing and commercial divisions.

Vice Admiral (Retd) AVR Narayana Rao VSM, AVSM, PVSM

Vice Admiral (Retd.) AVR Narayana Rao, aged 68 years, is an Executive Director (Technical) of the Company. He is an Electrical Engineer by qualification and is in-charge of all new project initiatives, de-bottlenecking, expansions, overall project implementation, all technical, personnel and administration functions, in addition to being a key member of the strategic team. He is also responsible for determination, fixation and implementation of corporate procedures and policies and providing guidance to Senior management. He is actively involved in the management of relations with all external, governmental, statutory and regulatory agencies.

He has more than 35 years of experience in the Indian Navy at various ranks where he was responsible for large project executions and managing huge establishments involving 10,000+ personnel. He was also responsible at the apex level for strategic planning, execution, control and monitoring of all technical and maintenance aspects of the Indian Navy, including Naval Dock yards, Ships and Technical establishments and R&D initiatives for future induction of strategic systems into the Navy. He was also with Synergies-Dooray since its inception, where he was responsible for timely implementation and commissioning of the project; as well as responsible for technical and administrative divisions.

Christian Kumar

Christian Kumar**,** aged 38, a Non-executive Director of the Company, is a degree holder of BSc. Finance from Northeastern State University and an MBA from University of Edinburgh. Presently, he is Corporate Development Director of The Commerce Centre Limited (formerly Thinc Destini Commercial Solutions Limited). He has over 12 years of hands on experience in financial, marketing and business development. He is an accomplished analyst and natural negotiator, a business strategist who utilizes his entrepreneurial, financial, marketing and business development skills. He is a specialist in creating and developing business plans for corporate start-ups and expansion. He had experience in merger and acquisition strategies and company integration. He has the ability to bring 10+ Years of Strategic Business Development and Sales and Marketing Management to Organizations.

Kieran Francis O'Connor

Kieran Francis O'Connor, aged 44 years, an Independent Director and Chairman of the Company, is an LLB (honours) from University of London King's College. Presently, he is a Solicitor of the Supreme Court of England and Wales and Supreme Court of Northern Ireland. He is a partner of the international law firm Brown Rudnick Berlack Israels LLP based in London. He has acted for Department of Trade and Industry and the London Stock Exchange investigating alleged insider dealing offences in several companies listed on the London Stock Exchange and has been a co-author of the legal publication Palmer's Company Law Manual.

Anand Boddapaty

Anand Boddapaty, aged 43 years, an Independent Director of the Company, is a Graduate Cost and Works Accountant from the Institute of Cost & Works Accountants of India. He has completed PGDM (MBA) from the Indian Institute of Management, Bangalore, B.Tech and M.Tech from I.I.T Madras. Presently, since 1996, he is President of Millennium Finance Limited and working in the areas of Investment Banking, Management Consulting, Corporate Finance, Distribution of Financial Products, etc. He worked as Manager at Nagarjuna Finance Limited during the year 1995. He also worked for two and a half years as Consultant at S.P. Billimoria & Co. and member of Ernst & Young during the year 1992-1994. He also Worked for around 4 years as Assistant Director / Deputy Director in Central Water Commission, New

Delhi. Joined the Group-A Services of Government of India through UPSC and worked in the area of Engineering.

P.Panduranga Rao

P. Panduranga Rao, aged 48 years, an Independent Director of the Company, is a Graduate in Commerce, Post Graduate Diploma holder in Personnel Management, Industrial Relations & Labour Welfare and Semi qualified Cost and Works Accountant from the Institute of Cost & Works Accountants of India. He promoted Datascribe Technologies Pvt Ltd in Bangalore and in USA to carry out medical transcription services and made the presence into Canada and UK and some of the states in USA including Alabama, Georgia, Louisiana, California, Texas, Tennessee and Ohio. He also promoted another company in Banglaore by name RingaRoom Tours Pvt Ltd engaged in Hotel reservation and tour packages worldwide. Launched hotel reservation services for the first time in the country through Toll free phone. Presently he is holding a position as Chairman for Software Company by name M/s Zolipe solutions Pvt Ltd located in Bangalore which was started along with 3 other directors. He has over 20 years experience in accounts, finance, compliance of labour laws, sales tax, Income tax, day to day managerial functions of the company, labour union and court issues, industrial marketing, monitoring day to day affairs of factory etc.

Borrowing Powers of the Board

By an ordinary resolution at the EGM held on May 21, 2005, the Board of Directors under section 293(1)(d) of the Companies Act,1956 has been authorized to borrow money from time to time, at its discretion either from the Company's bank or any other bank, financial institution or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs.150 crores notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the Paid-Up Capital and Free Reserves of the Company, that is to say, Reserves not set apart for any specific purpose.

Changes in the Board Of Directors since incorporation

The following changes have occurred in Board Of Directors of the Company since incorporation (Jan.24,2005):

Name	Date Of Appointment	Date Of Resignation
Christian Kumar	21.05.2005	-
R.Kannan	21.05.2005	03.10.2005
Vice Adml (Retd.) A.V.R.Narayana Rao	01.05.2005	-
B.Chandra Sekhara Reddy	-	28.05.2005
Anand Boddapaty	26.12.2005	-
P.Panduranga Rao	24.01.2006	-
Kieran Francis O'Connor	24.01.2006	-

Compensation of Directors

S.No	Name Of Director	Terms Of Appointment and Remuneration
1	**Mr. Chandra Sekhar Movva**	Shareholders Resolution was passed in EGM held on May 21, 2005 :-

		Highlights of his appointment as a Managing Director **of the Company** is as under: - By an agreement dated 12-05-2006 between Synergies Castings Limited (hereinafter referred to as "the Company") and Mr. Chandra Sekhar Movva, the Company has appointed in the Extraordinary General Meeting held on 21.05.2005, Mr. Chandra Sekhar Movva as the Managing Director of the Company for a period of 5 years namely from **1st May, 2005** to **30th April, 2010.** The remuneration payable by the Company for a period of 3 years namely from **1st May, 2005** to **30th April, 2008** to Mr. Chandra Sekhar Movva by way of salary is: Rs. 25,000/- per month from 01-05-2005 to 31-10-2005 and Rs. 1,00,000/- per month from 01-11-2005 to 30-04-2008. In addition to Salary, Mr. Chandra Sekhar Moova is also entitled to: a. Leave and Encashment of Leave at the end of the tenure in accordance with the rules of the Company b. Group Personal Accident Insurance coverage as per the rules of the Company c. Contribution to Provident Fund as per the Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961 d. Gratuity as per the rules of the Company e. Reimbursement of Business Promotion, traveling and all other expenses incurred for the business of the Company f. Expenses for a car hired by him including hire charges, driver's wages, fuel expenses and maintenance expenses be reimbursed on a monthly basis g. Telephone at Residence, Mobile phone for official use only h. Mediclaim Policy coverage for Medical and Hospitalization as per the rules of the Company i. Club membership and monthly fees – subject to a maximum of two clubs and reimbursement of all club expenses incurred for business promotion of the Company In the event of absence or inadequacy of profits in any financial year, Mr. Chandra Sekhar Movva shall be paid the salary and the perquisites referred above by way of minimum remuneration subject to compliance of provisions of Schedule XIII to the Companies Act, 1956. Mr. Chandra Sekhar Movva shall continue in the employment

		throughout the said term and devote the whole of his time, support, attention and abilities to the business of the Company, and shall obey the orders from time to time of the Board and in all respects conform to and comply with the directions and regulations, made by the Board, and shall faithfully serve the Company and use his utmost endeavors to promote the interest thereof. The Agreement also states that Mr. Chandra Sekhar Movva, shall not, at any time during the continuance of the Agreement, directly or indirectly engage himself in any other business or undertaking or take up any other employment nor shall he enter into any bond or become bailer or surety for any person. The Agreement also states that Mr.Chandra Sekhar Movva, shall not set up a company engaged in the same business as the Business of the Company and/or directly or indirectly compete with the Company during the tenure of this Agreement and for a further period of five (5) years from the date of this Agreement. Mr. Chandra Sekhar Movva also undertakes to not acquire controlling stake in any company that directly or indirectly competes with the Company Subject to the provisions of sections 297, 299, 300, 301 and 393 of the Companies Act, Mr. Chandra Sekhar Movva, shall be at liberty to enter into contracts with the Company in which he is interested. Mr. Chandra Sekhar Movva shall not accept any wholetime employment in any other company, excluding Synergies – Dooray Automotive Limited, and not draw any remuneration so long as he is Managing Director of the Company. If before the expiration of the Agreement the tenure of office by Mr. Chandra Sekhar Movva shall be determined by reasons of a reconstruction or amalgamation whether by the winding up of for the Company or otherwise, Mr. Chandra Sekhar Movva shall have no claim against the Company for damages. The Company shall be entitled to terminate the Agreement in the event of Mr. Chandra Sekhar Movva being guilty of misconduct of such inattention to or negligence in the discharge of his duties or in the conduct of the Company's business or of any other act or omission inconsistent with his duties as the Managing Director or any breach of the Agreement which in the opinion of the Board renders his retirement from the office of the Managing Director.
2	**Mr.Manoj Khaitan**	Shareholders Resolution was passed in EGM held on May21,2005 Highlights of his appointment as a Executive Director – Finance of the Company is as under: - By an agreement-dated 12-05-2006 between Synergies Castings

		Limited (hereinafter referred to as "the Company") and Mr. Manoj Khaitan, the Company has appointed in the Extraordinary General Meeting held on 21.05.2005, Mr. Manoj Khaitan as the Executive Director – Finance of the Company for a period of 5 years namely from 1st May, 2005 to 30th April, 2010. The remuneration payable by the Company for a period of 3 years namely from 1st May, 2005 to 30th April, 2008 to Mr. Manoj Khaitan by way of salary is: Rs. 65,000/- per month from 01-05-2005 to 31-10-2005 and Rs. 80,000/- per month from 01-11-2005 to 30-04-2008. In addition to Salary, Mr. Manoj Khaitan is also entitled to: a. Leave and Encashment of Leave at the end of the tenure in accordance with the rules of the Company b. Group Personal Accident Insurance coverage as per the rules of the Company c. Contribution to Provident Fund as per the Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961 d. Gratuity as per the rules of the Company e. Reimbursement of Business Promotion, traveling and all other expenses incurred for the business of the Company f. Car for use on Company's business and Telephone at Residence, Mobile phone for official use only g. Mediclaim Policy coverage for Medical and Hospitalization as per the rules of the Company h. Club membership and monthly fees – subject to a maximum of two clubs and reimbursement of all club expenses incurred for business promotion of the Company In the event of absence or inadequacy of profits in any financial year, Mr. Manoj Khaitan shall be paid the salary and the perquisites referred above by way of minimum remuneration subject to compliance of provisions of Schedule XIII to the Companies Act, 1956. Mr. Manoj Khaitan shall continue in the employment throughout the said term devote the whole of his time, support, attention and abilities to the business of the Company, and shall obey the orders from time to time of the Board and in all respects conform to and comply with the directions and regulations, made by the Board, and shall faithfully serve the Company and use his utmost endeavors to promote the interest thereof. The Agreement also states that Mr. Manoj Khaitan, shall not, at any

		time during the continuance of the Agreement, directly or indirectly engage himself in any other business or undertaking or take up any other employment nor shall he enter into any bond or become bailer or surety for any person. The Agreement also states that Mr.Manoj Khaitan, shall not set up a company engaged in the same business as the Business of the Company and/or directly or indirectly compete with the Company during the tenure of this Agreement and for a further period of five (5) years from the date of this Agreement. Mr. Manoj Khaitan also undertakes to not acquire controlling stake in any company that directly or indirectly competes with the Company Subject to the provisions of sections 297, 299, 300, 301 and 393 of the Companies Act, Mr. Manoj Khaitan, shall be at liberty to enter into contracts with the Company in which he is interested. Mr. Manoj Khaitan shall not accept any wholetime employment in any other company, excluding Synergies – Dooray Automotive Limited, and not draw any remuneration so long as he is Executive Director-Finance of the Company. If before the expiration of the Agreement the tenure of office by Mr. Manoj Khaitan shall be determined by reasons of a reconstruction or amalgamation whether by the winding up of for the Company or otherwise, Mr. Manoj Khaitan shall have no claim against the Company for damages. The Company shall be entitled to terminate the Agreement in the even of Mr. Manoj Khaitan being guilty of misconduct of such inattention t or negligence in the discharge of his duties or in the conduct of th Company's business or of any other act or omission inconsistent wit this duties as the Executive Director – Finance or any breach of th Agreement which in the opinion of the Board renders his retiremen from the office of the Executive Director – Finance.
3	**Vice Adml. (Retd.) A.V.R. Narayana Rao**	Shareholders Resolution was passed in EGM held on May21,2005 :- The Highlights of the has appointment as the Executive Director – Technical of the Company as under: - By an agreement dated 12-05-2006 between Synergies Castings Limited (hereinafter referred to as "the Company") and Mr.A.V.R. Narayana Rao, the Company has appointed in the Extraordinary General Meeting held on 21.05.2005, Mr.A.V.R. Narayana Rao as the Executive Director – Technical of the Company for a period of 5 years namely from 1st May, 2005 to 30th April, 2010. The remuneration payable by the Company for a period of 3 years namely from 1st May, 2005 to 30th April, 2008 to Mr.A.V.R. Narayana Rao by way of salary is:

Rs. 55,000/- per month from 01-05-2005 to 31-10-2005 and

Rs. 70,000/- per month 01-11-2005 to 30-04-2008.

In addition to Salary, Mr.A.V.R. Narayana Rao is also entitled to:

a. Leave and Encashment of Leave at the end of the tenure in accordance with the rules of the Company

b. Group Personal Accident Insurance coverage as per the rules of the Company

c. Contribution to Provident Fund as per the Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961

d. Gratuity as per the rules of the Company

e. Reimbursement of Business Promotion, traveling and all other expenses incurred for the business of the Company

f. Car for use on Company's business and Telephone at Residence, Mobile phone for official use only

g. Mediclaim Policy coverage for Medical and Hospitalization as per the rules of the Company

h. Club membership and monthly fees – subject to a maximum of two clubs and reimbursement of all club expenses incurred for business promotion of the Company

In the event of absence or inadequacy of profits in any financial year Mr. A.V.R. Narayana Rao shall be paid the salary and the perquisite referred above by way of minimum remuneration subject t compliance of provisions of Schedule XIII to the Companies Act 1956.

Mr.A.V.R. Narayana Rao shall throughout the said term devote the whole of his time, attention and abilities to the business of the Company, and shall obey the orders from time to time of the Board and in all respects conform to and comply with the directions and regulations, made by the Board, and shall faithfully serve the Company and use his utmost endeavors to promote the interest thereof.

The Agreement also states that Mr.A.V.R. Narayana Rao, shall not, at any time during the continuance of the Agreement, directly or indirectly engage himself in any other business or undertaking or take up any other employment nor shall he enter into any bond or become bailer or surety for any person.

Subject to the provisions of sections 297, 299, 300, 301 and 393 of the Companies Act, Mr.A.V.R. Narayana Rao, shall be at liberty to

		enter into contracts with the Company in which he is interested. Mr.A.V.R. Narayana Rao shall not accept any wholetime employment in any other company, excluding Synergies Dooray Automotive Limited, and not draw any remuneration so long as he is Executive Director-Technical of the Company. If before the expiration of the Agreement the tenure of office by Mr.A.V.R. Narayana Rao shall be determined by reasons of a reconstruction or amalgamation whether by the winding up of for the Company or otherwise, Mr.A.V.R. Narayana Rao shall have no claim against the Company for damages. The Company shall be entitled to terminate the Agreement in the event of Mr.A.V.R. Narayana Rao being guilty of misconduct of such inattention to or negligence in the discharge of his duties or in the conduct of the Company's business or of any other act or omission inconsistent with this duties as the Executive Director – Technical or any breach of the Agreement, which in the opinion of the Board renders his retirement from the office of the Executive Director – Technical.

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 the Company, immediately upon the listing of its Equity Shares on the Stock Exchanges. The Company intends to comply with such provisions, including with respect to the appointment of independent Directors on its Board and the constitution of the Investor Grievances Committee. The Company undertakes to adopt the Corporate Governance code in accordance with Clause 49 (as applicable) of the listing agreement to be entered into with the Stock Exchange prior to listing.

Committees of the Board

Audit Committee

The Audit Committee was constituted by the Directors vide Board meeting held on 24th January, 2006. The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The audit committee currently consists of:

	Name of Member	Designation
1	Mr. Kieran O' Connor (Chairman)	Independent Director
2	Mr. Anand Boddapaty	Independent Director
3	Mr. P. Panduranga Rao	Independent Director

The terms of reference of the audit committee are as follows:

a) Regular review of accounts, accounting policies, disclosures, etc.

b) Review of the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.

c) Qualifications in the draft audit report.

d) Establishing and reviewing the scope of the independent audit including the observations of the statutory and internal auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.

e) The Committee shall have post audit discussions with the independent auditors to ascertain any area of concern.

f) Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.

g) To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors.

h) To look into the matters pertaining to the Director's Responsibility Statement with respect to compliance with Accounting Standards and accounting policies.

i) Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.

j) The Committee shall look into any related party transactions i.e., transactions of the company of material nature, with promoters or management, their Subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.

k) Appointment and remuneration of statutory and internal auditors.

l) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

Compensation Committee

The Compensation Committee was constituted by the Directors vide Board meeting held on 24th January, 2006. The committee's goal is to ensure that the company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfils its ethical and legal responsibilities to its employees, and that management compensation is appropriate. The Compensation Committee currently consists of:

	Name of Member	Designation
1	Mr. Anand Boddapaty (Chairman)	Independent Director
2	Mr. P. Panduranga Rao	Independent Director
3	Mr. Kieran O' Connor	Independent Director

The terms of reference of the Compensation Committee is given below:

- To determine the remuneration, review performance and decide on Monthly Performance Indexed Compensation (MPIC) and variable pay of executive directors.
- To determine the number of stock options to be granted under the company's Employees Stock Option Schemes and administration of the stock option plan.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Compensation Committee.
- Establishment and administration of employee compensation and benefit plans.

Investor Grievances and Share Transfer Committee

The Share Transfers and Investors Grievances Committee was constituted by the Directors vide Board meeting held on 24th January, 2006. This Committee is responsible for the smooth functioning of the share transfer process as well as redressal of shareholder grievance. Currently, the committee consists of:

	Name of Member	Designation
1	Mr. Anand Boddapaty (Chairman)	Independent Director
2	Mr. Manoj Khaitan	Executive Director – Finance
3	Mr. Chandra Sekhar Movva	Managing Director

The terms of reference of the Share Transfer and Investor Grievance committee is as follows:

- To approve share transfers and transmissions.
- To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates.
- Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.
- Matters relating to dematerialisation of shares and securities.
- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non receipt of balance sheet etc in particular.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Shareholders and investor relations committee.

IPO Committee

The IPO Committee was constituted by the Directors vide Board Meeting held on 28th November, 2005. The Board has appointed this committee to oversee and administer the activities to be undertaken for this Issue.

The members of the IPO Committee are:

	Name of Member	Designation
1	Mr. Christian Kumar (Chairman)	Independent Director
2	Mr. Manoj Khaitan	Executive Director – Finance
3	Mr. Chandra Sekhar Movva	Managing Director

Shareholding of the Directors

The Company's Articles do not require the Directors to hold any qualification shares in the Company. The list of Directors holding Equity Shares and the number of Equity Shares held by each of them is set forth below

NAME OF DIRECTOR	NUMBER OF EQUITY SHARES HELD
Chandra Sekhar Movva	24,975
Manoj Khaitan	24,975
Total	**49,950**

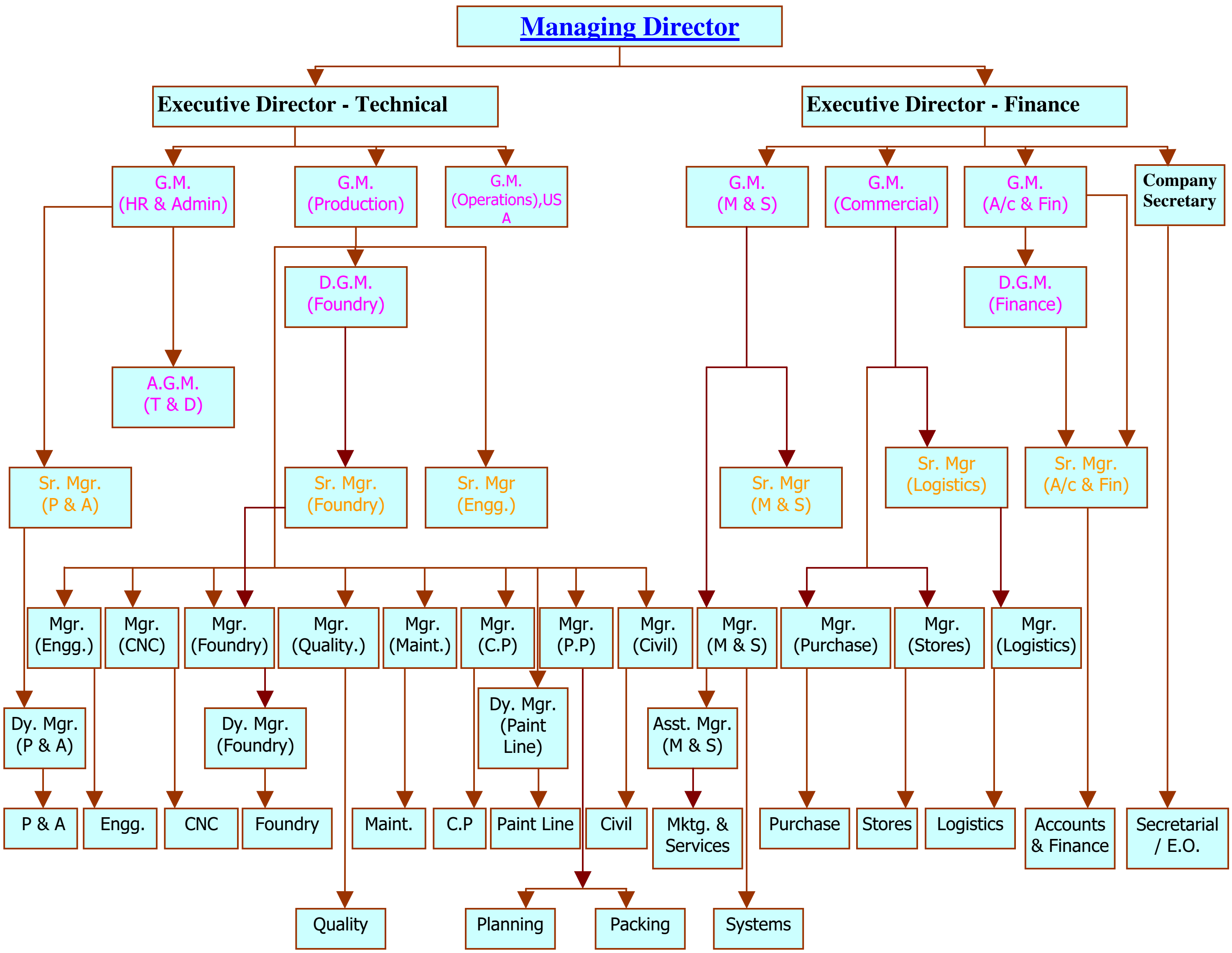
Interest Of Directors

Except as stated in this Prospectus, all the Directors may be deemed to be interested to the extent of remuneration and/or sitting fees payable to them for attending the meeting of the Board or Committee thereof apart from reimbursement of traveling/incidental expenses, if any, as per the Articles of Association of the Company.

The Managing Director/Directors/Promoters of the Company shall be deemed to be interested to the extent of shares held by them and/or their friends and relatives and which may be allotted to them out of the present Issue, and are also deemed to be interested to the extent of remuneration and perquisites being drawn by them from the Company.

Except as stated otherwise in this Draft Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangement since incorporation till the date of the Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

ORGANISATION CHART



KEY MANAGEMENT PERSONNEL OF THE COMPANY

The details of the key management personnel of the Company are as under:

Mr. Chandra Sekhar Movva

Mr. Chandra Sekhar Movva, aged 41 years, Managing Director of Synergies Castings Limited, is a post graduate in Mechanical Design / Automotive Engineering from Michigan State University and an MBA from Kellogg Graduate School of Management, Northwestern University, USA. He is responsible for evolving a tenable vision for the Company, developing a strategic game plan to realize the vision, promoting an ethical code of conduct with in the Company in addition to day to day management. His associates include family and friends with vast experience in industry, finance and administration.

His work experience at Engineering Mechanics Research Corporation (EMRC), Detroit, Zexel Corporation, Tokyo and Ford Motor Company, Michigan includes over 8 years in the automotive industry in Detroit and Tokyo in design, engineering, marketing, project procurement, implementation and general management.

At EMRC, he was involved in the development of tools for the design, development and analysis of various automotive components such as differentials, steering columns, compressors, gear boxes, housings, crank shafts, alloy wheels, etc. He was deputed as a consultant to Zexel Corporation, Japan, a US $1.4 billion fuel injection systems manufacturing company where his profit centre responsibility included developing directives and strategies for sales and marketing of engineering services, software development, budgeting and control and personnel training. Later at Ford, he was the Product Planning Analyst for the light truck division responsible for evaluating and recommending advanced features and technologies to be incorporated into the vehicle.

He was the founder promoter director of the erstwhile Synergies-Dooray Automotive Limited

Mr. Manoj Khaitan

Mr. Manoj Khaitan, aged 42 years, Executive Director (Finance) of Synergies Castings Limited, is a Graduate in Commerce and Semi-qualified Cost Accountant of the Institute of Cost and Works Accountants of India. He is in charge of Finance, Accounts, Secretarial, Purchase, Stores, Logistics, Marketing, Sales and Distribution functions. He is responsible for all Imports and Exports, co-ordination with production department for production planning, implementing strategic initiatives, determination, fixation and implementation of all corporate policies and procedures. He has excellent relationships with European market / buyers; and is directly responsible for business development in Europe and India.

His previous assignments includes more than 15 years of hands on experience in handling his family business, where he was responsible for controlling operations involving mining, exports, material handling, trading, transportation and inland logistics. He was also with Synergies-Dooray since its inception, where he was directly responsible for the finance, marketing and commercial divisions.

Vice Admiral (Retd) AVR Narayana Rao VSM, AVSM, PVSM

Vice Admiral (Retd.) AVR Narayana Rao, aged 68 years, is an Executive Director (Technical) of the Company. He is an Electrical Engineer by qualification and is in-charge of all new project initiatives, de-bottlenecking, expansions, overall project implementation, all technical, personnel and administration functions, in addition to being a key member of the strategic team. He is also responsible for determination, fixation and implementation of corporate procedures and policies and providing guidance to Senior management. He is actively involved in the management of relations with all external, governmental, statutory and regulatory agencies.

He has more than 35 years of experience in the Indian Navy at various ranks where he was responsible for large project executions and managing huge establishments involving 10,000+ personnel. He was also responsible at the apex level for strategic planning, execution, control and monitoring of all technical and maintenance aspects of the Indian Navy, including Naval Dock yards, Ships and Technical establishments and R&D initiatives for future induction of strategic systems into the Navy. He was also with Synergies-Dooray since its inception, where he was responsible for timely implementation and commissioning of the project; as well as responsible for technical and administrative divisions.

Mr. Nayan Chirala

Mr. Nayan Chirala, General Manager (Operations – USA), aged 42, holds a Master's degree in Mechanical Engineering from Tuskegee University, USA. He has more than 8 years of experience in Engineering, Purchase, Maintenance, Erection, Commissioning, Design & Development and quality control. He is currently responsible for the overall North American Operations – Sales, Marketing, Warehousing, Inventory Management, Purchasing, Product Development and design, Customer Development, After-sales support, Finance & accounts, brand equity development. Currently he is involved in the production Part Approval Process for the Hummer H2, and other Service Parts with General Motors Corporation.

Mr. B.S.N. Raju

Mr. B.S.N. Raju, General Manager (Product Development), aged 43, holds a M.Tech in Aeronautical Engineering from IIT Madras. He has more than 10 years of experience in handling of furnaces, preparation of Alloys, Inspection & testing, machining and quality control required for critical aeronautical components. He currently heads all the plant operations and has accountability for delivering on production, quality, cost targets and all New product developments.

Mr. B.V.N. Raju

Mr. B.V.N. Raju, 55 years, General Manager (HR & Admin.) is responsible for all facets of Human Resources, Industrial Relations, Administration, Public Relations and Labour Issues, ensuring, developing and implementing related subjects in line with the business plans of the Company. He completed M.A (Industrial Relations & Labour Welfare) from Andhra University in 1975. He has over 29 years of experience in the relevant field. Prior to joining the Company, he served as Deputy General Manager (Personal & Administration) at Coromandel Fertilisers Limited.

Mr. R. Janardhana

Mr. R. Janardhana, 55 years, General Manager – Commercial, is responsible for the total activities of Purchase, Stores and Logistics, Procurement of raw materials, capital goods, inventory management, in bound and out bound logistics, exports and DTA clearances. He is dealing with Central Excise Authorities, Customs Authorities, Development Commissioner's Office etc. He is a Commerce Graduate and holds Post Graduate Diploma in Materials Management. He has over 30 years of experience in the relevant field. Prior to joining the Company, he served as Asst. General Manager-Materials at BPL Engineering Limited.

Mr. M.M. Hemachandran

Mr. M.M.Hemachandran, 53 years, General Manager – Accounts, is in charge of the finance and accounts functions of the Company. His responsibilities include Working Capital Management, Forex Management, Cost reduction and Cost Control, Sales tax and Income tax matters, budgetary controls etc. He is an Associate Member of the Institute of Chartered Accountants of India since 1981. He has over 25 years experience in the relevant field. Prior to joining the Company, he served as Asst. General Manager – Finance at Mubeco Petroleum Company Limited, Nigeria.

Mr. N. Vijay Kumar

Mr. N. Vijay Kumar, 39 years, Sr. Manger (Engineering), is responsible for Product design and development and complete engineering function of the Company. He was responsible for Ford-Mondeo program and spent several years in Belgium, Eurpoe. He has completed Mechanical Engineering from Regional Engineering College, Kurukshetra. He has over 14 years of experience in relevant field. Prior to joining the Company, he served as Senior Engineer at Widia (India) Limited.

Mr. V. Sundaresan

Mr. V. Sundaresan, 47 years, Sr. Manager – Foundry, is responsible for foundry operations, meeting planned production targets, rejection control, cost reduction and new product development. He has completed Mechanical Engineering from Annamalai University in 1983 and MBA from Indira Gandhi National Open University in 1999. He has over 22 years of experience in the relevant field. Prior to joining the Company, he served as Senior Engineer at Menon Pistons Limited.

Mr. T.R. Krishna Mohan

Mr. T.R. Krishna Mohan, 37 years, Product Manager – Europe, is responsible for design and engineering of new and existing projects in Europe. He is also responsible for logistic and shipping, procurement and outsourcing requirements from Europe to India. He is also responsible for Ford-Europe business. He has completed Mechanical Engineering from University of Mysore in 1990. He has over 14 years experience in the relevant field. Prior to joining the Company, he served as Deputy Manager at SAMKRG Pistons Limited.

Mr. Arindam Ghosh

Mr. Arindam Ghosh, 41 years, Manager – Markeging & Services, is head of marketing and services department handling all domestic and select export customers. He is responsible for quality aspects and functions relating to customers, all commercial quotations made by the Company – both domestic and export. He is a graduate in Commerce from University of Calcutta in 1987 and is a member of the Institute of Costs and Works Accountants of India since 1991. He has over 14 years experience in Finance, Accounts and Marketing & Services fields. Prior to joining the Company, he served as Senior Officer – Accounts at Hyderabad Industries Limited.

Mr. Syama Sundar Pala

Mr. Syama Sundar Pala, 44 years, Manager – CNC, is responsible for achieving pre-defined targets, reducing cycle time and improve tooling and processes. He has completed Production Engineering from Saurashtra University in 1987 and Diploma in Business Management from Saurashtra University in 1991. He has over 18 years experience in the relevant field. Prior to joining the Company, he served as Manager – Manufacturing at PMT Machines Limited, Pune.

Mr. R. Narayanan

Mr. R. Narayanan, 46 years, Manager – Chrome Plant, is responsible for overall functioning of the Chrome Plant. He completed Master of Science from PSG college of Technology, Coimbatore under University of Madras in 1981. He has over 25 years experience in the relevant field. Prior to joining the Company, he served as Manager – Plating at Nilaks Nova Pvt. Limited, Chennai.

Mr. B. Chandra Sekhara Reddy

Mr. B. Chandra Sekhara Reddy, 33 years, Company Secretary, is responsible for all matters relating to Secretarial, Legal and Executive Office. He is an Associate Member of the Institute of Company Secretaries of India since 2001. He has completed B.Com. in 1994 and B.L. in 1999 from Nagarjuna University. He has over 8 years experience in Secretarial, Finance & Accounts, Taxation, Legal, Personnel & Administration. Prior to joining the Company, he served as Company Secretary at Fenoplast Limited, Hyderabad.

Shareholding of the Key Managerial Personnel in the Company

The Articles of Association do not require the key managerial personnel to hold any Equity Shares in the Company. The following table details the shareholding of the key managerial personnel in their personal capacity and either as sole or first holder.

Name of Key Managerial Personnel	**Number of Equity Shares**
Mr. Chandra Sekhar Movva	24975
Mr. Manoj Khaitan	24975
Mr. B.Chandra Sekhara Reddy	10
Mr. Arindam Ghosh	10
Mr.Nayan Chirala	37052
Total	**87022**

PROMOTION AND ESTABLISHMENT OF THE COMPANY AS SPECIAL PURPOSE VEHICLE

Thinc Commercial Solutions Limited, U.K, in pursuance of their objectives to invest in Manufacturing Sector in the emerging markets like India, conceived an idea to set up a new venture in India for the manufacture of aluminium alloy wheels and chrome plated wheels. Since Mr.Chandra Sekhar Movva and Mr.Manoj Khaitan already had the physical facilities for manufacture of alloy wheels including aluminum & chrome plated wheels, Thinc Commercial Solutions Limited, UK proposed to involve Chandra Sekhar Movva and Manoj Khaitan in the venture.

Consequently a new company was set up on 24.01.2005 in the name of Synergies Castings Limited for manufacture of aluminum alloy wheels, chrome plated wheels & aluminum alloy castings by Chandra Sekhar Movva & Associates.

Thinc Commercial Solutions Limited, U.K., established Thinc Commercial SPV 1.0 SYN Limited in Mauritius (now known as Thinc Destini Commercial (Asia) SPV Limited with effect from 27th February, 2006), for channelising its investment into SCL as one of the Promoters. The said SPV accordingly subscribed into equity share capital aggregating Rs.14.97 crores in the company which was then in existence.Mr.Chandra Sekhar Movva & Associates, subscribed to the equity capital of the Company aggregating to Rs.5.03 crores .

The details of the respective shareholdings are detailed under title “CAPITAL STRUCTURE “ elsewhere in this document.

A. Thinc Group

THINC Group Limited (TGL) was formed in early 2000 by 2 Nat West Directors and quickly built up a reputation for providing high quality face-to-face advice on all aspects of finance including Financial Planning, Mortgages and Commercial Finance. TGL is predominantly engaged in financial advisory services and also arranging investments in unquoted companies. Thinc created first multi-channelled distribution company. It was first UK multi-tie proposition. It acquired 20 IFA (Independent Financial Advisors) businesses in just 18 months and was one of the largest UK Commercial Finance Brokerage.

Thinc Commercial Solutions Limited, UK (Thinc) is a wholly owned subsidiary of Thinc Group Ltd. UK (TGL) and one of the leading commercial finance brokers in UK. Thinc primarily deals in the smaller end of the market and a high percentage of transactions are property based. Out of over 60 transactions completed by Thinc in the recent past, some of them are as under:

1. Structured Finance - Thinc arranged a pre-securitisation conduit lending line for “Alstair Kerr properties”. “Alastair Kerr properties” is a UK landlord with over 100 residential properties in the greater London area.

2. Development Finance - For Northacre PLC., Thinc arranged bridge finance for the completion of a residential development called “Kings Chelsea (London)”.

3. Stock Finance - For DHL Limited, Thinc is arranging stock finance facility for a SPV, part owned by DHL Limited. Thinc is also providing a stock finance line for an international shipping company.

4. Thinc is also in the business of securitisation of assets.

Destini Financial Services Group Limited

Destini Financial Services Group Limited was incorporated on 25/7/2001. It acquired 22 IFA businesses; large IFA network and large mortgage network and has a reputation for building a high quality consolidated national IFA Group. It has recently changed its name to Thinc Destini Trail Collections Limited (TDTC).

Thinc Destini Group Limited (TDGL) was incorporated in March 2005. It took over the holding company of Thinc Group Limited on 26th May,2005 and the holding company of Destini Financial Services Group Limited on 25th July,2005. TDGL provides extensive range of products, services, business partners and strategic alliances to provide its customers with an appropriate solution to their needs. Consequent to acquisition/merger of Thinc with TDGL, Thinc became Thinc Destini Commercial Solutions Limited (TDCSL), (now known as The Commerce Centre Limited w.e.f. 27/04/2006).

B. Chandra Sekhar Movva & Associates

Chandra Sekhar Movva and Associates is a group of Indian promoters consisting of Mr.Chandra Sekhar Movva and Mr.Manoj Khaitan. The detailed description and their profiles are given under the heading "Promoters"

Chandra Sekhar Movva and associates have joined Thinc Group to make investments in the Company through Thinc Destini Commercial (Asia) SPV Limited as one of the promoters

PROMOTERS

(i) Thinc Destini Commercial Solutions Limited,UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006)

Thinc Destini Commercial (Asia) SPV Limited (originally known as Thinc Commercial SPV 1.0 SYN Limited) was incorporated in Mauritius on April 14,2005 for the purpose of making investments in Synergies Castings Limited. It was formed with an Equity Share Capital of US$ 10,000. It is a wholly owned subsidiary of Thinc Destini Commercial Solutions Limited, UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006) which in turn is a wholly owned subsidiary of Thinc Destini Group Limited,UK.

BOARD OF DIRECTORS OF THINC DESTINI COMMERCIAL SOLUTIONS LIMITED(now known as The Commerce Centre Limited w.e.f. 27/04/2006)

Simon Chamberlain
Director

Simon has an outstanding track record in Sales Development and Recruitment. A founder partner of J. Rothchilds Assurance in 1991, Simon was JRA's top producing partner in 1993 and 1995. After JRA's flotation in 1997, Simon moved to Zurich Financial Services as the National Development Director before becoming Zurich's National Recruitment Director.

Roderic Rennison
Director

Roderic has over 30 years experience in Financial Services. He was previously Group Financial Services Director of Bradford and Bingley Group. Before that Roderic had sales product and strategic responsibilities with Merrill Lynch and was a partner of Robson Rhodes, the Chartered Accountants. He is a member of the Executive Board of the Chartered Insurance Institute

Gregg Taylor
Director

Gregg has 25 years experience in the financial sector covering banking, commercial finance, insurance and investments. Prior to co-founding THINC Group in January 2000, he was a Director of one of the major High Street Banks where he was responsible for in excess of 1,000 Advisers and a Â£50m budget. A fellow of the Institute of Sales and Marketing, Gregg was formerly Chief Executive of THINC Group before taking over as Group Marketing Director of Thinc Destini.

Neil Harkin
Director and Secretary

With 26 years experience in the financial sector, Neil has extensive experience in building and managing high performing teams. Following a distinguished career in banking and commercial finance, Neil rose to a Directorate position within one of the big 4 UK clearing Banks, before co-founding THINC Group where he has been instrumental in its growth to date. Neil is responsible for Thinc Destini 's commercial finance and corporate lending divisions.

Financial Performance

Thinc Destini Commercial Solutions Limited ,UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006)

(Amounts in GBP)

Particulars	31.3.2005	31.3.2004	Year ended 5.4.2003
Total Income	761,109	365,835	82,796
Profit/(Loss) after Tax	(398,395)	(71,237)	(31,391)
Equity Capital (par value GBP 1 per Share)	100	100	100
Reserves(excluding revaluation reserves)	-	-	-
Earnings Per Share	(3983.95)	(712.37)	(313.91)
Book Value per share	(4940.97)	(1036.98)	(324.61)

<u>Board Of Directors of Thinc Destini Commercial (Asia) SPV Limited</u>

1. **<u>Denis Sek Sum - Director</u>**

Denis Sek Sum, aged 53, is a member of the Certified General Accountants' Association of Canada and has acquired more than twenty years of experience in Accounting, Internal and External Auditing, Management Consultancy, Taxation as well as International Banking and Offshore Services. He has worked with Touche Ross & Co (now Deloitte & Touche) in Montreal, Canada, Bank of Montreal, Montreal, Canada as Manager in charge of Accounting for the International Services Centre, Eastern Region, he was the Chief Internal Auditor and thereafter, was appointed Corporate Controller of Guardian Trust Company Ltd, a deposit taking financial institution in Montreal, Canada.

2. **<u>Yune Kim Fung Kong Francois - Director</u>**

Yune Kim Fung Kong Francois, aged 31, is an affiliate of the Association of Chartered Certified Accountants – U.K. He has more than 10 years of experience in accounting, administration, taxation and auditing. He is the Assistant Manager – Accounting and Administration, in First Island Trust Company Limited – Mauritius, and is responsible for the preparation of monthly and annual accounts of the company.

3. **<u>Christian Kumar - Director</u>**

Christian Kumar, aged 38, is a degree holder of BSc. Finance from Northeastern State University and an MBA from University of Edinburgh. He has over 12 years of hands on experience in financial, marketing and business development. He is an accomplished analyst and natural negotiator, a business strategist who utilizes his entrepreneurial, financial, marketing and business development skills. He is a specialist in creating and developing business plans for corporate start-ups and expansion. He had experience in merger and acquisition strategies and company integration. He has the ability to bring 10+ Years of Strategic Business Development and Sales and Marketing Management to organisations.

Financial Performance

<u>Thinc Destini Commercial (Asia) SPV Limited</u>

Amount in US$

Particulars	31.3.2006
Total Income	-
Profit / (Loss) After Tax	(6,662)
Equity Share Capital	10,000
Reserves (Excluding Revaluation Reserves)	NIL
Earnings Per Share	(0.67)
Book Value Per Share	0.33

(ii) Mr.Chandra Sekhar Movva

Mr. Chandra Sekhar Movva, aged 41 years, is a post graduate in Mechanical Design / Automotive Engineering from Michigan State University and an MBA from Kellogg Graduate School of Management, Northwestern University, USA. He is currently the Managing Director of Synergies Castings Limited, and is responsible for its' day to day management, and for managing the Company's smooth transition from being a low cost 'commodity wheel manufacturer' to 'premium wheel manufacturer'. His associates include family and friends with vast experience in industry, finance and administration.

His work experience at Kellogg, Engineering Mechanics Research Corporation (EMRC), Detroit, Zexel Corporation, Tokyo and Ford Motor Company, Michigan includes over 8 years in the automotive industry in Detroit and Tokyo in design, engineering, marketing, project procurement, implementation and general management. During this period he had dealt with reputed international automobile companies viz., General Motors, Ford, Chrysler, Hino Motors (Japan), Daikin Clutch, and other OEM component suppliers.

At EMRC, he was involved in the development of tools for the design, development and analysis of various automotive components such as differentials, steering columns, compressors, gear boxes, housings, crank shafts, alloy wheels, etc. He was deputed as a consultant to Zexel Corporation, Japan, a US $1.4 billion fuel injection systems manufacturing company where his profit center responsibility included developing directives and strategies for sales and marketing of engineering services, software development, budgeting and control and personnel training. Later at Ford, he was the Product Planning Analyst for the light truck division responsible for evaluating and recommending advanced features and technologies to be incorporated into the vehicle.

His PAN is AIIPM0783E and passport number is A6529057

(iii) Mr. Manoj Khaitan

Mr. Manoj Khaitan, aged 42 years, is a Graduate in Commerce and Semi-qualified Cost Accountant of the Institute of Cost and Works Accountants of India. He is currently the Executive Director (Finance) of Synergies Castings Limited, and is in charge of Finance, Accounts, Secretarial, Purchase, Stores, Logistics, Marketing, Sales and Distribution functions. He is responsible for all Imports and Exports, co-ordination with production department for production planning, implementing strategic initiatives, determination, fixation and implementation of all corporate policies and procedures. He interacts with foreign Customers, Suppliers, Central and State Government Departments.

He has over 15 years of hands on experience in handling the family business, where he was responsible for controlling operations involving mining, exports, material handling, trading, transportation and inland logistics. He is with Synergies since inception, where he oversees all operations, is directly responsible for the finance, marketing and commercial divisions, and for business development in Europe and India.

His PAN is AFLPK3796B, driving license number is IDPAP031932003 and passport number is Z1314596

The Company confirms that the permanent account number, bank account number and passport number of its promoters have been submitted to the BSE at the time of filing the Draft Red Herring Prospectus with them.

COMMON PURSUITS

There is no relation between the Promoters, Directors and Key Managerial Personnel. Save as elsewhere described in this Draft Red Herring Prospectus, there are no common pursuits in the business of the Company and its group companies.

SUBSIDIARIES

The Company does not have any subsidiaries.

JOINT VENTURES

The Company has not entered into any Joint Ventures.

RELATED PARTY TRANSACTIONS

Please refer details of related party transactions mentioned under Point 9 of Schedule IV of Restated Financials under Indian GAAP certified by the Statutory Auditor of the Company on page 118 of Red Herring Prospectus

EXCHANGE RATES

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency assets and liabilities (except those covered by forward contracts) are translated into Indian Rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in the Profit and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted to the carrying cost of the related fixed asset.

CURRENCY OF PRESENTATION

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

DIVIDEND POLICY

Under the Companies Act, the Company’s Board may recommend the payment of a dividend. The shareholders at a general meeting have no power to declare any dividend. The shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value of the Company’s Shares. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Shares as on the record date for which such dividend is payable. In addition, as is permitted by the Company’s Articles of Association, the Board may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date, which is specified as the "record date" or "book closure date". No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his Shares is outstanding.

The Company has declared a dividend of 2.5% for the year ended 31.03.06.

The Company is not permitted to declare any dividend, which is not recommended by the Directors. The Directors may pay an interim dividend. No dividend may be paid except out of the profits of the Company pursuant to Section 205 of the Companies Act, 1956.

The form, frequency and amount of future dividends on the Shares will depend upon the Company’s earning, cash flow, financial conditions and other factors and shall be at the discretion of the Board.

V. FINANCIAL INFORMATION

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors
Synergies Castings Limited
Flat No. 4A, Sampathji Apartments,
6-3-855/189,
Sadat Manzil,
Ameerpet,
Hyderabad-500 016.

Dear Sirs,

At your request, we KALIDINDI ASSOCIATES, Auditors of Synergies Castings Limited ('SCL' or 'the Company'), have examined the Summary Statement of Assets and Liabilities-As Restated of the Company as at March 31, 2006 and March 31, 2005 and the Summary Statement of Profits and Losses-As Restated for the period ended March 31, 2006 and March 31, 2005 ('Summary Statements') (See Schedule I and II) prepared by the Company and approved by the Board of Directors. These Statements reflect the 'Profits or Losses' and 'Assets and Liabilities' for the relevant period as extracted from the Profit and Loss Account and the Balance Sheet for relevant period audited by us and are in accordance with :-

a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b. the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of Section 11 of the Securities & Exchange Board of India Act, 1992, SEBI comments dated October 11, 2005; and

c. the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the offer document of the Company in connection with its proposed Initial Public Offer ('IPO')

d. The Guidance Note on Reports in Company Prospectuses and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India.

The Company proposes to make an IPO for the fresh issue of 51,08,888 equity shares having a face value of Rs. 10/- each, at an issue price to be arrived at by the book building process (referred to as the 'Offer').

The Company commenced its business operations at leased alloy wheel manufacturing and chrome plating facilities on May 1, 2005. Upon refurbishing the equipments and trial runs, commercial production was declared on August 01, 2005. We have reviewed and examined the audited financials of the company for the period ended March 31, 2005 and March 31, 2006.

We have examined the financial information contained in the above-mentioned schedules and state as follows:

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

- There are no changes in accounting policies adopted by the Company as at and for the period ended March 31, 2006 items which need to be disclosed separately in the summary statements; and

- There are no prior period items that have been adjusted in the summary statements in the period/years to which they relate;
- There are no extraordinary items which need to be disclosed separately in the summary statements; and
- There are no qualifications in the auditors' reports, which require any adjustment to the summary statement.

1. The summary of significant accounting policies adopted by the Company is enclosed as Schedule - III to this report.

2. The notes to the 'Statement of Audited Unconsolidated Profits and Losses-As Restated' and 'Statement of Audited Unconsolidated Assets and Liabilities-As Restated' are enclosed as Schedule - IV to this report.

3. We have examined the accompanying 'Statement of Accounting Ratios' (Schedule – VI) of the Company for the financial period ended 31st March 2006 and 31st March, 2005 and report that, in our opinion, the accounting ratios have been computed from the figures as stated in the 'Statement of Restated Profits and Losses' and 'Statement of Restated Assets and Liabilities' of the Company, referred to in paragraph 1 above.

4. The Company has proposed dividends during the current financial year (Schedule XI).

5. We have also examined the accompanying 'Other Income', 'Capitalisation Statement', 'Secured Loans', 'Unsecured Loans', 'Statement of Tax Shelter', 'Age wise analysis of Sundry Debtors', Analysis of Loans & Advances', and 'Statement of Cash Flows' (enclosed as Schedule – V, VII, VIII, IX, X, XII, XIII and XIV respectively) of the Company, for the financial period ended 31st March 2006 and report that, in our opinion, these have been correctly computed from the figures as stated in 'Statement of Restated Profit & Loss' and 'Statements of Restated Assets & Liabilities' of the Company, as referred in paragraph 1 above

6. The sufficiency of the procedures performed or adopted by the Company in preparation of the statements as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures.

7. This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of chartered accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

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

For KALIDINDI ASSOCIATES
Chartered Accountants

K.V.A.NARASIMHARAJU
PROPRIETOR
Membership No.206146

Place: Visakhapatnam
Date: 26th May 2006

Schedule I

Summary Statement of Assets and Liabilities as restated

(Rs. in '000s)

	As at March 31, 2006	**As at March 31,2005**
A Fixed Assets :		
Gross Block	15,208	---
Less: Depreciation	474	---
Net Block	14,734	---
Less: Revaluation Reserve	---	---
Net Block after adjustment for Revaluation Reserve	14,734	---
B Investments	50,117	---
C Current Assets, Loans and Advances:		
Inventories	2,62,430	---
Sundry Debtors	1,47,542	220
Cash and Bank Balances	8,498	269
Loans and Advances	31,116	2,500
Other Current Assets	8,272	5
	4,57,858	2,994
D Liabilities and Provisions:		
Secured Loans	1,36,352	---
Unsecured Loans	42,246	---
Current Liabilities and Provisions	1,03,130	154
Share application money	---	2,625
Deferred Tax Liability	---	---
	(2,81,728)	(2,779)
E **Net worth**	**2,40,981**	**215**
F Represented by		
Share Capital	1,64,391	500
Reserves	1,11,579	105
Less Revaluation Reserve	---	---
Reserves (Net of Revaluation Reserves)	1,11,579	105
Less: Misc. Expenditure	34,989	390
Net worth	**2,40,981**	**215**

Schedule II

Summary Statement of Profit and Losses as restated **(Rs. in '000s)**

	Period from August 1, 2005 to March 31, 2006	Period ended March 31, 2005
Sales:		
Of products manufactured by the Company	3,93,410	---
Of products traded in by the Company	---	---
Total	**3,93,410**	---
Other Income	3,468	225
Increase (Decrease) in Inventories	1,44,941	---
	5,41,819	**225**
Expenditure		
Raw Materials consumed / Purchases	2,52,723	---
Staff Costs	39,130	---
Other Manufacturing expenses / Direct Costs	1,65,891	---
Administration Expenses	42,159	55
Selling and Distribution Expenses	12,553	---
Interest on Export Factoring	2,026	4
Other Interest	4,906	
	5,19,388	**59**
Net Profit before Tax and Extra ordinary items	22,431	166
Taxation – Current / Deferred	703	61
Net Profit before Extraordinary items	21,728	105
Extra-ordinary items (net of tax)	---	---
Net Profit after Extraordinary items	21,728	105
Balance brought forward from Previous Year	105	---
Proposed Dividend on Preference	441	---
Proposed Dividend on Equity	3,223	---
Tax on Dividend	479	---
Balance Carried to Balance Sheet	**17,690**	**105**

Schedule III

Significant Accounting Policies

a) Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by The Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

b) Use of Estimates:

Presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual result and the estimates are recognized in the period in which the results are known/materialized.

c) Fixed Assets:

Fixed assets are accounted for at cost of acquisition including inward freight, duties and taxes and incidentals related to acquisitions.

Fixed assets are stated at cost less depreciation.

d) Depreciation:

Depreciation is provided for in the accounts on straight-line method in accordance with Section 205(2)(b) of the Companies Act, 1956, and in accordance with Schedule XIV of the Companies Act, 1956 except in the case of Building where it shall be written-off during the lease period.

e) Investments:

All investments are stated at cost i.e. cost of acquisition inclusive of expenditure incidental to acquisition. Diminution in value of investment is recognized when such diminution is considered as permanent. Income from investments is recognized in the accounts in the year in which it is accrued and stated at gross values.

f) Inventories:

Inventories are valued after providing for obsolescence, as under

Raw materials, stores & spares are valued on weighted average cost method.

Work in progress at cost or net realizable value, whichever is lower(*)

Finished goods at cost or net realizable value, whichever is lower.(*)

(*) Cost is arrived at full absorption basis as per AS–2 " Valuation of Inventories" based on production data pertaining to last month of the relevant financial year.

g) Foreign Exchange Conversion:

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of transaction. Gain/Loss arising out of fluctuations in exchange rates are accounted for on realisation/payments.

h) Revenue Recognition:

Sales of goods are recognized on accrual basis as per the terms of the agreement with customers.

i) Research and Development:

Expenditure pertaining to Research and Development is charged to revenue in the year in which it is incurred. In respect of research and development cost of specified projects, these are allocated on a systematic basis to future accounting periods with reference to the estimated benefit derived from the product or process, not exceeding four years.

j) Employees Retirement Benefits:

The contribution made to provident fund and other benefits are charged to revenue each year as per the applicable statutes. The liability on account of gratuity and encashment of leave salary is computed based on actuarial valuation done at the end of the year.

Schedule IV

Notes to the financial statement

1. The Company was incorporated on 24th January 2005 and as per Agreement of License entered into between the Company and Synergies - Dooray Automotive Limited (SAL), a 100% Export Oriented Unit located in Visakhapatnam Special Economic Zone, the Company has been permitted complete access to equipments and facilities of SAL for a period of 47 months from 1st May 2005. Current Assets comprising of inventory and moulds of SAL were also transferred to the Company as on that date.

   Facility usage charges are expensed with as per terms and conditions of Agreement of license.

2. Ramping up of operations necessitated refurbishment of certain equipments and facilities at plant, which took about 3 months from starting of the operations in May 2005. Hence the period of 3 months from May 1, 2005 to July 31, 2005 has been treated as start up period and excess of expenditure over income amounting to 88,30,252.56 shall be written off in 44 months being the remaining period of lease period from August'05. As a result of the above, Profit and Loss Account reveals income and expenditure for the period 1st August 2005 to 31st March 06.

3. Contingent Liability:

   a. Synergies-Dooray Automotive Ltd.(SAL) was sanctioned deferment of Sales Tax of Rs.101,52,93,180/- by Government of Andhra Pradesh. SAL has availed a sum of Rs.2,94,24,597 up to 30.04 2005. With effect from 1st May 05, as per the Agreement of License entered into between Synergies - Dooray Automotive Limited (SAL) and Synergies Castings Limited(SCL), the production and sales activities are being carried over by Synergies Castings Limited (SCL).

   As per the request made to Department of Industries, Andhra Pradesh deferment facility of SAL was transferred to SCL. In this context, as demanded by the Industries Department, Andhra Pradesh, Synergies Castings Limited has given an undertaking to the effect that the sales tax liability of SAL shall be paid by SCL in case they are not paid by SAL.

   Deferred tax liability is due for payment after 2014 over a period of next 14 years.

   b. As per Letter No. 8/EOU-326/VSEZ/2005 dated 30th June 2005 issued by Development Commissioner, VSEZ, Letter of Permission issued to Synergies - Dooray Automotive Limited was transferred to Synergies Castings Limited along with liabilities to Customs and Central Excise department. There is a contingent liability of Rs. 56.00 lacs being demands raised by Central Excise department on Synergies - Dooray Automotive Limited, which are disputed.

5) The company has not obtained the creditor's confirmation for the account balances. However, in the opinion of the management, these will not have any impact on the financial results of the year and the year end net worth of the company.

6) Sundry Creditors – Dues to Small Scale Industries include the following parties to whom amounts outstanding for more than 30 days:

   ATC Tools Private Limited, Coastal Cartons Private Limited, LV Fintrade Private Limited, Ravi Fabricators and Engineering Contractors, Saroj Engineering Works, Time N Tune Industries, Multi Engineering Services and Sunny Gloves Industries.

6) **Directors' Remuneration –**

	Mar 31, 2006 (Rupees in '000)	March 31, 2005 (Rupees in '000)
Salary	1,730	-
Provident Fund and other retirement benefits	12	-
Other Benefits	-	-
Total	**1,742**	**-**

7) **Consumption of Moulds:**

Provision for consumption of used moulds taken over from Synergies - Dooray Automotive Limited has been calculated at one sixth of the value per month whereas provision for consumption of new moulds procured by the Company during the year has been calculated at one twelfth of the value per month.

8) **Segment Reporting**

The Company considers business segment as the primary segment for reporting. Based on the nature of product and services, risk and return, organization structure and internal financial reporting, the entire activity of production and sale of wheel is considered as one segment. The segment revenue, segment results and segment assets / amortization thereof is as per the Profit and Loss Account and the Balance Sheet respectively. Geographical segments considered for disclosures are Sales within India and Sales outside India (viz. USA, Europe and others)

The entire activity pertaining to sales outside India is carried out from India. Details of Geographical Segments are as under:

	Revenue (Rupees in '000)	
	March 31, 2006	March 31, 2005
Within India		-
-Wheels	1,70,619	
-Scrap	47,284	
Outside India:		
– USA	10,007	-
– Europe	92,247	-
– Others	73,253	-

9. **Related Party Transactions**

a) **Names of related parties and description of relationship:**

(i)	**Holding Company**	Thinc Destini Commercial Solutions Ltd. UK(now known as The Commerce Centre Limited w.e.f. 27/04/2006)
(ii)	**Investment Company**	Thinc Destini Commercial (Asia) SPV Ltd. Mauritius
(iii)	**Enterprise where significant influence exists**	Pentafour Exim & Marketing Private Limited ,Synergies - Dooray Automotive Limited, Abhishek Business Private Limited, Rachit Finance Private Limited.
(iv)	**Key Managerial Personnel**	Mr. Chandra Sekhar Movva, Mr. Manoj Khaitan, Mr. A. V. R. Narayana Rao

b) Summary of transactions with the above related parties is as follows:

For the period ended March 31, 2006 (Rs. in '000)

Natureof Transaction	Enterprise having significant influence	Enterprise wher significant influence exists	Key Manageria Personnel	Balance Receivable/ (Payable)
Purchases of assets and consumables		120,671 (Nil)		(-) 35,017 (Nil)
Reimbursement of expenses		112 (Nil)		
Remuneration			1,480 (Nil)	(-) 250 (Nil)
Facility Usage Charges		20,000 (Nil)		(-) 10,000 (Nil)

Note: - Previous period figures are mentioned in brackets

10) **Earnings Per Share (EPS)**

Profit for the period ended 31 March 2006 attributable to equity share holders	Rs.2,12,87,000
Number of equity shares issued	1,06,11,112
EPS	Rs. 2.01 per share

11) **Additional Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:**

A. Class of goods, Capacity and Production:

	Units	Mar 31, 2006 (Quantity)	March 31, 2005 (Quantity)
(i) Class of goods manufactured:			
Licensed Capacity			
Aluminum Alloy Wheels		**Not Applicable**	**Not Applicable**
Installed Capacity (As certified by the Management and on the basis of facilities installed as on date based on various product mix)			
Aluminum Alloy Wheels	**Nos.**	**5,20,000**	**520,000**
(ii) Actual Production:			
Aluminum Alloy Wheels	**Nos.**	**186,284**	**-**

B. Purchases / Sales and stock

	Units	Mar 31, 2006		March 31, 2005	
		Quantity	**Value (Rupees in '000)**	**Quantity**	**Value (Rupees in '000)**
Sales					
Aluminum Alloy Wheels #	**Nos.**	**144,840**	**393,410**	-	**-**
Issued for samples					
Aluminum Alloy Wheels	**Nos.**	**217**	**-**	-	**-**
Others					
Purchases		-	-		

Others		-	-		
Finished Goods					
Aluminum Alloy Wheels	**Nos.**				
Opening		**2,669**	**4,413**		
Closing		**43,896**	**126,824**		

C. Raw Materials consumed

	Units	Mar 31, 2006		March 31, 2005	
		Quantity	**Value Rupees in '000**	**Quantity**	**Value Rupees in '000**
Aluminum alloy	**MTs**	**2698**	**251,936**		**-**
Total			**251,936**	**-**	**-**

D. Consumption of Raw Materials, Stores and spares

	Mar 31, 2006		March 31, 2005	
	Value (Rupees in '000)	%	**Value (Rupees in '000)**	%
Raw Material				
Imported	251,936	100	**-**	**-**
Indigenous	**-**	**-**	**-**	**-**
	251,936	**100**	**-**	**-**
Stores and Spares				
Imported	27,499	44.06	**-**	**-**
Indigenous	34,916	55.94	**-**	**-**
	62,415	**100**	**-**	**-**

E. Earnings in Foreign Exchange:

	Mar 31, 2006 (Rupees in '000)	March 31, 2005 (Rupees in '000)
Export of Goods (FOB)	175,532	**-**
Freight on Exports	3,450	**-**
Insurance	85	**-**
Total	**179,067**	**-**

F. CIF Value of Imports

	Mar 31, 2006 (Rupees in '000)	March 31, 2005 (Rupees in '000)
Raw Materials	250,698	**-**
Stores and spares	44,278	**-**
Capital Goods	4,628	**-**
Total	**299,604**	**-**

G. Expenditure in Foreign currency

	Mar 31, 2006 (Rupees in '000)	March 31, 2005 (Rupees in '000)
Traveling expenses	745	**-**
Legal and Professional fees	3,501	**-**
Freight expenses	**-**	**-**
Others	992	**-**
Total	**5,238**	**-**

12) **Previous year's figures have been regrouped and reclassified to conform to those of the current year.**

Schedule V

Statement of Other Income (recurring) (Rs. in '000s)

No.	Particulars	Period ended March 31, 2006	Period ended March 31, 2005
1.	Dividend Received on ICICI Prudential	116	---
2.	Interest Received on Margin Money/Deposits	866	---
3.	Income From foreign currency fluctuations (Exports)	1,608	---
4.	Income from Services	---	225
5.	Discount Received	63	---
6.	Miscellaneous Income	815	---
	Total	**3,468**	**225**

Schedule VI

Statement of Accounting Ratios

Particulars	Unit	Period ended March 31, 2006	Period ended March 31, 2005
Earnings Per Share (Before Extra Ordinary items)	Rs.	2.01	2.10
Earnings Per Share (After Extra Ordinary items)	Rs.	2.01	2.10
Return on Networth (Before Extra Ordinary items)	%	9.02	48.84
Return on Networth (After Extra Ordinary items)	%	9.02	48.84
Net Asset Value Per Equity Share	Rs.	17.22	4.30

Schedule VII

Capitalisation Statement (Rs. in '000s)

No.	Particulars	Pre issue 31.03.06	As adjusted for issue *
1	**Total debt**		
	Short term debt	1,66,681	--
	Long term debt	11,917	--
	Total	**1,78,598**	**--**
2	**Share holders Funds**		
	Equity share capital	106,111	**--**
	Preference Share capital	58,280	--
	Reserves	111,579	--
	Total	**2,75,970**	--
	Long term debt/Share holders Funds	0.04 : 1	--

*** Information pertaining to Share Capital and Reserves post-Issue can be ascertained only after completion of Book Building process.**

Schedule VIII

Statement of Secured Loans

Particulars	As at March 31, 2006	Security offered	Rate of Interest %	Terms of Repayment
Term Loan				
J P Morgan Chase Bank National Association, Mumbai	90,000	Note:1	11% p.a.	Fully repayable as a bullet payment on the day falling two (2) months from the Drawdown Date (i.e. 20.03.2006).
Foremost Factors Limited	46,352	Note:2	7.5% p.a.	120 days from the date of Bill of Lading

Note:

1. Secured by first charge on Plant and Machinery, Furniture and fixtures, Stock in trade, Book Debts (except debts assigned to factoring agencies), Vehicles, Fixed deposits, Intangible assets, Uncalled Share capital, all rights, title, interest, benefits, claims and demands whatsoever in the insurance policies, government approvals, permits, authorizations, no objections and licenses pertaining to the Bank, all the right, title and interest of the Company under all the guarantees, other performance warranties, indemnities and securities that may be furnished in favour of the Company by the various contractors, consignment sale agents, C&F agents, dealers under the various agreements.
2. Secured by receivables from Ford, Europe. Loan is also guaranteed by Managing Director in his personal capacity.
3. The Company has availed 12.50 crores secured term loan on 15.05.2006 from JP Morgan Chase Bank National Association, Mumbai (vide Loan Agreement dated 11.05.2006) and repaid Rs.9.00 crores bridge loan along with accrued interest to JP Morgan Chase Bank National Association, Mumbai on 16.05.2006.
4. HDFC Bank Limited sanctioned (Vide sanction letter dated 02.09.2005) Rs.3.00 crores towards advance against sales invoices raised on Toyota Kirloskar Motors Ltd. and Rs.2.00 crores towards sales bills discounting of Tata Motors Limited. Charge was created in favour of HDFC Bank Limited for availing Rs.3.00 crores towards advance against sales invoices raised on Toyota Kirloskar Motors Ltd. As the Company did not avail the loan from HDFC Bank Limited. the charge was satisfied and registered with ROC on 21.04.2006.

Schedule IX

Statement of Unsecured Loans (Rs. in '000s)

Particulars	Period ended March 31, 2006	Period ended March 31, 2005
Intercorporate deposits:-		
From bodies corporate	--	---
From financial institution	--	---
From Others	30,329	---
Interest free sales tax deferment loan	11,917	---
Loan from Directors	---	---
Total	**42,246**	**---**

Notes:-

1. Inter corporate deposit from others is payable on demand carrying interest @ 12% p.a.

Schedule X

Statement of Tax Shelter **(Rs. in 000's)**

No.	Particulars	Period ended March 31, 2006	Period ended March 31, 2005
1.	Profit before tax as per Profit and Loss A/c	22,431	166
2.	Normal Tax Rates applicable (%)	31.365%	33.59%
3.	Tax at Notional Rate	7,035	61
4.	Adjustments:		
	Profits exempt under Sec.10B	(19,215)	Nil
	Difference between Tax Depreciation and Book Depreciation	(973)	Nil
	Other Adjustments	Nil	Nil
	Net Adjustments	(20,188)	Nil
5.	Tax Saving thereon:	(6,332)	Nil
6.	Total Taxation	703	61
7.	Taxation on extra-ordinary items	Nil	Nil
8.	Tax on profits before extra-ordinary items	703	61

Schedule XI

Dividends

The Company has proposed 2.5% dividend on Equity shares and provision has been made for the payment of the dividend on 12% redeemable preference shares on pro-rata basis.

Schedule XII

Age-wise analysis of Sundry Debtors as on March 31, 2006 (Rs. in '000s)

No.	Particulars	Period ended March 31, 2006	Period ended March 31, 2005
A	Outstanding for more than 6 months	8,297	Nil
B	Outstanding for less than 6 months		
1	Due from Promoters/Promoter Group	Nil	Nil
2	Due from Directors	Nil	Nil
3	Due from Others	1,39,245	220
	Total	**1,47,542**	**220**

Schedule XIII

Analysis of Loans and Advances **(Rs.'000s)**

No.	Particulars	Period ended March 31, 2006	Period ended March 31, 2005
A	Advance recoverable in cash or kind or for value to be received		
	Due from Promoters/Promoter group	Nil	Nil
	Due from Directors	Nil	Nil
	Due from Others	15,792	2,500
B	Prepaid expenses	290	Nil
C	Advances to staff	677	Nil

D	Other Deposits	14,752	Nil
E	VAT receivable/Claims receivable	7,878	5
F	Advance tax/TDS	--	--
	Total	**39,389**	**2,500**

Schedule XIV **(Rs. In 000's)**

Cash Flow Statement for the period ended	**31st March, 2006**	**31st March, 2005**
	Amount	**Amount**
A. **Cash flow from operating activities:**		
Net Profit	21,728	105
Depreciation on Fixed Assets	474	
Operating profit before working capital changes	**22,202**	**105**
Adjustments for changes in working capital :		
- (Increase)/Decrease in Sundry Debtors	(147,322)	(220)
- (Increase)/Decrease in Other Receivables	(36,883)	(2,505)
- (Increase)/Decrease in Inventories	(262,430)	
- Increase/(Decrease) in Trade and Other Payables	102,976	154
Cash generated from operations	**(321,456)**	**(2,466)**
B. **Cash flow from Investing activities :**		
- Invested in Fixed Assets	(15,208)	
- Investments	(50,117)	
- Miscellaneous Expenses to be written off	(34,599)	(390)
C. **Cash flow from financing activities:**		
Share Capital		
- Equity Shares	102,986	3,125
- Preference Shares	58,280	
Share Premium Account	93,888	
Loans	178,598	
Dividend and Dividend Tax	(4,143)	
Net cash from financing activities	**429,609**	**3,125**
Net Increase/(Decrease) in Cash and Cash Equivalents	**8,229**	**269**
Cash and cash equivalents - Opening	**269**	**-**
Cash and cash equivalents - Closing	**8,498**	**269**
Cash and cash equivalents comprise		
Cash	65	253
Balance with Scheduled Banks	8,433	16
	8,498	**269**

FINANCIAL AND OTHER INFORMATION OF GROUP COMPANIES

The promoters have direct ownership control of all the Indian Group companies described herein. Financial data for each group company has been derived from its financial statements prepared in accordance with Indian GAAP.

1. Abhishek Business Private Limited
2. Khaitan Minerals Development Corporation Private Limited
3. Mimosa Enclave Limited
4. Pentafour Exim & Marketing Pvt. Limited
5. Rachit Finance (P) Ltd
6. Stellar Wheels Limited
7. Synergies – Dooray Automotive Limited
8. Triveni Minerals Private Limited
9. Thinc Destini Commercial (INDIA) SPV Limited
10. Thinc Destini Commercial Holdings SPV Limited
11. Thinc Destini Commercial Solutions SPV Limited

1. Abhishek Business Private Limited

Abhishek Business Private Limited was incorporated as a private limited company on 28th May,1999 with its registered office at 'Gokul' Block 'B', Flat No.3E, 14, Watkins Lane, Howrah – 711 101. The main business of Abhishek Business Private Limited is to grow, cultivate, cut to size and to deal in all types of commercial and non-commercial timbers, plywoods, woods, bamboos and all kinds of goods in the manufacture of which timber or wood is used. At present the company is doing only investments.

Shareholding Pattern

S.No.	Name of the Shareholder	No.of Shares	Percentage
1	Directors and Relatives	2,50,000	100
	Total	**2,50,000**	**100**

Board of Directors

The Board of Directors of Abhishek Business Private Limited as on date comprises :

i. Mr. Chandra Sekhar Movva
ii. Ms. Srilatha Movva
iii. Mr. Girish Kumar Ganeriwala

Financial Performance (Amount in Rs.)

Particulars	31.3.2005	31.3.2004	31.3.2003
Sales and Other Income	40,93,044	97,533	8312
Profit/(Loss) after Tax	2,52,015	1784	240
Equity Capital (par value Rs.10 per Share)	2,320,000	2,320,000	120,000
Reserves(excluding revaluation reserves)	35,56,607	3,304,592	2,808.42
Earnings Per Share	1.09	0.007	0.02
Book Value per share	25.23	24.11	9.64

2. Khaitan Minerals Development Corporation Private Limited

Khaitan Minerals Development Corporation Private Limited was incorporated as a private limited company on 7th September, 1961 with its registered office at Block-C, Flat-A, 5th Floor, Ganapati Apartments, 21 Khetra Mohan Mitra Lane, Salkia, Howrah – 711 106, West Bengal . The main business of Khaitan Minerals Development Corporation Private Limited is to trade in manganese ore and mining and exports. At present the company is carrying out the activity of liasioning and representation with various authorities and earning Commission income.

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. of Shares	Percentage
1	Directors & Relatives	71,100	65.17
2	Rachit Finance Pvt. Ltd.	38,000	34.83
	Total	**109,100**	**100**

Board of Directors

The Board Of Directors of Khaitan Minerals Development Corporation Private Limited as on date comprises :

1. Mr.Manoj Khaitan
2. Ms. Swati Khaitan

Financial Performance

Particulars	31.3.2005	31.3.2004	31.3.2003
Sales and Other Income	106,000	84,124	190,469
Profit/(Loss) after Tax	8,270	(35,924)	15,395
Equity Capital (par value Rs.10 per Share)	1,091,000	1,091,000	1,091,000
Reserves (excluding revaluation reserves)	14,552	NIL	12,716
Earnings Per Share	0.076	(0.33)	0.14
Book Value per share	10.13	9.78	10.12

3. Mimosa Enclave Private Limited

Mimosa Enclave Private Limited was incorporated as a private limited company on 4th March,2003 with its registered office at D-73, Bangur Avenue, Kolkata - 700 055, West Bengal. The main business of Mimosa Enclave Private Limited is to carry on the business of builders and contractors and/or to purchase and sell real estate. At present the company carrying out the activity of investments.

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. of Shares	Percentage
1	Directors & Relatives	NIL	NIL
2	Others	272,500	100
	Total	**272,500**	**100**

Board of Directors

The Board Of Directors of Mimosa Enclave Limited as on date comprises :

1. Mr. Manoj Khaitan
2. Mr. Chandra Sekhar Movva

Financial Performance

Particulars	31.3.2005	31.3.2004
Sales and Other Income	335,000	NIL
Profit/(Loss) after Tax	51,904	(36,158)
Equity Capital (par value Rs.10 per Share)	21,00,000	2,100,000
Reserves (excluding revaluation reserves)	15,746	NIL
Earnings Per Share	0.25	-
Book Value per share	10.07	-

4. Pentafour Exim and Marketing Private Limited

Pentafour Exim and Marketing Private Limited was incorporated as a private limited company on 17th February, 1994 with its registered office at Block-C, Flat-A, 5th Floor, Ganapati Apartments, 21 Khetra Mohan Mitra Lane, Salkia, Howrah – 711 106, West Bengal. The company is currently carrying out the activity of investments.

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. of Shares	Percentage
1	Directors & Relatives	530,020	10.37
2	Rachit Finance Pvt. Ltd	865,000	16.92
3	Others	3,717,600	72.71
	Total	**5,112,620**	**100**

Board of Directors

The Board Of Directors of Pentafour Exim And Marketing Private Limited as on date comprises :

1. Mr.Manoj Khaitan
2. Mr. Chandra Sekhar Movva

Financial Performance

Particulars	31.3.2005	31.3.2004	31.3.2003
Sales and Other Income	5,781,628	599,824	614,018
Profit/(Loss) after Tax	(383,903)	32,810	236,176
Equity Capital (par value Rs.10 per Share)	51,126,200	47,960,200	47,960,200
Reserves (excluding revaluation reserves)	9,699,781	587,870	555,060
Earnings Per Share	NIL	0.006	0.049
Book Value per share	11.89	10.12	10.12

5. Rachit Finance Private Limited

Rachit Finance Private Limited was incorporated as a private Limited Company on 23rd January, 1996 with its registered office at Block-C, Flat-A, 5th Floor, Ganapati Apartments, 21 Khetra Mohan Mitra Lane, Salkia, Howrah – 711 106, West Bengal. The company is currently carrying out the activity of investments.

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No.of Shares	Percentage
1	Directors & Relatives	81,700	40.91
2	Triveni Minerals Pvt. Ltd.	70,500	35.30
3	Khaitan Minerals Development Corporation Pvt. Ltd.	20,000	10.01
4	Others	27,500	13.78
	Total	**199,700**	**100**

Board of Directors

The Board Of Directors of Rachit Finance Private Limited as on date comprises :

1. Mr.Manoj Khaitan
2. Ms.Swati Khaitan
3. Ms.Pushpa Khaitan

Financial Performance

Particulars	31.3.2005	31.3.2004	31.3.2003
Sales and Other Income	30,222,061	781,413	4,49,153
Profit/(Loss) after Tax	104,131	7,648	1,18,552
Equity Capital (par value Rs.10 per Share)	1,997,000	1,722,000	1,722,000
Reserves (excluding revaluation reserves)	1,028,825	99,180	91,238
Earnings Per Share	0.52	0.04	0.69
Book Value per share	15.15	10.57	10.51

6. Stellar Wheels Limited

Stellar Wheels Limited was incorporated as a limited company on 20th June, 2001 with its registered office at Flat No.4A, Sampathji Apartments, Saadat Manzil, Ameerpet, Hyderabad – 500 016. The company currently gives machinery on rent and earns income from it.

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No.of Shares	Percentage
1	Rachit Finance Pvt. Ltd	100,000	64.52
2	Others	55,055	35.48
	Total	**155,055**	**100**

Board of Directors

The Board Of Directors of Stellar Wheels Limited as on date comprises :

1. Mr.Manoj Khaitan
2. Mr. Chandra Sekhar Movva

Financial Performance

Particulars	31.3.2005	31.3.2004	31.3.2003
Sales and Other Income	192,628	893,120	3,501,007
Profit/(Loss) after Tax	(149,794)	110,673	(416,132)
Equity Capital (par value Rs.10 per Share)	1,550,000	1,000,000	1,000,000
Reserves (excluding revaluation reserves)	1,650,000	NIL	NIL
Earnings Per Share	(0.97)	1.11	(4.16)
Book Value per share	12.84	9.75	9.71

7. Synergies - Dooray Automotive Limited

ABOUT SYNERGIES - DOORAY AUTOMOTIVE LIMITED

Synergies-Dooray Automotive Limited (SDAL) was originally incorporated in June 1995 as Synergies Automotive Limited and subsequently changed to Synergies – Dooray Automotive Limited due to the Joint Venture between the key promoters, Chandra Sekhar Movva and Associates and Dooray Corporation of Korea, a leading alloy wheels manufacturer. SDAL's wheel manufacturing facility was set-up under a Technical- cum Off-take Arrangement with Dooray Corporation and is located in Visakhapatnam Special

Economic Zone (VSEZ), Visakhapatnam, Andhra Pradesh, India. The plant is in proximity to Hyderabad and Chennai.

Dooray was committed to provide technical support and equipment, and had agreed to buy back a significant percentage of production from SDAL. SDAL took advantage of the export incentives offered under the trade policy of the Government of India, combined with the benefits of being a first mover in the emerging Indian market, and embarked on this project.

When the plant was ready for commissioning in early 1998, the South East Asian currency crisis severely impacted the Korean manufacturing industry, resulting in a major downturn in the economy of the pacific-rim countries. This brought Korean imports to a virtual standstill. SDAL also faced major problems when the Korean partners were unable to provide technical know how and fulfill the buy back agreement. The envisaged marketing arrangement vanished overnight. SDAL was thus forced to set up the plant and commission it on its own without further help from the Joint Venture partners.

Survival needs forced SDAL to identify alternate opportunities as well as markets. The OEM segment typically required longer penetration time and investments. Hence, it decided to enter the aftermarket segment in the US by establishing wholly owned subsidiaries, Synergies America Inc (SYNAM) and Synergies Europa GmbH to explore the American and European markets. The diminishing value of their domestic currency and aggressive discounts arising out of that offered by the pacific-rim countries were difficult to match and SDAL had to shift from the generic product mix to offer a differentiated product in the shape of large dimension Chrome Plated wheels. SDAL implemented an expansion cum up-gradation of its facilities in FY2000 envisaging –

- Setting up facilities for chrome plating of wheels
- Acquiring additional moulds to provide a larger matrix of designs and sizes particularly large diameter wheels.
- Adding CNC machines to process large dimension wheels

But with the severe economic downturn due to 9/11 attacks in the US. The US market operations of SYNAM suffered a serious setback. Sales declined to US$ 14mn in 2002 (US$ 18.00mn in 2001) and to $10mn in 2003. Slowdown in the markets resulted in shrinking top lines and substantial losses for SYNAM. As a result, it ran up large inventory positions resulting in overdue payables to its parent company, SDAL. SDAL suffered a serious setback to its performance due to recession in U.S. market since FY 2001, resulting in working capital funds getting locked up in receivables from SYNAM (due to accumulation of inventory). In March 2002, the lenders rescheduled the payment terms of the principal and interest on the outstanding loans on the assumption of quick recovery.

SDAL then had to be referred to the Corporate Debt Restructuring (CDR) Scheme and after series of discussions between the lenders and the company, a package was approved by CDR in October 2003 under which the major features were that SDAL will make a significant shift towards the OEM market and the large stock of wheels lying in the USA would be liquidated. The scheme also envisaged providing a working capital finance of Rs.137 million to SDAL by its consortium of lenders. However, the same was not provided.

Finally in the monitoring committee (appointed by CDR) meeting held on 22nd December 2004, the consortium of lenders agreed to convert the existing loans and accrued interest into long term loans. No additional working capital was sanctioned to SDAL.

To overcome the working capital problem, it was also decided at the CDR to give the facilities to manufacture aluminium alloy wheels and chrome plated wheels on leave & license basis.

Amongst the contenders, lenders of Synergies-Dooray finalized and accepted the terms of offer of Thinc Commercial Solutions Limited, UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006) and agreed to lease to them, the entire facilities of wheel manufacturing and chrome plating w.e.f. May 1st'2005.

Thinc Commercial Solutions Limited, UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006) took on leave and license through an SPV – Synergies Castings Limited the manufacturing facilities of Synergies – Dooray Automotive Limited, a 100% EOU located at Plot Nos. 3 & 4, Visakhapatnam Special Economic Zone (VSEZ), Duvvada, Visakhapatnam – 530 046, for a period of 47 months w.e.f. 1st May, 2005.

SDAL is no longer into the business of manufacturing alloy wheels and all the orders, which were in the name of SDAL, have been transferred to SCL.

Due to erosion of entire net worth of SDAL, SDAL made a reference under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 to the BIFR (Board for Industrial and Financial Reconstruction). The Secretary to the BIFR vide letter No. F.No.3(S-7)/BC/2005 dated July 11, 2005 registered SDAL as sick company under Sec.15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 vide case number 135/2005. After the case was registered, till date no Controlling Agency has been appointed for SDAL.

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. Of Shares	Percentage
1.	Promoters	35,62,800	20.74
2.	Promoter Group	20,99,700	12.22
3.	Others	1,15,13,500	67.04
	Total	**1,71,76,000**	**100**

Board Of Directors

The Board of Directors of Synergies - Dooray Automotive Limited as on date comprises:

1. Mr.Chandra Sekhar Movva
2. Mr.Manoj Khaitan
3. Vice Admiral(Retd) A.V.R Narayana Rao
4. Mr.E.S.Ravisekhar – Nominee of IDBI
5. Mr.Muthukumaran – Nominee of EXIM Bank
6. Mr.N.K.Balaram – Nominee of ICICI Bank

Financial Performance **(Amount In Rs.)**

Particulars	31.3.2005	31.3.2004	31.3.2003
Sales and Other Income	510,799,000	436,272,000	594,213,000
Profit/(Loss) after Tax	(354,047,000)	(1,196,550,000)	(294,213,000)
Equity Capital (par value Rs.10 per Share)	171,760,000	171,760,000	599,560,000
Reserves (excluding revaluation reserves)	2,000,000	2,000,000	23,840,000
Earnings Per Share	(20.61)	(69.66)	(4.91)
Book Value per share	(80.45)	(59.84)	1.81

8. Triveni Minerals Private Limited

Triveni Minerals Private Limited was incorporated as a private limited company on 25th April, 1996 with its registered office at Block-C, Flat-A, 5th Floor, Ganapati Apartments, 21 Khetra Mohan Mitra Lane, Salkia, Howrah – 711 106, West Bengal . The main business of Triveni Minerals Private Limited is to supply raw material to cement plants, material handling and transportation. The company currently is carrying out the activity of liasioning and representation with various authorities and earning Commission income.

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. of Shares	Percentage
1	Directors & Relatives	43,250	32.70
2	Rachit Finance Pvt. Ltd.	84,000	63.52
3	Khaitan Minerals Development Corporation Pvt. Ltd	5,000	3.78
	Total	**132,250**	**100**

Board of Directors

The Board Of Directors of Triveni Minerals Private Limited as on date comprises :

1. Mr.Manoj Khaitan
2. Ms.Swati Khaitan
3. Ms.Pushpa Khaitan

Financial Performance

Particulars	31.3.2005	31.3.2004	31.3.2003
Sales and Other Income	136,603	732,528	617,984
Profit/(Loss) after Tax	(149,900)	(73,062)	(27,185)
Equity Capital (par value Rs.10 per Share)	1,322,500	1,322,500	1,322,500
Reserves(excluding revaluation reserves)	-	-	-
Earnings Per Share	(1.13)	(0.55)	(0.20)
Book Value per share	6.44	7.37	7.92

9. Thinc Destini Commercial (India) SPV Limited (Formerly known as Thinc Destini SPV Limited)

Thinc Destini Commercial (India) SPV Limited was incorporated on 9th May, 2006 in Mauritius with its Registered Office at Suite No:802, St.James Court, St.Denis Street, Port Louis, Mauritius The Company's name was changed to Thinc Destini Commercial (India) SPV Limited, on June 6, 2006. The Company has not commenced any business till date

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. of Shares	Percentage
1	Thinc Destini Commercial Solutions Limited (now known as The Commerce Centre Limited w.e.f. 27/04/2006)	1000	100
	Total	**1000**	**100**

Board of Directors

The Board Of Directors of Thinc Destini Commercial(India) SPV Limited as on date comprises :

1. Mr.Denis Sek Sum

2. Mr. Fung Kong Yune Kim
3. Mr.Christian Kumar

10. Thinc Destini Commercial Holdings SPV Limited (Formerly known as Thinc Destini Holdings SPV Limited)

Thinc Destini Commercial Holdings SPV Limited was incorporated on 9th May, 2006 in Mauritius with its Registered Office at Suite No:802, St.James Court, St.Denis Street, Port Louis, Mauritius. The Company's name was changed to Thinc Destini Commercial Holdings SPV Limited, on June 6,2006. The Company has not commenced any business till date

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. of Shares	Percentage
1	Thinc Destini Commercial Solutions Limited (now known as The Commerce Centre Limited w.e.f. 27/04/2006)	1000	100
	Total	**1000**	**100**

Board of Directors

The Board of Directors of Thinc Destini Commercial Holdings SPV Limited as on date comprises:

1. Mr.Denis Sek Sum
2. Mr. Fung Kong Yune Kim
3. Mr.Christian Kumar

11. Thinc Destini Commercial Solutions SPV Limited

Thinc Destini Commercial Solutions SPV Limited was incorporated on 9th May, 2006 in Mauritius with its Registered Office at Suite No:802, St.James Court, St.Denis Street, Port Louis, Mauritius. The Company has not commenced any business till date

Shareholding Pattern

S.No.	Category / Name of the Shareholder	No. of Shares	Percentage
1	Thinc Destini Commercial Solutions Limited (now known as The Commerce Centre Limited w.e.f. 27/04/2006)	1000	100
	Total	**1000**	**100**

Board of Directors

The Board of Directors of Thinc Destini Commercial Solutions SPV Limited as on date comprises:

1. Mr.Denis Sek Sum
2. Mr. Fung Kong Yune Kim
3. Mr.Christian Kumar

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

You should read the following discussion and analysis of the Company's financial condition and results of operations together with the financial statements included in this Draft Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page vii of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could affect the Company's financial condition and results of operations. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) guidelines and restated as described in Auditor's report of Kalidindi Associates, Chartered Accountants dated 26.05.06.

Brief History of SCL

The Company was incorporated on 24th January, 2005 to carry on the business of manufacturers of all kinds and descriptions of Casting & Engineering Components for the Automotive and other industries. The first financial year of the Company was from 01.02.2005 to 31.03.2005.

The Company was incorporated by Mr. Chandra Sekhar Movva & Mr. Manoj Khaitan to facilitate the Prospective Investor to use the Company as an SPV (Special Purpose Vehicle) for taking on lease the manufacturing facilities of Synergies-Dooray Automotive Limited.

Amongst the contenders, lenders of Synergies-Dooray finalized and accepted the terms of offer of Thinc Destini Commercial Solutions Limited, UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006) and agreed to lease to them, the entire facilities of wheel manufacturing and chrome plating w.e.f May 1st' 2005.

Thinc Destini Commercial Solutions Limited, UK (now known as The Commerce Centre Limited w.e.f. 27/04/2006) took on leave and license through an SPV – Synergies Castings Limited the manufacturing facilities of Synergies – Dooray Automotive Limited, a 100% EOU located at Plot Nos. 3 & 4, Visakhapatnam Special Economic Zone (VSEZ), Duvvada, Visakhapatnam – 530 046, for a period of 47 months w.e.f. 1st May, 2005.

Upon due diligence by the investors and PwC, the Current Assets of Synergies – Dooray Automotive Limited as on 30.04.2005 were transferred to the SPV. The entire Plant and Machinery was under refurbishment for the first 3 months and hence the Company was under trial production during the period from 01.05.2005 to 31.07.2005. Commercial Production commenced only from 01.08.2005.

.**Overview of the business.**

At present, the Company manufactures aluminium alloy wheels for all vehicles (cars, SUV's, light trucks) in various sizes (12-24 inch diameter), designs and finishes (silver painted, polished and chrome plated). It has a capacity (wheels casting) to make 520,000 wheels per annum, with a chrome plating capacity of 180,000 wheels per annum(benchmarked at an average size of 16" – 17").

The company recently entered the lucrative high-end specialized precision aluminium castings. The increased demand for aluminium products, increased environmental sensitivity, and the blow-out outsourcing phenomenon implies a potentially huge growth opportunity.

The company is one of India's largest global scale, world-class manufacturer of aluminium alloy wheels for cars, trucks and SUVs. The plant has a capacity to manufacture 5,20,000 wheels per annum. Based on the average weight of a wheel being 10 kilograms, the capacity in terms of tonnage is 5200 MT. The Company deploys state-of-the-art technology, best in class facilities, a skilled and committed team, and contemporary manufacturing management systems to deliver world class quality, defect free products to its customers anywhere in the world.

The Company specializes in precision aluminium castings and alloy wheels. These products need to be absolutely porosity free, air-leak free, must have extremely close tolerances, and a superb surface finish. This is possible only when there is absolute and precise control on the casting process from the composition to the molten flow, the forming, the solidification and cooling process.

Significant developments subsequent to the last financial year:

Considering the last financial year ended 31.03.2006, the Company entered into a loan agreement with J.P.Morgan Chase Bank N.A., a shareholders agreement with Silver Peak Investments (Mauritius) Limited and a share subscription agreement with Silver Peak Investments (Mauritius) Limited, an investment arm of JP Morgan Special Situations Asia LLC, which is a wholly owned subsidiary of JP Morgan Chase & Co. Silver Peak Investments (Mauritius) Limited subscribed for 22,80,000 equity shares of Rs.10 each at a premium of Rs.26 per share and the same were allotted by the Company.

There were no other significant developments subsequent to the last financial year except those mentioned above.

Factors that may affect Results of the Operations.

The present manufacturing facilities are on leave and license basis. The Licensor may terminate the Agreement of License by giving 6 months notice. Due to termination by either side, results of operations of the Company could be severely affected.

Discussion on Results of Operations

Quantity-wise sales Percentage (For the period from 01.08.2005 to 31.03.2006)

	No. of Wheels sold	%age of sales
Painted Wheels	**127433**	**87.98**
Chrome Wheels	**17407**	**12.01**
Total	**144840**	**100.00**

Value Percentage: Market-wise (For the period from 01.08. 2005 to 31.03.2006)

	OEMs	After Market	Total
Painted Wheels	**76.09**	**0.02**	**76.11**
Chrome Wheels	**2.73**	**21.16**	**23.79**
Total	**78.81**	**21.19**	**100.00**

Value Percentage: Geography-wise (For the period from 01.08. 2005 to 31.03.2006)

	Europe	USA	India	Others	Total
Painted Wheels	**26.65**	**0.00**	**49.29**	**0.16**	**76.11**
Chrome Wheels	**0.00**	**2.89**	**0.00**	**21.00**	**23.89**
Total	**26.65**	**2.89**	**49.29**	**21.16**	**100.00**

VI. LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against the Company, its subsidiaries, its promoters, its directors and the promoter group companies, that would have a material adverse effect on the business and there are no defaults, non payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on the Company's business.

Cases filed by the Company

An FIR vide reference no.473/2005 dated December 3, 2005 was registered against M/s. Maharashtra Road Carriers Private Limited, Pune at Gajuwaka Police Station, Visakhapatnam for illegally holding 962 wheels worth of Rs.24,46,414/- to be delivered to the Company's customer in Bangalore. The Company booked three vehicles to transport 962 wheels to Toyota in Bangalore. The matter is before the courts and the Company's lawyers are confident of a successful outcome

Cases filed against the Company

Maharashtra Road Carriers Private Limited has filed a winding up petition against the Company vide Company petition No.27 of 2006 under section 433, 434(1) & 439(1)(b) of Companies Act,1956 in the High Court of Judicature of Andhra Pradesh at Hyderabad. The winding up petition is filed against the Company in respect of Rs.8,02,291, which are the dues of Synergies Dooray Automotive Limited. The Company has received a show cause notice dated 17/3/06 from the High Court of Judicature of Andhra Pradesh at Hyderabad wherein the Company represented by Mr.Chandra Sekhar Movva and others have been asked to Show Cause as to why the application of Maharashtra Road Carrier Private Limited should not be admitted.

The Company has filed the reply to the Show Cause Notice on 20/6/2006.

Cases filed against the Directors

IDBI bank - a lender of Synergies-Dooray Automotive Limited, has filed a case u/s138 of the Negotiable Instruments Act, 1938 against their Directors – Mr. Chandra Sekhar Movva and Mr. Manoj Khaitan who are also the directors of the company. Per CDR scheme approved and sanctioned by the lenders in Aug 2005, all legal cases filed against SDAL and their Directors are to be withdrawn by the lenders. Upon completion of Joint documentation by SDAL, the bank is likely to withdraw the case on the mentioned directors and SDAL.

The CDR (Corporate Debt Restructuring) Cell, IDBI, in its meeting of the Empowered Group held on February 23, 2006, decided IDBI (erstwhile IDBI Bank) shall ensure that the consent terms are filed with DRT (Debt Recovery Tribunal) within a week and the case u/s 138 is withdrawn immediately. The CDR has also informed the Company about its decision vide its letter dated March 25, 2006.

Material Developments since the Last Balance Sheet Date

The Company entered into a loan agreement with J.P.Morgan Chase Bank N.A., a shareholders agreement with Silver Peak Investments (Mauritius) Limited and a share subscription agreement with Silver Peak Investments(Mauritius) Limited, an investment arm of JP Morgan Special Situations Asia LLC, which is a wholly owned subsidiary of JP Morgan Chase & Co. Silver Peak Investments (Mauritius) Limited subscribed for 22,80,000 equity shares of Rs.10 each at a premium of Rs.26 per share and the same were allotted by the Company

CONTINGENT LIABILITIES

The Company has the following contingent liabilities for which no provisions have been made in the books of accounts of the company for the period ended 30th November, 2005 in accordance with standard Indian accounting practice.

S.No	Particulars	Amount (Rs. In lacs)
1	Undertaking given to Central Excise and Customs Department on behalf of SDAL	56
2	Undertaking given to the Sales tax Department on behalf of SDAL	294
	Total	**350**

GOVERNMENT APPROVALS & LICENSING ARRANGEMENTS

Investment Approvals

The Company has complied with all the provisions stipulated for Foreign Equity Investment under Automatic Route specified by the Reserve Bank of India.

All Government And Other Approvals

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

Approvals for the Business

The Company requires various approvals to carry on its business.

100% EOU

The Company has obtained necessary approval from the Office of the Development Commissioner, Visakhapatnam Special Economic Zone, Government of India, Ministry of Commerce and Industry vide letter no. 8/EOU-326/VSEZ/2005/3026 dated June 30,2005 for transfer on lease basis the EOU of Synergies – Dooray Automotive Limited to the Company for operating the leased manufacturing facilities as a 100% EOU under the 100% Export Oriented Units Scheme and approvals for import of capital goods.

Agreement of License dated 3rd November, 2005 has been entered into between the Company and Synergies – Dooray Automotive Limited for taking on leave and license the manufacturing facilities of Synergies – Dooray Automotive Limited with effect from 01-05-2005.

Licenses and Approvals

The Company has also obtained necessary approvals and registrations from the sales tax , Income Tax authorities, labour department, pollution control board, etc. which include:-

Sl. No.	Issuing Authority	Registration/ License No.	Nature Of Registration / License	Validity
1	Registrar Of Companies	01-45171	Certificate Of Incorporation	-
2	Income Tax Department	AAICS7410H	Permanent Account Number	-

3	Income Tax Department	VPNS04027C	Tax Deduction Account Number	-
4	Development Commissioner,VSEZ	4604000271	Importer Exporter Code Number	-
5	Office of the Assistant Commissioner Of Central Excise, Visakhapatnam	01/2003	Private Bonded Warehouse Licence Number	31.12.2007
6	Commercial Taxes Department	VSP/04/3/2664/20042005	Andhra Pradesh General Sales Tax Registration Number	-
7	Commercial Taxes Department	VSP/04/3/1304/2004-2005	Central Sales Tax Registration Number	-
8	Profession Tax Officer, Visakhapatnam	VSP/04/3/124/04-05	Profession Tax Enrolment Number	-
9	Commercial Taxes Department, Andhra Pradesh	(TIN) 28740243866	VAT Registration Number	-
10	Development Commissioner, VSEZ	317	Green Card, Relating to Priority Treatment of EOUs in dealing with all Central And State Government Departments	16.4.2008
11	Office of the Assistant Commissioner Of Central Excise, Visakhapatnam	AAICS7410HXM002	Central Excise Registration Certificate Number	-
12	TUV CERT certification body of RWTUV Systems GmbH	0411119990638	ISO /TS 16949:2002 Certificate	27.9.2008
13	Inspector Of Factories, Andhra Pradesh	2614	Factory License (Endorsed in favor of SCL on 22/8/2005)	-
14	Inspector Of Factories, Andhra Pradesh	54486	Registration under Factories Act	-
15	Employees State Insurance Corporation (ESIC)	62-33497-56	ESIC Regstration Number	-
16	Office of the Provident Fund Organisation	AP/31883	Provident Fund Registration Number	-
17	Andhra Pradesh Pollution Control Board	APPCB/VSP/VSP/131/HO/W&A/2006-228	Pollution Control Board Clearance	30.11.2006
18	Department Of Explosives	P-12(SC)/AP5095	License to import and store petroleum in installation **(Applied for transfer from SDAL to SYNCAST on 13.4.2006. Transfer under process.)**	31.12.2006

19	Office of the Registering Officer under Contract Labour(Registration and Abolition) Act	RD No.DCL/VSP/CL-PE/011/2004	Certificate Of Registration	-

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a Special Resolution pursuant to Section 81(1A) of the Companies Act,1956, passed at the First Annual General Meeting of the Company held on 26th December,2005.

Prohibition by SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market or restrained from buying, selling or dealing under any order or direction passed by SEBI.

Eligibility For The Issue

In terms of clause 2.2.2 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, Synergies Castings Limited is eligible to make a Public Issue of equity shares or any other security which may be converted into or exchanged with equity shares only if it meets both the conditions (a) and (b) given below

(a) (i) The issue is made through the book-building process, with at least (50% of net offer to public) being allotted to the Qualified Institutional Buyers (QIBs),failing which the full subscription monies shall be refunded.

OR

(a) (ii) The "project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

AND

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

OR

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid -ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%:

(c) The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)

The Company is making the present public issue in accordance with clauses (a)(i) and (b)(i) as mentioned above.

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE 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 VIZ. IMPERIAL CORPORATE FINANCE & SERVICES PVT. LTD HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER VIZ., IMPERIAL CORPORATE FINANCE & SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 15th JULY, 2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 1992 WHICH READS AS FOLLOWS:

(i) "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID PUBLIC ISSUE.

(ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

(iii) WE CONFIRM THAT:

(a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;

(b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

(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 PUBLIC ISSUE.

(d) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATIONS ARE VALID.

(e) WHEN UNDERWRITERS ARE APPOINTED, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS"

(iv) THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES IN THE NATURE OF LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARENCES 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 BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer from the Company, BRLM

The Company, its Directors, the BRLM accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or instance of the above mentioned entities and anyone placing reliance on any other sources of information, including the Company's website www.synergies-castings.com would be doing so at his or her own risk.

Caution

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM, and the Company dated 5th December, 2005 and the Underwriting Agreement to be entered into among the underwriters and the Company.

All information shall be made available by the Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentation, in research or sales reports or at bidding centers.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks(subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this 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 Offer will be subject to the jurisdiction of appropriate court(s) in Andhra Pradesh, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI. for observation. 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 Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of The Bombay Stock Exchange Limited (BSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE .The BSE has given the permission to the company vide their letter dated [*] to use BSE’s name in this Draft Red Herring Prospectus as the stock exchange on which the equity shares are proposed to be listed. BSE has scrutinized this Draft Red Herring Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to the company. The exchange does not in any manner:

a. warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or

b. warrant that the securities will be listed or will continue to be listed on the Exchange, or

c. take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not, for any reason be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to an independent inquiry, investigation or analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Undertaking from the Promoters and Directors

The Company accepts full responsibility for the accuracy of the information given in the Draft Red Herring Prospectus and confirms that to the best of its knowledge and belief, there are no other facts, their omission of which make any statement in the Draft Red Herring Prospectus misleading and they further confirm that they have made reasonable inquiries to ascertain such facts. The Company further declares that the Stock Exchange to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in the Draft Red Herring Prospectus. The Promoters/Directors severally declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the Equity Shares offered in terms of the Draft Red Herring Prospectus has been suppressed, withheld and / or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment / refund, as the case may be, that any information / material has been suppressed / withheld and / or amounts to a misstatement / misrepresentation, the Promoters / Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Regional Office of SEBI at 3rd Floor, D'Monte Building, No.32, D'Monte Colony,TTK Road, Alwarpet, Chennai – 18.

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with ROC.

Listing

Applications have been made to the BSE for permission to deal in and for an official quotation of the Company's Equity Shares. The Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allocation will be finalized for Institutional, non-institutional portion and retail portion.

If the permissions to deal in and for an official quotation of the Company's Equity Shares is not granted by the Stock Exchange mentioned above, the Company shall 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 the Company 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 the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 7 working days of finalization and adoption of the Basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue; and (b) Book Running Lead Manager, Syndicate Member, Escrow Collection Bank(s) and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Draft Red Herring Prospectus with the Registrar of Companies, Hyderabad, Andhra Pradesh as required under section 60 and 60B of the companies Act and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration.

M/s Kalidindi Associates, Chartered Accountants, Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration.

Expert Opinion

The Company has obtained Expert Opinion from P.Murali & Co., Chartered Accountants, Hyderabad, on the eligibility of the Company to avail benefits under Section 10B of the Income Tax Act,1961

Expenses of the Issue

The expenses of the Issue include interalia underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as follows:

Expenses Incurred	**Percentage of Total Issue Expenses**	**Percentage of Total Issue Size**
BRLM	[.]	[.]
Registrar to the Issue	[.]	[.]
Advisors (Legal Counsel and Auditors)	[.]	[.]
Bankers to the Issue	[.]	[.]
Marketing Costs	[.]	[.]
Others (Insurance, printing, stamp duty, listing fees, depository fees, SEBI filing fees, postage and other related expenses)	[.]	[.]
TOTAL	[.]	[.]

Fees payable to the BRLM

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the memorandum of understanding executed between the Company and the BRLM dated 5th December,2005 a copy of which is available for inspection at the Company's Corporate Office.

Fees payable to Registrar to the Public Issue

The total fees payable to the Registrar to the Public Issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the Public Issue dated 2nd January, 2006, a copy of which is available for inspection at the Company's corporate office.

Fees payable to Bankers to the Public Issue

The total fees payable to the Bankers to the Public Issue will be as per the understanding of the Company with the Bankers to the Issue, a copy of which is available for inspection at the Company's corporate office.

Underwriting Commission, Brokerage and Selling Commission

The Underwriting Commission is payable @ __ % of the amount underwritten by the respective underwriters. Brokerage for the Issue will be paid not more than @ __ % of the Issue Price of the Equity Shares by the Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/ Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

Details Regarding Previous Public Issues

The company has not made any issue of equity shares to the public prior to the present Public Issue.

Issues otherwise than for cash

The Company has not issued any equity shares for consideration otherwise than for cash.

Commission and brokerage on previous issues.

The Company has not made any issue of shares previously. Hence this clause is not applicable.

Promise vs. Performance

This is the initial public issue of the company.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company outstanding as on the date of prospectus and terms of issues

Since the Company has not made any issue of debentures or preference share, this clause is not applicable.

Stock market data for equity shares of the Company.

Since the Company is not listed as on date, this clause is not applicable**.**

Responding to Investor Grievances

The investor grievances will be handled by the Registrar to the issue in consultation with the secretarial department of the Company. The estimated time required by the Company shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company appointed Mr.B.Chandra Sekhara Reddy, as the compliance officer and he may be contacted in case of any problem. His contact details are :

Plot Nos.3&4,
Visakhapatnam Special Economic Zone(VSEZ),
Duvvada,
Visakhapatnam – 530046
Tel : +91 891 2587181 Fax: +91 891 2587481
e mail : cs@synergies-india.com

There are no listed Companies under the same management within the meaning of Section 370(1B) of the Companies Act,1956.

Change in Auditors

There has been no change in the Auditors of the company since inception.

Capitalization of Reserves or Profits

The Company has not capitalized its reserves or profits since incorporation.

Revaluation of Assets

The Company has not revalued its assets.

VII. OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, conditions of RBI approval, the terms of this Draft Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC 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 offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing shares of the Company including rights in respect of the rights to receive dividends. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment.

Mode of Payment of dividend

Dividends Share be paid by dividend warrants or by Credit to the bank accounts of the shareholders if so requested.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price band of Rs. **30** to Rs. **36** per equity share with a floor price of R**s. 30** per equity share. At any given point of time there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws. The issue price is **3** times the face value at lower end of the price band and **3.6** times of the face value at the higher end of the price band.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of the Articles of Association" on page 170 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of the Equity Shares will in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum allotment of **[•]** Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered / Corporate Office or to its Registrar and Transfer Agents.

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

a) to register himself or herself as the holder of the equity shares; or

b) to make such allotment 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 allot the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to public, including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount (i.e., 60 days from the Bid Closing Date), the company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Arrangements for disposal of odd lots.

This clause is not applicable since there will not be any add lots.

Restriction if any, on transfer and transmission of shares/debentures are on their consolidation/splitting.

There is no restriction on transfer or transmission of shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this issue is with competent courts/authorities in the state of Andhra Pradesh, India.

Withdrawal of the Issue

The company, in consultation with the BRLM, reserves the right of not to process with the issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

ISSUE STRUCTURE

Particulars	**Net offer to Public**		
	QIBs	Non-institutional bidders	Retail
Number of equity Shares available for allocation) Percentage of Issue size available for allocation	Atleast 22,72,500 Equity Shares Atleast 50% or Issue size less allocation to Non Institutional Portion and Retail Portion	Minimum 681,750 15% or Issue size less allocation to QIBs and Retail Portion	Minimum 15,90,750 35% or Issue size less allocation to QIBs and Non Institutional Portion
Basis of Allocation or Allotment if respective category is oversubscribed.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares and in multiples of [*] Equity Shares thereafter, that the Bid Amount exceeds Rs. 100,000	Such number of Equity Shares and in multiples of [*] Equity Shares thereafter, that the Bid Amount exceeds Rs. 100,000	Such number of Equity Shares and in multiples of [*] Equity Shares thereafter, that the Bid Amount does not exceed Rs.100,000
Maximum Bid	Not exceeding the size of the Issue subject to applicable limits.	Not exceeding the size of the Issue	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000
Allotment Mode	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/Market Lot	One Equity Share	One Equity Share	One Equity Share
Bidding lot	[*] Equity Shares	[*] Equity Shares	[*] Equity Shares
Who can Apply	Public financial Institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI,	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for an amount up to Rs. 100,000.

	multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate
Margin Money	10%	Full Bid Amount on submission of Bid cum Application Form	Full Bid Amount on submission of Bid cum Application Form

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process under clause 2.2.2 of SEBI (DIP) Guidelines, 2000, wherein atleast 50% of the Issue shall be allotted on a proportionate basis to QIBs (including 5% to Mutual Funds). Further, not less than 35% shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% shall be available for allocation on a proportionate basis to Non-Institutional, subject to valid bids being received at or above the issue price within the Price Band.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLM, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Option to subscribe in issue

No option is given to subscribe in issue.

How to Apply

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note ("CAN"), and filing of the Prospectus with the ROC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid Cum Application form
Indian Public including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders	White
NRIs and FIIs	Blue
Eligible Employees	Pink

Who can Bid?

1. Indian nationals resident in India who are majors in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorized to invest in the Equity Shares
4. Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Multilateral and bilateral development financial institutions;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;

11. Provident Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in Equity Shares;
13. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorized under their constitution to hold and invest in Equity Shares;
14. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or no repatriation basis subject to applicable laws; and
15. Scientific and/ or Industrial Research Organizations authorized to invest in Equity Shares.

Note: The BRLMs, Syndicate Members and any associate of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary, unless otherwise permitted by SEBI. Further, the BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

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

Application by NRIs

Bid Cum Application Forms have been made available for NRIs at the Corporate Office of the Company. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under NRI category. The NRIs who intend to make payment through the Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its scheme should own more than 10% of any company’s paid-up capital carrying voting rights. Further, bidders may bid as per the limits prescribed above.

Applications by FIIs

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of equity shares to a single FII making investments on its own behalf should not exceed 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in equity shares of the

Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24 % of the total issued capital of the Company. 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%. However, as of this date, no such resolution has been recommended for adoption.

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

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital) Regulations, 2000 prescribe investments restriction on the venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, holding in the Company by any individual venture capital fund or foreign venture capital investors registered with SEBI should not exceed 25% of Company's paid-up capital.

Maximum and Minimum Bid Size

• For Retail Individual Bidders:

The Bid must be for a minimum of **[*]** Equity Shares and in multiples of **[*]** Equity Shares thereafter, subject to maximum Bid amount of Rs.1,00,000. In case the maximum Bid amount is more than Rs.1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase the equity shares at the final Issue Price as determined at the end of the Book Building Process.

Non-Institutional Bidders and QIB Bidders:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of **[*]** Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them.

For Bidders in the Employee Reservation Portion

The Bid by Eligible Employees must be for a minimum of **[.]** Equity Shares and in multiples of **[.]** Equity Shares thereafter. The maximum bid in this portion cannot exceed 1,50,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs.1,00,000 may bid at "Cut-off".

Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision of bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision in the price band, the same would be considered for allocation under the Retail portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

Information for the Bidders

(a) The Company will file the Draft Red Herring prospectus with the RoC at least three days before the Bid Opening Date/Issue Opening date.

(b) The members of the syndicate will circulate copies of the red Herring Prospectus along with the Bid Cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in the Company's Equity Shares according to the terms of this Draft Red Herring Prospectus and applicable law) who would like to obtain the Draft Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Company's Corporate Office or from any of the members of the syndicate.

Escrow Mechanism

Escrow Account

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the respective Escrow Account for the issue. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts for the issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. The Escrow Collection Banks, as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus, if any, shall also make payment of refund, from the Escrow Account.

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

Terms of Payment and Payment into the Escrow Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page 161 and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each Category of Bidders i.e. QIB Bidders, Non Institutional Bidders, Retail Individual Bidders and Bidders under the Employees Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid Cum Application Form. The Margin Amount payable by each category of bidders is mentioned under the heading " Issue Structure " in page 147 of this Draft Red Herring Prospectus. Where the Margin amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the bidder for equity shares allocated at the issue price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder not later than the pay-in date, which shall be minimum period of two days from the date of communication of the allocation list to the Members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The Syndicate Members will register the Bids using the on-line facilities of the BSE . There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the BSE will be displayed on-line at all bidding centers, on a regular basis. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the first/sole Bidder;
- Investor category – individual, corporate, NRI, FII, or mutual fund etc.;
- Numbers of Equity Shares bid for;
- Bid price;
- Bid cum Application Form number;
- Whether payment is made upon submission of Bid cum Application Form; and
- Margin Amount
- Depository participant identification number and client identification number of the demat account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) It is to be distinctly understood that the permission given by the BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

(h) It is also to be distinctly understood that the approval given by the BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Company's Equity Shares will be listed or will continue to be listed on the BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.

2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Draft Red Herring Prospectus.

3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and by indicating the change on the relevant websites and the terminals of the members of the Syndicate.

4. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.

5. During the Bidding Period, any Bidder who has registered an interest in the equity shares at a particular price level is free to revise his/ her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

6. Revisions can be made in both the desired number of equity shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

7. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate

through whom the original Bid was placed. Bidders are advised to retain copies of the Blank Revision Form and the revised Bid must only be made on that Revision Form.

8. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus.

9. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the previous Bid.**

10. In case of a discrepancy of data between BSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Form shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.

2. The Company, in consultation with the BRLM, shall finalize the "Issue Price" and the number of equity shares to be allotted in each category to Bidders.

3. The allocation for QIB bidders for minimum 50% of the Net Offer to the Public Size would be on proportionate basis. The allocation to Non-Institutional Bidders would not be less than 15% of the Net Offer to the Public and allocation to Retail Individual Bidders will not be less than 35% of the Net Offer the Public. Allocation to Non-Institutional Bidders, Retail Individual Buyers, Employees applying would also be made on proportionate basis, subject to the valid bids being received at or above the Issue Price.

4. Under subscription, if any, in any category (other than the allocation to QIBs portion), would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLM.

5. Allocation to QIBs, eligible Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for allotment of equity shares to them.

6. The BRLM, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.

7. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever.

8 In terms of SEBI Guidelines, QIB shall not be allowed to withdraw their Bid after the Bid. Closing Date.

Signing of Underwriting Agreement

The Company, the BRLM, and the other members of the Syndicate shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.

Filing Of Prospectus

After signing the Underwriting Agreement, the BRLM, and the other members of the Syndicate, the Company will file the updated Red Herring Prospectus with the RoC, which would then be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between Draft Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Letter for Additional Margin Money

In case of QIB bidders who have submitted their Bids with the Margin Amount of 10%, additional margin amount may be called for by the Company, in consultation with the BRLM. The amount of such additional Margin Amount called for shall depend on the level of subscription in various categories as determined on the basis of electronic registration of bids.

Issuance of Confirmation of Allocation Note (CAN)

1. The BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated equity shares in the Issue.

2. The BRLM or Members of the Syndicate would send the CAN to their Bidders who have been allocated equity shares in the Issue. The dispatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.

3. Bidders who have been allocated equity shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allotted to such Bidder.

4. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their Depository Account allocated to them pursuant to Allotment in this Issue.

Designated Date and Allotment of Equity Shares

1. The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot the Equity shares to the allottees. The Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

2. **In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have to option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

   Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this issue.

GENERAL INSTRUCTIONS

Do's:

• Check if you are eligible to apply;

• Read all the instructions carefully and complete appropriate Application Form;

• Ensure that the details about Depository Participant and Beneficiary Account are correct, as there will be no allotment of equity shares in physical form;

• Ensure that you Bid only in the Price Band;

• Ensure that the DP account is activated;

• Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;

• Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;

• Ensure that you have collected a TRS for all your Bid options;.

• Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

• Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a bidder is for a total value of Rs.50,000 or more and attach a copy of the PAN Card.

• Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

Don'ts

• Do not Bid for lower than the minimum Bid size;

• Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;

• Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;

• Do not pay the Bid Amount in cash; through Stock Invest, by money order or by postal order.

• Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;

• Do not Bid at Cut-off price. (for QIB Bidders, Non-Institutional Bidders and Bidders under the employee portion, for whom the bid amount exceeds Rs.One Lakh).;

• Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of equity shares that can be held by a Bidder under applicable law.

• 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;

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis, blue colour for NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and pink colour for eligible employees).

2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

3. For Retail Individual Bidders, the Bids must be for a minimum of **[*]** equity shares and in multiples of **[*]** thereafter subject to a maximum Bid Amount of Rs. 1,00,000.

4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of **[*]** equity shares thereafter. Bids cannot be made for more than the size of the Issue. 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 applicable laws.

5. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Employees

1. Bids by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form, (i.e., pink colour form).

2. Eligible Employees should mention their Employee ID at the relevant place in the Bid cum Application Form.

3. Only Eligible Employees, who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form and such person is an employee or Director during the period commencing from the date of filing of the Red Herring Prospectus with the RoC upto the

Bid/Issue Closing Date would be eligible to apply in this Issue under the Employee Reservation portion on a competitive basis.

4. The sole/first Bidder should be an Eligible Employee. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.

5. Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allotment under this category.

6. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. Eligible Employees should ensure that such Bids (whether at Cut-Off or not) should not exceed Rs.100,000, failing which such Bids may be rejected.

7. The maximum Bid in this category should not exceed 1,50,000 Equity Shares.

8 If the aggregate demand in this category is less than or equal to 1,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Any under-subscription in Equity Shares reserved for Eligible Employees would be treated as part of the Net Offer to the Public and allotment shall be in accordance with the basis of allotment described in the section titled "Basis of Allotment" on page 165 of this Draft Red Herring Prospectus.

9. If the aggregate demand in this category is greater than 1,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of **[.]** Equity Shares. For the method of proportionate basis of allotment, refer to section titled "Basis of Allotment" on page 165 of this Prospectus.

10. Bidding at Cut-off is allowed only for Eligible Employees whose Bid Price is less than or equal to Rs.100,000.

Bidder's Bank Account Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. **These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders.** Bid cum Application Forms without these details are liable to be rejected. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT- IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME

JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis on name of the Bidders, Depository Participants name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application form, the Registrar to the Issue will obtain from the Depository, Demographic details of the bidders such as Address, Bank Account details, for printing on refund orders and occupation (hereinafter referred to as Demographic Details) hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form.

These Demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order. Hence Bidders are advised to update their Depository Details as provided to the Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form the Bidder would have deemed to authorize the depositories to provide, upon request, to the registrar of the issue, the required demographic details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the bidder as per the demographic details received from the depositories. Bidders may note that delivery of Refund orders/Allocation Advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application form would be used to ensure dispatch of refund orders. Please note that any such delay will be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any such losses caused to the bidder due to any such delay or liable to pay any such interest for such delay.

In case no corresponding record is available with the depositories that match three parameters, namely, names of the bidders (including the order of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's identity, then such bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 25 Crores and pension funds with minimum corpus of Rs. 25 Crores, 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, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid Cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in its absolute discretion, reserve the right to relax the above condition of Simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the BRLM, may deem fit.

Bids by Non-Residents, NRIs and FIIs on a repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non-Resident Bidders for a minimum of such number of Equity Shares and in multiples of [*] thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 151 of this Draft Red Herring Prospectus.

4. In the names of individuals, or in the names of FIIs, but not in the names of minors, firms or partnerships, foreign nationals (including NRIs) or their nominees.

5. 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 U.S. 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 Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non-Residents, including eligible NRIs and FIIs and all Non-Residents Bidders will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, along with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.

2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the equity shares allocated to the Bidder or the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:

a. In case of QIB Bidders: **"Escrow Account- SYNCAST Public Issue – QIB"**

b. In case of Resident Bidders: **"Escrow Account — SYNCAST Public Issue"**

c. In case of Non Resident Bidders: **"Escrow Account – SYNCAST Public Issue -NR"**

d. In case of Eligible Employees: **"Escrow Account – SYNCAST Public Issue- Eligible Employees"**

In case of Bids by Eligible 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 or FCNR Account.

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.

4. Where a Bidder has been allocated a lesser number of equity shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the equity shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.

5 **Payments should be made by cheque or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the banker's clearinghouse located at the center 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/Stock Invest/Money Orders/Postal Orders will not be accepted.**

Payment by Stock Invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stock invest would not be accepted in this issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate during the Bidding / Issue Period. A member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids In The Case Of Individuals

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his/ her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of equity shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bids made by eligible employees both under employee reservation portion as well as in the net offer to the public shall not be treated as multiple bids.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made The application made by the AMCs or custodians of the mutual funds shall clearly indicate the name of the concerned scheme for which application is being made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in all or any categories.

PAN

Where Bid(s) is/are for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint

Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form.

Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60(Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a)Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g)Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Company's Right to Reject Bids

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefore in case of QIB bidders. In case of Non Institutional Bidders and Retail Individual Bidders, the company has the right to reject Bids only on technical grounds. Consequent refunds will be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

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

• Amount paid does not tally with the amount payable for the highest value of equity shares bid for;

• Bank account details (for refund) are not given;

• Age of First Bidder not given;

• Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;

• PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs.50,000 or more;

• UIN number not given for Body Corporate

• Bids for lower number of equity shares than specified for that category of investor;

• Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;

• Bids at cut-off price by a QIB or a Non Institutional Bidder;

• Bids for number of equity shares, which are not multiples of **[.]**;

• Category not ticked;

• Multiple Bids;

• In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;

• Bid cum Application Form does not have the stamp of a member of the Syndicate;

• Bid cum Application Form does not have the Bidder's depository account details;

• Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/ Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum Application Form;

• In case no corresponding record is available with the Depository that matches three parameters; name of bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number.

• Bids by US residents or US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of US Securities Act of 1933.

• Bids for amounts greater than the maximum permissible amounts prescribed by the regulations (see the details regarding the same at page 151 of this Draft Red Herring Prospectus); or

• Bids not duly signed by the sole/joint Bidders.

• In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply.

• Bids accompanied by Stock invest/money order/postal order/cash.

• Bids under Employee Reservation portion for more than 1,50,000 equity shares.

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 portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

• The Issue size less allotment to Non-Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue price.

• If the aggregate demand in this portion 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 demand.

• If the aggregate demand in this category is greater than [*] Equity Shares at or above the Issue Price, the allocation 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 allocation, 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 portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

• The Issue size less allocation to Bidders in QIB category and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

• 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, allocation 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 allocation refer below.

C. For QIB Bidders

• Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.

• The Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

• The allocation would be decided by the Company in consultation with the BRLM and would be on proportionate basis.

• The aggregate allocation to QIB Bidders shall not be more than [ ] Equity Shares.

D. For Employee Reservation Portion

Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

• Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Eligible Employees will be made at the Issue Price.

• If the aggregate demand in this category is less than or equal to 1,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

• If the aggregate demand in this category is greater than 1,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis upto a minimum of **[.]** Equity Shares. For the method of proportionate basis of allocation, refer below.

• The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added to the categories of Non Institutional Bidders and Retail Bidders, in a proportion to be determined by the Company in consultation with the BRLMs.

Method of proportionate basis of allocation in the QIBs, Retail, Non-Institutional Portions:

In the event of the Issue being over-subscribed, the basis of allotment to QIBs, Retail and Non Institutional Bidders shall be finalized by the Company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the **[*]**:

The subscription in the QIBs, Retail and the Non-Institutional portion will be computed separately.

If the aggregate demand in this category is greater than **[*]** Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum bid/ application size of **[*]** Equity Shares and in multiples of **[*]** Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

Equity Shares In Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialized 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 the Company, the respective Depositories and the Registrar to the Issue:

a) A tripartite agreement dated [*] between NSDL, the Company and Registrar to the Issue;

b) A tripartite agreement dated [*] between CDSL, the Company and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

• A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

• 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.

• Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

• Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

• 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.

• 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.

• It may be noted that 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 Company's Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

• The trading of the Equity Shares would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

Communications and Pre-Issue/ post-Issue problems

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Disposal of Applications and Application Monies

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalization of allotment of Equity Shares.

The refund of Application Monies, if any, shall be made in the following manner :

(a) In case of applicants residing in any of the centres specified by the Board – by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;

(b) In case of other applicants – by despatch of refund orders by registered post, where the value is Rs 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and

(c) In case of any category of applicants specified by the Board – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the Board from time to time.)

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed, are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines w the Company further undertakes that:

• Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;

• The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants 86 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 within 15 days from the date of the closure of the issue."

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the 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."

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by the company if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 Dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Undertaking by the Company

The Company undertakes as follows:

• That any complaints received in respect of this Issue shall be attended to by the Company expeditiously ;

• That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of allotment;

• That the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;

• That the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time; and

• That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription or otherwise.

Utilization of Issue proceeds

The Company's 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 utilized out of Issue referred above shall be disclosed under an appropriate head in the Company's balance sheet indicating the purpose for which such monies have been utilized;

• Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the Company's balance sheet indicating the form in which such unutilized monies have been invested; and

• The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

• The utilization of monies received under promoter's contribution and from firm allotments and reservation shall be disclosed under an appropriate head in the balance sheet of the issuer Company, indicating the purpose for which such monies have been utilized.

• The details of all unutilized monies out of funds received under promoter's contribution and from firm allotments and reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such unutilized monies have been invested.

Restrictions on foreign ownership of Indian Securities

Foreign investment in Indian Securities is regulated through the Industrial Policy 1991of 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 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 procedure for making such investment. As per current foreign investment policy, Foreign Direct Investment in Automotive Sector is permitted up to 100% subject to certain conditions.

VIII. DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI guidelines, the important provisions of the Articles of Association of our Company relating to, inter alia, members' voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and debentures and process for modification of the same and on their consolidation and splitting are detailed below. Please note that the each provisions herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to the in the Articles of Association.

CAPITAL:

4. The Authorised Share Capital of the Company as set out in the Memorandum is Rs.23,00,00,000 (Rupees Twenty Three Crores) divided into 2,30,00,000 shares of Rs.10/- (Rupees Ten) each. The Company shall, subject to the provisions of the Act, shall have the power to issue different classes of shares including equity shares and preference shares having preferential rights for the payment of dividend on an annual or cumulative basis, participation rights on the dividends distribution on the equity shares, redemption or repayment of capital paid thereon, conversion into the equity shares of the Company, or such other rights as the Company may from time to time decide.

5. a) The Company may cancel any unissued Equity Shares and issue Preference Shares with such rights as mentioned in the Articles or as agreed in the terms of issue of such preference shares and vice-versa and the Company may issue any part or parts of the unissued shares upon terms and conditions and with such rights and privileges annexed there to as the Company thinks fit and subject to the requirements of Sec. 86 of the Act and in particular may issue such shares with such preferential or qualified right to dividends and in the distribution of the assets of the Company as the Company may, subject to the aforesaid sections, determine in its general meetings.

   b) Without prejudice to any special rights previously conferred upon the holders of existing shares, the Board may at its discretion issue any portion of the Authorised Share Capital not already issued as preference shares having preferential rights for the payment of dividend on an annual or cumulative basis, participation rights on the dividends distribution on the equity shares, redemption or repayment of capital paid thereon, conversion into the equity shares of the Company, or such other rights as the Company may deem fit.

RESTRICTION / ASSISTANCE FOR PURCHASE OF ITS OWN SHARES :

8. The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase of subscription made or to be made by any person of or for any share in the Company, nor shall the Company make a loan for any purpose whatsoever on the security of its shares, but nothing in this Articles shall prohibit transactions mentioned in the provision to Section 77 of the Act. However, in accordance with provisions of sections 77A, 77AA & 77B, a company may purchase its own shares or other specified securities (hereinafter referred to as "buy-back") out of

   (i) Its free reserves; or

   (ii) The securities premium account; or

   (iii) The proceeds of any shares or other specified securities;

REDEEMABLE PREFERENCE SHARES :

9. (a) Subject to the provisions of these Articles, the company shall have power to issue Preference Shares convertible into Equity Shares, on such terms as may be determined by the Board of Directors of the Company or issue preference shares carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may, subject to the provisions of Section 80 of the Act, exercise such power in such manner as provided in this Article.

(b) Holders of the Preference Shares shall have right to a fixed cumulative dividend at the rate determined by the Board of Directors at the time of issue of the Preference Shares (free of Company's tax but subject to deduction of taxes at source at the prescribed rate) on the capital for the time being paid up therein in priority to the Equity Shares.

NOMINATION OF SHARES

10. Every member of the company is entitled for nomination in respect of his/her securities in accordance with provisions of section 109 A & 109 B of Companies Act.1956.

DEMATERIALISATION OF SECURITIES

For the purpose of these Articles:

12. A. (1) Beneficial Owner means a person or persons whose name is recorded as such with a depository;

(2) SEBI means the Securities & Exchange Board of India

(3) Depository means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and,

(4) Security means such security as may be specified by the SEBI from time to time.

B. Securities in Depositories to be in Fungible Form All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153,153A, 153B 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

C. Rights of Depositories and Beneficial Owners

(a) A Depository shall be deemed to be the registered owner for the purpose of effecting transfer of the ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

<u>INCREASE OF CAPITAL</u> :

13. 1) The company in General Meeting may, from time to time, increase its share capital by creating new shares of such amount as may be determined in accordance with the Regulations of the company and provisions of the Companies Act.

2) The Board may, at any time increase the subscribed capital of the Company by issue of new shares out of the unissued part of the Share Capital in the original or subsequently created capital but subject to Section 81 of the Act and the following provisions, namely :

a) Where the offer and allotment of such shares are made within two years from the date of incorporation of the Company or within one year from the first allotment of shares made after incorporation, whichever is earlier, the Board shall be at liberty to offer the shares and allot the same to any person or persons at their discretion.

b) In respect of offers and allotments made subsequent to the date set out in clause (a) above, the Directors shall subject to the provisions of Section 81 of the Act and of clause (c) hereunder observe the following conditions :

i) Such new shares shall be offered to the persons who at the date of the offer, are holders of the offer, are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the capital paid upon those shares at the date.

ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer if not accepted will be deemed to have been declined.

iii) The aforesaid offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person, and the notice referred to in sub-clause (II) contain a statement of this right.

iv) After the expiry of the time specified in the notice aforesaid or an earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.

c) The Directors may with the sanction of the Company in General Meeting Offer and allot shares to any person at their discretion provided that such sanction is accorded either by

i) a special resolution passed at any General Meeting, or

ii) by an ordinary resolution passed at a General Meeting by majority of the votes cast and with the approval of the Central Government in accordance with Section 81 of the Act.

3) Nothing in this clause shall apply to the increase in the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the Company :

a) to convert such debentures or loans into shares in the Company; or

b) to subscribe for shares in the Company.

Provided that the terms of issue of such debentures or the term of such loans include a term providing for such option and such term :

a) has been approved by a Special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans, and also

b) either has been approved by the Central Government before the issue of the debentures on the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf.

4. Option or right to call of shares shall not be given to any persons except with the sanction of the Company in General Meeting.

POWER OF GENERAL MEETING TO ISSUE SHARES

14. In addition to and without derogating from the powers for that purpose conferred on the Board under this Article of the Company in General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power give to any person (whether a member or holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at part, or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

MODIFICATION OF RIGHTS

16. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class and all the provisions of these Articles relating to general meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one-third of the issued shares of the class in question. The Articles is without prejudice to the power of the Company under Article 10 hereof and the Company's right in general meeting to increase its capital, and the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

SHARES WITH DISPROPORTIONATE RIGHTS

17. The company shall not issue any shares, not being preference shares, which carry voting rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being Preference Shares.

ENDORSEMENT OF TRANSFER

23. In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board shall direct an endorsement of the transfer and the name of the transferee, and other particulars on the existing share certificate, and authorise any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate. In lieu of and in cancellation of the existing certificate, in the name of the transferee.

RENEWAL OF CERTIFICATE

24. If a certificate be worn out, defaced, destroyed, or lost or if there is no further space on the back thereof for endorsement of transfer, it shall if requested, be replaced by a new certificate free of charge provided however that such new certificate shall not be granted except upon delivery of the worn-out, defaced or used up certificate for the purpose of cancellation, in accordance with Companies (Issue of Share Certificate) Rules, 1960, or upon proof of destruction, or loss, and on such indemnity as the Board may require in the case of the Certificate having been destroyed or lost, any duplicate certificate shall be marked as such.

LIEN ON SHARES

25. The Company shall have a first and paramount lien upon all the shares (other than fully paid shares) registered in the name of each member (whether solely, or jointly with others) and upon the proceeds of sale thereof for the debts, liabilities and engagements solely or jointly with any other person due to or made with the Company whether the period of the payment, fulfillment or discharge thereof shall have actually arrived at or not, and such lien shall extend to all dividends from time to time declared or accrued in respect of such shares. The Directors may, however, at any time, declare any shares to be wholly or partly exempt from the provisions of this Article.

26. The Board may sell, in such manner as the Directors think fit, any shares on which the Company has a lien but no sale shall be made unless a sum in respect of which the lien exists is presently payable, not until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or insolvency.

27. To give effect to such sale, the Board of Directors may authorize some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchase money, nor shall his title to the shares be affected by any irregularity of invalidity in the proceedings in reference to the sale.

28. The net proceeds of the sale after payment of the cost of the sale shall be received by the Company and applied towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

29. The Directors may from time to time (subject to the provisions of Section 91 of the Act) make such calls as they think fit upon the Members in respect of all moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium). Each member shall be liable to pay the calls so made, to the persons or banking company, and at the times and places appointed by the Directors, and all calls shall be made payable at intervals of not less than two months. A call may be revoked or postponed as the Directors may determine.

30. The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is

fixed the call shall be deemed to have been made on the date on which the resolution of the Board making the call was passed.

NOTICE

31. Not less than fourteen days notice of any call shall be given specifying the date, time and place of payment provided, that before the time for payment of such call, the Directors may by notice in writing to the members, extend the time for payment thereof.

PAYMENT ON ALLOTMENT

32. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in the case of non-payment all the relevant provisions of these Articles as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

33. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

34. 1) If a sum called in respect of the shares is not paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest upon the sum at such rate not exceeding 20% per annum or as may be fixed by the Board of Directors from the day appointed for the payment thereof to the time of the actual payment, but the Board of Directors shall be at liberty to waive payment of that interest wholly or in part.

2) The provisions of this Articles as to payment of interest shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed date, whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

CALLS IN ADVANCE

35. The Board of Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys called and unpaid upon any share held by him, and upon all or any part of the money so advanced, may (until the same would, but for such advance become presently payable) pay interest at such rate not exceeding (without the sanction of the Company in General Meeting) 12 percent per annum or as may be agreed upon between the member paying the sum in advance and the Board of Directors but shall not in respect of such advances confer a right to the dividend or to participate in profits or to any voting rights.

36. Neither a judgement nor a decrease in favour of the Company for calls or other moneys due in respect of any share, nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from time to time, be due from any member in respect of any share, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

37. If, by the conditions of allotment of any share, the whole or part of the amount or issue price, thereof shall be payable by installments, every such installments shall, when due, be paid to the Company by the person who for the time being and from time to time shall be registered holder of the share or his legal representative or representatives, if any.

TRANSFER AND TRANSMISSION OF SHARES

38. 1) The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with respect of all transfers of shares and the registration thereof. The instrument of transfer of any share shall be signed by on behalf of both the transferor and the transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

2) The Board of Directors shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and the transferee has been delivered to the Company along with the certificate relating to the shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. Provided that where it is proved to the satisfaction of the Board of Directors that an instrument of transfer signed by the transferor and the transferee has been lost, the Company, may, if the Board of Directors think fit, on an application in writing made by the transferee and bearing the stamp required on an instrument of transfer, register the transfer on such terms as to indemnity, as the Board of Directors may think fit.

3) An application for the registration of the transfer of any share or shares may be made either by the transferor or by the transferee, provided that where such application is made by the transferor no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee and the Company shall, unless objection is made, by the transferee within two weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

4) For the purpose of clause (3), notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.

5) Nothing in clause (4) shall prejudice the power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.

6) Nothing in this Article shall prejudice the power of the Board of Directors to refuse to register the transfer of any shares to a transferee, whether a member or not.

39. The shares in the Company shall be transferred by instrument in writing in the prescribed form, duly stamped and in the manner provided under the provisions of Section 108 of the Act and any modification thereof and the Rules prescribed thereunder.

40. The Directors may, subject to the right of appeal conferred by Section III of the Act, decline to register any transfer of shares (not being fully paid shares) to a person of whom they shall not approve and they may also decline to register any transfer of shares on which the Company has a lien. If the directors decline to register any transfer of any shares, they shall within one month after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares. The provisions of the clause shall apply to transfers of stock also.

41. The Board of Directors may also decline to recognise any instrument of transfer unless:

a) The instrument of transfer is accompanied by the certificate of shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of transferor to make the transfer, and

b) The instrument of transfer is in respect of only one class of shares.

42. 1) Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Managing Director or by some other person for the time being duly authorised by the Managing Director on his behalf. In case any transferee of a share shall apply for a new certificates in lieu of the old or existing certificate, he shall be entitled to receive a new certificate in respect of which the said transfer has been applied for and upon his delivering to cancel every old or existing certificate which is to be replaced by a new one.

2) Not withstanding any other provisions to the contrary in these presents, no fee shall be charged for any of the following viz.,

a) for registration of transfers of shares and debentures, or for transmission of shares and debentures;

b) for sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading;

c) for sub-division of renounceable Letters of Right;

d) for issue of certificates in replacement of those which are old, decrepit or wornout, or where the cages on the reverse for recording transfers have been fully utilised ;

e) for registration of any power of attorney, probate, letters of administration or similar other documents.

42A. So long as the Sponsors and Thinc collectively hold 51% of the Share Capital, the Sponsors and Thinc are free to sell any portion (in excess of the aforementioned 51% shareholding) of the Equity Shares of the Company held by them. Notwithstanding the above, the Sponsors may transfer or sell any Equity Shares held by them which would result in the collective shareholding of the Sponsors and Thinc falling below 51% of the Share Capital, (the Sponsors and Thinc individually referred to as the “Selling Party” for the purpose of this Article), to any of their respective Affiliates, provided that such Affiliate agrees to be (jointly and severally) bound by the terms hereof and all other writings, documents and agreements that may be executed or drawn by either or all of the Sponsors, Thinc, Silver Peak and Company in respect of the transactions contemplated herein by executing a deed of adherence. Such transfer or sale to an Affiliate shall be subject to the condition that in the event of the Affiliate(s) ceasing to be an Affiliate of the Selling Party, such Affiliate(s) would re-transfer or re-sell the Shares to the Selling Party; provided however that in case of the Sponsor(s), if the Selling Party no longer continues to be an Affiliate of the majority of the Sponsors, then the retransfer or re-sale shall have to be made to such Sponsor who continues to be an Affiliate of the majority of the Sponsors. The provisions of this Article shall not apply in respect of a dilution of the shareholding of the Sponsors and Thinc, pursuant to the proposed initial public offer of shares by the Company, as approved by Silver Peak. Notwithstanding any provision to the contrary, Silver Peak shall be entitled to transfer its shareholding in the Company at any time, without any restrictions.

42B. In the event that the Sponsors and Thinc, either jointly, severally, collectively, directly or indirectly, in one or several tranches, proposes to sell more than 51% of the Share Capital, or a lesser amount of shareholding to prospective buyer/s which would result in the Sponsors (without change in the composition) losing Management Control of the Company, (each a "Change Event"), Silver Peak shall have a tag along right as described in this Article 42B in respect of some or all of the Silver Peak Shares, at Silver Peak's discretion at the same price per share as the total consideration paid or to be paid by the prospective buyer or buyers referred to above (The Sponsors and Thinc are individually referred to as the "Seller(s)" for the purpose of this Article):

(a) The Seller(s) shall give a notice to Silver Peak stating its/their intention to transfer any Shares held or owned by them, which could result in the occurrence of the Change Event (hereinafter referred to as "Sale Notice"). The Sale Notice shall state the number of Shares proposed to be transferred or sold ("Sale Securities"), the name and address of the proposed transferee or acquirer of the Sale Securities ("Purchaser"), the price consideration on which the Shares are sought to be transferred or sold (but subject to the proviso in Article 42B(e) regarding the sale of Shares in tranches) ("Sale Price"), a written irrevocable undertaking from the Purchaser that it agrees to purchase the Silver Peak Shares at the Sale Price and all other material terms of the proposed transaction.

(b) Within 10 (ten) Business Days of the receipt of the Sale Notice, it would be open for Silver Peak to notify the Seller(s), in writing, that it wishes to sell or transfer all or such part of the Silver Peak Shares ("Tag Securities") as specified in such written notification issued to the Seller(s) by Silver Peak ("Tag Notice") to the Purchaser at the Sale Price and on the terms set out in the Sale Notice.

(c) If Silver Peak serves the Tag Notice on the Seller(s), as a condition precedent to transfer of the Sale Securities the Seller(s) undertake to ensure that the Purchaser purchases the Tag Securities, as is calculated in accordance with Article 42B(b), at the Sale Price and on the terms set out in the Sale Notice.

(d) If Silver Peak has not served any Tag Notice on the Seller(s) within the period specified in Article 42B(b), the Seller(s) shall be free to transfer and sell the Sale Securities to the Purchaser at the Sale Price and on the terms set out in the Sale Notice within a period of 30 (thirty) Business Days from the expiry of the period specified in Article 42B(b).

(e) In the event the tag along right set out in this Article 42B is triggered through the sale of Shares in several tranches to the same Purchaser or an Affiliate or an associate of the same Purchaser, the total amount paid/to be paid over the various tranches divided by the total number of Shares sold by the Sponsors and/or Thinc shall be the tag-along price for the Shares of Silver Peak, and the Sale Price shall be deemed to be such price for the purposes of this Article 42B.

(f) For the purposes of this Article 42B, the Seller(s) hereby authorise and appoint Mr. Chandra Sekhar Movva as their agent to undertake all acts that may be required and also agree and assure to Silver Peak that all decisions taken by their agent would be acceptable and binding to each of them.

42C. (a) In the event Silver Peak is desirous of selling its shares, the Sponsors shall have a right of first offer with respect to any proposed Block Sale (the percentage will form part of the definition of "Block Sale")(the "Right of First Offer"). Silver Peak shall send to the Sponsors a written notice (the "Block Sale Notice") twenty (20) days prior to any third party being offered Shares by Silver Peak as part of a proposed block sale. The Block Sale Notice shall set forth the number of Shares being offered for sale under that block sale that Silver Peak proposes to Transfer (the "Block Sale Shares"), the expected price per Block Sale Share and any other proposed terms and conditions relating to the payment of the price for such block sale.

(b) The delivery of a Block Sale Notice shall constitute an offer by Silver Peak to the Sponsors, which shall be irrevocable for 20 (twenty) Business Days from the date of the Block Sale Notice (the "Block Sale Notice Period"), to transfer to the Sponsors the Block Sale Shares at the price and the payment terms set forth in the Block Sale Notice. The Sponsors shall have the right, but not the obligation, to accept such offer to purchase all, but not less than all, of the Block Sale Shares at the price and on the terms in the Block Sale Notice by giving a written notice to Silver Peak requiring the transfer of such Block Sale Shares (an "Acceptance Notice") prior to the expiration of the Block Sale Notice Period. Delivery of an Acceptance Notice by the Sponsors to Silver Peak shall constitute a contract between the Sponsors and Silver Peak for the transfer of the Block Sale Shares at the price set forth therein. The failure of the Sponsors to give an Acceptance Notice within the Block Sale Notice Period shall be deemed a rejection of its Right of First Offer with respect to the subject transfer.

(c) The completion of any sale of Shares between Silver Peak and the Sponsors pursuant to this Articles 42C shall take place within 15 (fifteen) days from the last day of the Block Sale Notice Period or such longer period as required by applicable Law.

(d) If the Sponsors do not deliver an Acceptance Notice within the Block Sale Notice Period, Silver Peak shall have a period of 180 (one hundred and eighty) days from the last day of the Block Sale Notice Period (the "Block Sale Transfer Period") during which Silver Peak shall have the right to transfer all or any of the Block Sale Shares at a price at least equal to that set forth in the Block Sale Notice provided that within 10 (ten) days of completion of such transfer, Silver Peak shall deliver to the Sponsors either (a) a copy of the executed agreement encompassing the terms and conditions of sale of the Block Sale Shares to the transferee or (b) a letter signed by a director of Silver Peak confirming that the price of the Block Sale Shares sold to such Transferee is at least equal to the price and on the same payment terms (if any) set forth in the Block Sale Notice.

(e) If Silver Peak does not consummate the transfer of the Block Sale Shares in the Block Sale Transfer Period, it may not thereafter Transfer the Block Sale Shares except in compliance in full with all the provisions of this Article 42C.

42D. The provisions of Articles 42A, 42B and 42C will not apply to any transfer of Shares by the Sponsors not exceeding 5% (five percent) of the paid-up Share Capital of the Company, provided that such Transfer does not result in the Sponsors losing Management Control over the Company.

43. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the company.

REGISTER OF MEMBERS

44. The Company shall keep a book to be called the “Register of Members” and therein shall be entered the particulars or every transfer or transmission of any shares and all other particulars required by the Act to be entered in such register.

CLOSURE OF REGISTER OF MEMBERS

45. The Board of Directors may after giving not less than 7 days previous notice by advertisement in some newspapers circulating in the district in which the Registered Office of the Company is situated close the Register of Members or the Register of Debenture holders for any period or periods not exceeding in the aggregate 45 days in each year but not exceeding 30 days at any one time.

TRANSFER DEEDS - CUSTODY

46. The instrument of transfer shall, after registration, remain in the Custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of 6 years or more.

47. Nothing in these Articles shall preclude the provising from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

TRANSMISSION OF SHARES

48. In the case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the executors or administrators or personal representatives of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Articles shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him. Provided that if the member should have been a member of a joint Hindu family the Board on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonging to the joint family may recognise the survivors or the kartha thereof as having title to the shares registered in the name of such member. Provided further in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration of other legal representation upon such terms as to indemnity or otherwise as to the board may deem just.

49. 1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either :

a) to be registered himself as holder as the deceased or insolvent member could have made.

b) to make such transfer of the shares as the deceased or insolvent member could have made.

2) The Board shall, in either case, have the same right to decline or suspend registration as they would have had, if the deceased or insolvent member had transferred the shares before his death or insolvency.

DEVOLUTION OF RIGHTS

50. 1) If the person becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing by him stating that he so elects.

2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the same.

3) All the limitations, restrictions and provisions of these regulations to the rights to transfer and the registration of shares be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occured and the notice of transfer were a transfer signed by the member.

4) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, Provided that the Board may, at any time, give notice

requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, or other monies payable in respect of the share, until the requirements of the notice have been complied with.

51. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable rights or referred thereto in any books of the Company, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company, but the Company shall nevertheless be at liberty to have regard and attend to any such notice and give effect thereto, if the Board shall think fit, subject to the provisions of Section 187 C.

<u>FORFEITURE</u>

52. If any Member fails to pay call or instalment of a call due in respect of any share on the day appointed for payment thereof, the Directors may at any time thereafter, during such time as the call or instalment remains unpaid, serve a notice on such Member requiring him to pay such call or instalment together with interest at the rate aforesaid.

53. The notice shall name a further day (not earlier than fourteenth day from the date of service thereof) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed the shares on which the call was made will be liable to be forfeited.

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

55. A forfeited share shall become the property of the Company and may be sold, re-alloted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereto, or to any person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited share to any other person as aforesaid.

56. A member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall not withstanding the forfeiture remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with interest thereon at 12 percent per annum from the date of forfeiture until payment, and the Directors may enforce payment without any allowance for the value of the shares at time of forfeiture. His liability shall cease if and when the Company received payment in full of the nominal amount of shares whether legal proceedings for the recovery of the same had been barred by limitation or not.

57. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration and share on the sale, re-allotment or disposal thereof, together with the certificate for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be so required) constitute a good title to the share, and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see that the share be affected by any irregularity or invalidity in the proceeding in reference to the forfeiture, sale, re-allotment or disposal of the share.

58. The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of share, becomes payable at a fixed time whether on account of the nominal value of the share or by way of premium, as if the same has been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

59. The Directors may with the sanction of the Company previously given in General Meeting (by a resolution), a convert any fully paid-up shares into stock and may with the like sanction reconvert any stock into paid-up shares of any denomination.

TRANSFER

60. When any shares have been converted into stocks the holder of such stock may transfer the same, or any part thereof, in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit, but the Directors may from time to time, if they think fit, fix the minimum amount of stock transferable, with power nevertheless at their discretion to waive the observance of such rules any particular case, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

61. The stock shall confer on the holder/s thereof respectively the same rights as would have been conferred by shares of equal amounts of the class converted in the capital of the Company but so that none of such rights except participation in dividends and profits of the Company and in the assets of the Company on a winding up shall be conferred by any such amount of stock as would not if existed in shares of the class converted have conferred such rights.

62. No such conversion shall affect or prejudice any preferred rights attached to the shares so converted. All the provisions contained in these Articles which are applicable to fullypaid shares shall, so far as circumstances will admit, apply to stock as well as to fully-paid shares, and the words “shares” and “Members” therein shall include “stock” and “stockholder”.

ALTERATION OF CAPITAL

63. The Company may from time to time but subject to the provision of the Section 94 of the Act, alter the conditions of the Memorandum as follows :

a) Increase its share capital by such amount as it thinks expedient by issuing new shares;

b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

c) Sub-divide its shares, of any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

d) Cancel any shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken any person, and diminish the amount of its share capital by the amount of the shares so cancelled;

e) The resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise, over or as compared with the others.

64. The new shares shall be subject to the same provision with reference to the payment of calls, lien, transfer, transmission, forfeiture, and otherwise as the shares in the original share capital.

REDUCTION OF CAPITAL

65. The company may, by Special Resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law;

a) its share capital

b) any capital redemption reserve account or

c) any share premium account

SHARE WARRANTS

66. 1) The Company may issue share warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act and accordingly, the Board may in their discretion, with respect to any share registered as fully paid up, on 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 prescribe, issue a share warrant and may provide by coupons or otherwise for the payments of the future dividends on the shares specified in the share warrant.

2) A share warrant shall entitle the bearer to the shares included (1) and the shares shall be transferred by the delivery of the share warrant and the provisions of the Articles of the Company with respect to transfer and transmission of shares shall not apply, thereto.

3) The bearer of the share warrant shall on surrender of the warrant to the Company for cancellation and on payment of such fee as the Board may from time to time prescribe, be entitled to have his name entered as a member in the Register of Members in respect of the shares included in the warrant.

67. 1) The bearer of a share warrant may at any time deposit the warrant at the Registered Office of the Company and so long as the warrant remains so deposited the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days

from the time of deposit as if his name were inserted in the Register of Members as the holder of the shares included in the deposit warrant.

2) No more than one person shall be recognised as depositor of share warrant.

3) The company shall on two days written notice return the deposited share warrant to the depositor.

68. 1) Subject as herein above otherwise expressly provided, no person shall being a bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a members at a meeting of the Company, or be entitled to receive any notice from the Company.

2) The bearer of a share warrant shall be entitled in all other respects the same privileges and advantages as if his name was in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

69. The Board may from time to time make rules as to the terms on which, if they shall think fit, a new warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original warrant or coupon.

STATUTORY MEETING

70. 1) The Company shall within a period of not less than one month nor more than six months from the date at which the Company is entitled to commence business hold a General Meeting of the members of the Company which shall be called the Statutory Meeting.

2) The Board of Directors shall, not less than 21 days before the date on which meeting is held, forward a report called the Statutory Report to every member of the Company. Provided that if the Statutory Report is forwarded later than is required above, it shall, not withstanding the fact, be deemed to have been fully forwarded if it is so agreed to by all the members entitled to vote at the meeting.

3) The Board of Directors shall comply with the provisions of Section 165 in connection therewith.

GENERAL MEETING

71. The Company shall in addition to other meetings hold a general meeting which shall be styled as its Annual General Meeting at intervals and in accordance with the provisionsspecified below :

a) The First Annual General Meeting of the Company shall be held within eighteen months of its incorporation.

b) Thereafter an Annual General Meeting of the Company shall be held once in every calender year within 6 months after the expiry of each financial year, subject, however, to the power of the Registrar of Companies to extent the time within which such a meeting can be held a period not exceeding 3 months and subject thereto not more than fifteen months shall elapse from the date of one Annual General Meeting and that of the next.

c) Every Annual General Meeting shall be called for at a time during the business hours one a day that is not a public holiday and shall be held either at the registered office of the Company or at some other places within the city, town or village in which the registered office of the Company is situated.

d) Notice calling such meeting shall specify them as the annual general meetings.

f) All other meetings shall be referred to as Extra-Ordinary General Meetings.

EXTRA-ORDINARY GENERAL MEETINGS

72. The Board of Directors may whenever they think fit, convent an Extra-Ordinary General Meetings at such time and at such places as them deem fit. Subject to such directions, if any, given by the Board, the Managing Director or the Secretary may convene an Extra- Ordinary General Meeting.

73. a) The Board of Directors shall on requisition of such number of members of the Company as is specified below proceed duly to call an Extra-Ordinary General Meeting of the Company may comply with the provisions of the Act in relation to meetings on requisition.

b) The requisition shall set out matters for consideration of which the meeting is to be called, shall be signed by the requisitions and shall be deposited at the registered office of the Company or send to the Company by registered post addressed to the Company at its registered office.

c) The requisition may consist of several documents in like form, each signed by one or more requisitions.

d) The number of members entitled to requisition a meeting with regard to any matter shall be such number of them as held at the date of deposit or despatch to the registered office of the requisition, not less than 1/10th of such of the paid-up capital of the Company as of that date carried the right of voting in regard to the matter set out in the requisition.

e) If the Board of Directors do not, within twenty-one days from the date of deposit of requisition with regard to any of these matters, proceed duly to call a meeting for the consideration of these matters on a date not later than forty five days from the date of deposit of the requisition the meeting may be called by the requisitionists themselves or such of the requisitionists as represent either majority in value of the paid-up share capital held by all of them or of not less than 1/10th of the such paidup capital of the Company as is referred to in sub-clause (d) above.

NOTICE OF GENERAL MEETINGS

74. An Annual General Meeting and an Extra-Ordinary General Meeting shall be called by twenty one day's notice in writing at the least. The notice shall be exclusive of the day for which it is given and shall specify the place, the day and the hour of meeting and the business to be transacted and in the case of special business an explanatory statement shall be annexed in accordance with provisions of Section 173 of the Act and such notice shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Act to all the Members and to the person entitled to a share in consequence of the death or insolvency of a member and to the Auditors for the time being of the Company. Provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded in the case of the Annual General Meeting by all the members entitled to vote there at and in the case of any other meeting, by members of the Company holding not less than 95% of that part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for purpose of this article in respect of the former resolution or resolutions and not in respect of the latter.

75. All business shall be deemed special that is transacted at a Extra-Ordinary General Meeting and also that is transacted at the Annual General Meeting with the exception of business related to :

i) The consideration of the accounts, Balance Sheet, Report of the Directors and Auditors;

ii) The declaration of dividend;

iii) The appointment of Directors in the place of those retiring; and

iv) The appointment and fixing of the remuneration of the Auditors.

76. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest if any therein of every Director, and the Managing Director, if any, where any item of business consists of the according of approval to any document by the meeting, the time and place where such document can be inspected shall be specified in the statement aforesaid. Provided that where any item of special business as aforesaid is to be transacted at the meeting of the Company, relates to or affects any other Company, the extend of shares holding interest in that other Company or every Director and the Managing Director of the Company, shall also be set out in the statement if the extent of such share holding interest is not less than 20% of the paid-up share capital of that other company.

PROCEEDINGS AT GENERAL MEETINGS

QUORUM :

77. No business shall be transacted at the General Meeting unless a quorum of members is present. Save as provided in these Articles, five members present in person shall be the quorum.

ADJOURNMENT OF MEETING

78. If within half-an-hour from the time appointed for holding the meeting a quorum is not present the meeting, if convened upon the requisition of or by Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the time and place or such other day at such othertime and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half-an-hour from the time appointed for the meeting the Members present shall be a quorum.

79. The Chairman of the Board of Directors or in his absence any Director nominated by the Directors, shall preside as Chairman in every General Meeting of the Company, but if at any meeting no such Chairman or other Director is present within fifteen minutes after the time appointed for the holding of the meeting or if he is not willing to act, the Directors present shall choose another Director present to be the Chairman of the Meeting, or if no Directors is present, or if all the Directors present decline to take the chair, the Members present shall choose one of the Members present to be the Chairman.

80. The Chairman of the Meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting for which the adjournment took place. When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

BORROWING POWERS

112. 1) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under Section 293 raise any moneys or sum of money for the purpose of the Company, provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company’s bankers in the ordinary course of business shall not without

the sanction of the company at a General Meeting exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say reserves not set apart for any specific purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, be the issue of debentures, perpetual or otherwise, including debentures convertible into shares of this or any other company or perpetual annuities and in security of any such money so borrowed, raise, or received, mortgage, pledge or change the whole or any part of the property pledge or charge the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of the sale and other powers as may be expedient and to purchase, redeem on pay off any such securities. Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the powers to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors.

2) The Directors may in a resolution at a meeting of the Board delegate the above powers to borrow money otherwise than on debentures to a Committee of Directors or the Managing Director if any, within the limits prescribed.

3) Subject to the provisions of the above clause, the Directors may, from time to time, at their discretion raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company, at such time and in such manner and upon such terms and conditions in all respect as they think fit, and in particular by promissory notes or by opening current accounts or be receiving deposits and advances with or without security, or by the issue of bonds, perpetual or redeemable debentures or debentures-stock of the company (both present and future) including its uncalled capital for the time being, or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the company, or by such other means as to them may seem expedient.

SUBSEQUENT ASSIGNEES OF UNCALLED CAPITAL

117. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charge, and shall not be entitled, by notice to the shareholders or otherwise to obtain priority over such prior charge.

118. If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

DIVIDENDS AND RESERVES

153. a) The Profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these presents, as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid-up on the share held by them respectively on the last day of the year of account in respect of which dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.

b) Where capital is paid-up on any shares in advance of calls, upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

DECLARATION

154. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

INTERIM DIVIDENDS

155. The Directors may if they think fit from time to time pay to the Members such interim dividends as appear to the Members such interim dividends as to the Directors to be justified of the Company and if at any time share capital of the Company is divided into different classes the Directors may pay such interim dividends in respect of the Equity Shares of the Company as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Directors act bonafied they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on such Equity Shares. The Directors may also pay half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of opinion that the profits justify the payment.

DIVIDENDS TO BE PAID OUT OF PROFITS ONLY

156. No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

RESERVE FUNDS

157. 1) The Board may before recommending any dividends set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provisions for meeting contingencies or for equalising dividends and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

2) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as Reserve.

PROPORTIONAL DIVIDENDS

158. Subject to the rights of persons, if any, entitled to shares with special as to dividend, all dividends shall be declared and paid according to the amounts paid-up on the shares in respect where of the dividend is paid, but no amount paid-up on a share in advance of call shall be treated for the purposes of the Article as paid-up on the share. All dividends shall be apportioned and pro-rata according to the amounts paid upon the shares during any proportion or proportions of the period in respect of which the dividend is paid except that if any share is issued on terms provided that it shall rank for dividend as if paid (in whole or in part) as from a particular date such share shall rank for dividend accordingly.

DEDUCTION FOR ARREARS

159. The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

ADJUSTMENT OF DIVIDENDS

160. Any General Meeting declaring a dividend or bonus may make a call on the members of such amount as the meeting fixes, but so that call on each member shall not exceed the dividend payable to him and so that the call made payable at the same time as the dividend and the dividend may if such arrangement between the Company and the members be set off against the call.

PAYMENT BY CHEQUE OR WARRANT

161. 1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through post direct to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and such address as the holder or joint holders may in writing direct.

2) Every such cheque or warrant shall be made payable to the other of the person to whom it is sent or to such person as the holder or joint holders may, direct and payment of the cheque or warrant if purporting to be duly endorsed shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to money represented thereby.

3) Every such cheque or warrant shall be posted within such days as prescribed in the Act from the date of declaration of dividend.

RECEIPT OF JOINT HOLDERS

162. Any one of two or more joint holders of a share may give effectual receipt for any dividends, bonuses or other moneys payable in respect of such shares.

NOTICE

163. Notice of any dividend that may have been declared shall be given to the persons entitled to share there in the manner mentioned in the Act.

DIVIDENDS NOT TO BEAR INTEREST

164. No dividend shall bear interest against the Company.

165. 1) Where dividend has been declared by the Company but has not been paid or the warrant in respect thereof has not been posted within forty two days from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall within 7 days from the date of expiry of the said period of forty two days transfer the total amount of dividend which remains unpaid or in relation to which no dividend which remains unpaid or relation to which no dividend warrant has been posted within the said period of forty two days to a special account to be opened by the Company in that behalf in any scheduled Bank to be called "Unpaid Dividend Account" of SYNERGIES CASTINGS LIMITED.

2) Any money transferred to the unpaid dividend account of the Company in pursuance of clause (1) which remains unpaid or unclaimed for a period of 3 years from the date of such transfer shall be transferred by the Company to the General Revenue Account of the Central Government but a

claim to any money so transferred by the Company to the General Revenue Account may be preferred to the Central Government by the person to whom the money is due and shall be dealt with as if such transfer to the general revenue account had not been made, the order if any for payment of the claim being treated as an order for refund or revenue.

3) The Company shall when making any transfer under clause (2) to the general revenue account of the Central Government any unpaid or unclaimed dividend furnish to such officer as the Central Government may appoint in his behalf a statement in the prescribed form setting forth in respect of all sums included in such transfer the nature of the sums, the names and last known addresses of the person entitled to receive the sum, the amount to which such person is entitled to and the nature of his claim thereto and such other particulars as may be prescribed.

4) The Company shall be entitled to a receipt from the Reserve Bank of India for any money transferred by it to the general revenue account of the Central Government and such receipt shall be effectual discharge of the Company in respect thereof.

5) No unclaimed dividend shall be forfeited by the Board of Directors till the claim thereto becomes barred by the Law and the Company shall comply with all the provisions of the Section 205 of the Act, in respect of unclaimed and unpaid dividend.

RIGHT TO DIVIDEND IN CASE OF TRANSFER OF SHARES

166. Any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

CAPITALISATION OF PROFITS

167. 1) The Company in General Meeting, may on recommendation of the Board, resolve;

a) That it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or the credit of the profit and loss accounts or otherwise available for distribution; and

b) That such sum be accordingly set free for distribution in the manner specified in sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in sub-clause (3) either in or towards;

i) paying up any amounts for the time being unpaid on shares held by such members respectively;

ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; or

iii) partly in the way specified in sub-clause (i) and partly in that specified in subclause(ii).

3) A share premium account and a capital redemption reserve account may, for the purpose of this regulation only be applied in paying up un-issued shares to be issued to members of the company as fully paid bonus shares.

4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

POWERS FOR DECLARATION OF BONUS

168. 1) Whenever such a resolution as aforesaid shall have been passed the Board shall:

a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares, if any, and

b) generally do all acts and things required to give effect thereto.

2) The Board shall have full power :

a) to make such provision, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also

b) to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment of them respectively credited as fully paid-up of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on the shares.

3) Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS

169. 1) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.

2) If the Company shall have a Branch Office, whether in or outside India proper books of accounts relating to the transactions effected at the office shall be kept at that office, and proper summarised returns, made upto date at intervals of not more than three months, shall be sent by the Branch Office of the Company to its Registered Office or to such other place in India, as the Board thinks fit, where the main books of the Company are kept.

3) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as the case may be, with respect to the matters aforesaid and explain its transaction.

IX. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or maybe deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company between 10.00 am and 4.00 pm on working days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Agreement of License dated 3rd November , 2005 between Synergies Castings Limited and Synergies – Dooray Automotive Limited for using the manufacturing facilities of Synergies – Dooray Automotive Limited for a period of 47 months w.e.f. May 1, 2005.
2. Investment Agreement with Thinc Destini Commercial (Asia) SPV Limited
3. Engagement Letter dated 28th November, 2005 for appointment of Imperial Corporate Finance and Services Private Limited, as BRLMs.
4. Memorandum of Understanding amongst the Company and the BRLMs dated 5th December, 2005.
5. Engagement Letter dated 28th November, 2005 for appointment of Aarthi Consultants Private Limited as Registrar to the Issue.
6. Memorandum of Understanding executed by the Company and the Registrar to the Issue dated 2nd January, 2006.
7. Memorandum of Understanding executed by the Company and the Bankers to the Issue dated [.].
8. Engagement Letter dated 28th November, 2005 for appointment of Dave & Girish & Co. as the Legal Advisors to the Issue and their acceptance thereto.
9. Escrow Agreement dated [.] among the Company, the BRLMs, Escrow Collection Bank(s) and the Registrar to the Issue.
10. Syndicate Agreement dated [.] among the Company, the BRLMs and the Syndicate Members.
11. Underwriting Agreement dated [.] among the Company, the BRLMs and the Underwriters.
12. Management Contracts of the Managing Director and Executive Directors.
13. Tripartite agreement between the NSDL , the Company and Registrar to the Issue dated [.].
14. Tripartite agreement between the CDSL , the Company and Registrar to the Issue dated [.].
15. Factoring Agreement with Foremost Factors Limited.
16. Copy of Shareholder's Agreement dated 11th May, 2006 with Silver Peak Investments (Mauritius) Limited.
17. Copy of Share Subscription Agreement dated 11th May, 2006 with Silver Peak Investments (Mauritius) Limited
18. Copy of Loan Agreement dated 11th May, 2006 with J.P.Morgan Chase Bank N.A.
19. Copy of Bridge Loan Agreement dated 17th March, 2006 with J.P.Morgan Chase Bank N.A.

20. Copy of Deed Of Hypothecation dated 17th March, 2006 in favour of J.P.Morgan Chase Bank N.A.
21. Copy of Deed Of Hypothecation dated 11th May, 2006 in favour of J.P.Morgan Chase Bank N.A.
22. Copy of Share Pledge Agreement dated 17th March, 2006 with J.P.Morgan Chase Bank N.A.
23. H.T. Agreement with Andhra Pradesh Eastern Power Distribution Company Limited for supply of electricity at specified voltage for the purpose of Manufacturing Aluminium Alloy Wheels for Automobiles
24. Deed of Undertaking by Stellar Wheels Limited in favour of Synergies Castings Limited dated 19th April, 2006.
25. Contract with Dubai Aluminium Company Limited.

Material Documents

1. The Company's Memorandum and Articles of Association as amended from time to time.
2. Copy of Certificate of Incorporation of the Company dated 24th January, 2005.
3. Shareholders' resolutions in relation to this Issue and other related matters such as appointment of statutory auditors, formation and revision of Audit, Remuneration and other committees
4. Copy of the tax benefit report dated 11th July, 2006 from the Company's Auditors.
5. Report of the statutory auditors, Kalidindi Associates dated 26th May, 2006 for Summary Restated Financial Statements for the period ended on 31st March, 2006 prepared as per Indian GAAP and mentioned in the Prospectus.
6. Consent of the Statutory Auditors being Kalidindi Associates for inclusion of their report on accounts in the form and context in which they appear in the Prospectus.
7. Consents of Statutory Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Legal counsel to the Company and Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities
8. Listing application filed with BSE dated **[.]**
9. In principal listing approval from BSE **[.]**
10. Special Powers of Attorney executed by the Company authorizing Mr. Chandra Sekhar Movva, Mr.Manoj Khaitan and Mr.B.Chandra Sekhara Reddy as constituted attorneys to make necessary corrections to this Draft Red Herring Prospectus and to sign and approve this Red Herring Prospectus.
11. General Powers of Attorneys executed by Mr.Kieran O'Connor, Mr.Christian Kumar, Mr. B.Anand, Mr.P. Panduranga Rao and Vice Admiral(Retired) A.V.R. Narayana Rao, Directors of the Company authorizing Mr. Chandra Sekhar Movva and Mr.Manoj Khaitan to sign severally the prospectus on their behalf.
12. Due diligence certificate dated 18th July, 2006 from Imperial Corporate Finance & Services Private Limited
13. Copy of Board Resolution and relevant form filed with the Registrar of Companies in respect of increase in Authorised Share Capital.

14. Copy of Board Resolution and relevant form filed with the Registrar of Companies in respect of appointment of Whole Time Directors and Managing Director.
15. Copy of Special Resolution passed under Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956.
16. Copy of the Special Resolution adopted pursuant to section 81(1A) of the Companies Act at an Annual General Meeting of the Company's Members held on 26th December, 2005.
17. Copy of the Resolution dated 28th November, 2005 passed by the Board of Directors approving the appointment of BRLM
18. Copy of the Resolution dated 28th November, 2005 passed by the Board of Directors of the Company for appointment of Registrars.
19. Copy of the Resolution dated 28th November, 2005 passed by the Board of Directors of the Company for appointment of Dave & Girish & Co. as the Legal Advisors to the Issue.
20. Copy of the Resolution dated 17th July, 2006 approving the Draft Red Herring Prospectus
21. Audited financial statements submitted to the Income tax department for year ended 31/3/2005.
22. Letter No. 8/EOU-326/VSEZ/2005/3026 dated 30th June, 2005 from the Development Commissioner,VSEZ for transfer on lease basis the EOU of Synergies – Dooray Automotive Limited to the Company.
23. Opinion Report from P.Murali & Co., Chartered Accountants on the eligibility of the Company to avail benefits under section 10B of the Income Tax Act, 1961.
24. Minutes of the meeting of CDR (Corporate Debt Restructuring) Cell, Empowered Group, IDBI, dated 26th June, 2006.

X. DECLARATION

All the relevant provisions of the Companies Act 1956, and the guidelines issued by the Government of India or the guidelines issued the by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance with the applicable laws.

The Company and the signatories mentioned below further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. Chandra Sekhar Movva – Managing Director

Mr. Manoj Khaitan – Executive Director - Finance

Vice Adml. (Retd.) A.V.R. Nayarana Rao – Executive Director - Technical

Mr. Christian Kumar – Non – Executive Director

Mr. Kieran Francis O'Connor – Independent Director

Mr. Anand Boddapaty – Independent Director

Mr. P. Panduranaga Rao - Independent Director

Date:17th July, 2006

Place: Visakhapatnam

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