

## INFORMATION MEMORANDUM

# SHIVAM AUTOTECH LIMITED

(Incorporated as Public Limited Company on 29<sup>th</sup> July, 2005)

Incorporated initially as a Public Limited Company on 29<sup>th</sup> day of July, 2005 under the name and style of "SHIVAM AUTOTECH LIMITED" under the provisions of the Companies Act, 1956 in the state of Delhi.

**Registered Office:** 2A/3, Asaf Ali Road, New Delhi-110 002

**Phone:** 011-23282230, 23274926 **Fax:** 011-23267165

**Works:** 58th Km Stone, Delhi-Jaipur Highway,  
Village Binola, Distt. Gurgaon-122 413, Haryana

**Phone:** 0124-2379445, 2379446 **Fax:** 0124-2379447

Website: [www.shivamautotech.com](http://www.shivamautotech.com)

E-mail: [varika@shivamautotech.com](mailto:varika@shivamautotech.com)

**INFORMATION MEMORANDUM FOR LISTING OF 1,00,00,000 EQUITY SHARES OF RS. 10 EACH**

### **NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM**

#### **GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Shivam Autotech Limited 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 the shares of Shivam Autotech Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

#### **ABSOLUTE RESPONSIBILITY OF SHIVAM AUTOTECH LIMITED**

Shivam Autotech Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Shivam Autotech Limited, which is material, that the information contained in the Information Memorandum 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 Information Memorandum 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 of Shivam Autotech Limited are proposed to be listed on the Stock Exchange, Mumbai and the National Stock Exchange of India Limited. The Securities and Exchange Board of India (SEBI) vide its Letter No. CFD/DIL/SM/77522/2006 dated 25<sup>th</sup> September, 2006 has granted relaxation from the strict enforcement of the requirements of Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 for the purpose of listing of shares of Shivam Autotech Limited subject to the transferee company viz. SAL, complying with all the provisions of Clause 8.3.5 of the SEBI (DIP) Guidelines, 2000

#### **SHARE TRANSFER AGENT**

MCS Limited  
Shri Venkatesh Bhawan  
W-40, Okhla Industrial Area, Phase-II  
New Delhi-110 020

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## GLOSSARY OF TERMS/ ABBREVIATIONS

Articles/ Articles of Association	Articles of Association of Shivam Autotech Limited
Auditors	The Statutory Auditors of Shivam Autotech Limited
Banker(s) to the Company	The Bankers of Shivam Autotech Limited
Board of Directors/ Board/ Directors	The Board of Directors of Shivam Autotech Limited
BSE	The Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Companies Act/Act	The Companies Act, 1956, as amended from time to time
DSE	Designated Stock Exchange
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof
Financial year/ fiscal/ FY	The twelve months ended 31 <sup>st</sup> March, unless otherwise stated
HUF	Hindu Undivided Family
Information Memorandum	This document as filed with the Stock Exchanges is known as and referred to as the Information Memorandum
I. T. Act	The Income Tax Act, 1961, as amended from time to time, except as stated otherwise
Memorandum/ Memorandum of Association	The Memorandum of Association of Shivam Autotech Limited
NAV	Net Asset Value
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
RBI	Reserve Bank of India
ROC	Registrar of Companies, NCT of Delhi & Haryana, New Delhi.
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by Securities and Exchange Board of India effective from January 27, 2000, as amended, including instructions and clarifications issued by Securities and Exchange Board of India from time to time.
Stock Exchanges	BSE and NSE
Transferor Company	Munjral Auto Industries Limited “MAIL”
Transferee Company	Shivam Autotech Limited “SAL”

## RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

### *Risk envisaged by the Management:*

#### **A. Risks Internal to the Company**

##### **1. Risks relating to business operations**

The operations of the Company are subject to the assumptions in demand and supply position in terms of quantity and price of raw material and finished goods.

##### **2. We focus primarily on the automobile and auto-components industry.**

Our forging business is focused primarily on the automobile and auto components industry and therefore our business is dependent upon continued demand for our products in the automobile industry. Automobile Industry is cyclical in nature. Our forging business is further linked mainly with the two wheeler segment of the automobile Industry. The auto-component industry is sensitive to changes in economic conditions and unforeseen events, including political instability, recession, inflation or other adverse occurrences. Any event that results in decreased demand in automobile industry, or increased pressure on automobile manufacturers to develop, implement and maintain in-house auto-component facilities, could have an adverse effect on our business, financial condition and results of operations.

##### **3. Our operating results depend on competitive advantage we enjoy with our key large customers.**

Our strategy is to focus on large customers, who are limited in number, and therefore we are required to be competitive in the market. This will bring pressures on our margins and consequently our results of operations and our business may be affected.

##### **4. Input cost or non-availability of inputs could reduce our profitability**

The major input costs consist of steel, power & fuel, which are not in our control. We may not be able to pass on any or all increase in the cost of raw materials and other inputs, if any, to our customers. An increase, if any, in input costs could have an adverse effect on our business, financial condition and results of operations. Non-availability of these inputs can also affect operations leading to stoppage of production and in loss of customer orders.

##### **5. Our success depends in large part upon our management team and key personnel and our ability to attract and retain such persons.**

Attracting and retaining talented professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. An inability to attract and retain talented professionals, or the resignation or loss of key management personnel,

may have an adverse impact on our business, future financial performance and the price of our Equity Shares.

**6. Cordial relationship with the employees is crucial for smooth functioning of our operations.**

Our operations rely heavily on employees and on the employees' ability to provide high-quality services. In the event there is a shortage of skilled labour or stoppage caused by disagreements with employees in future, it could affect our ability to meet the quality standards and timely completion of orders, which could lead to reduced business or may potentially damage our reputation.

**7. Outstanding litigation against our Promoter, our Promoter Group Companies and their employees.**

At present, there are no outstanding litigation against our Promoter, our Promoter Group Companies and their employees.

**B. Risks External to the Company**

**1. Hero Honda Motors Limited is main customer of the Company and any adverse effect on their volume of production will adversely affect the operations of the Company.**

**Management Perception**

1. The Company carries appropriate sensitive analysis of various assumptions while drawing the business plans so as to minimize the risk relating, which may be caused due to sudden change in various assumptions considering for drawing the business plan.
2. The Company is actively considering the developing of other customers more specifically in domestic four wheelers segment and is also exploring the possibilities of tapping the export market for its products.

**2. Our business is significantly affected by external factors.**

Our results may be significantly affected by factors outside our control such as political unrest, cross-border hostilities, civil commotion and acts of terrorism either in India or outside India. Other factors include potential negative changes in environmental regulations, government regulations. We are also subject to the risk of loss of revenues and assets due to fire or natural disasters. The occurrence of all such event including natural disasters could interrupt our business for significant periods.

**3. General economic conditions could significantly adversely affect our financial results.**

Our business is cyclical and sensitive to changes in the automobile industry in particular and the economy in general. The forging sector may be unfavourably affected by such factors as changes in the global and domestic economies, changes in local market conditions, excess supply of capacities or setting up of newer capacities or reduced international or local demand for forged products, competition in the industry, changes in interest rates, the availability of finance and other natural and social factors. Since demand for forged products is affected by world economic growth, a global recession could lead to a downturn in the forging industry.

**4. After listing, the prices of our Company's shares may be volatile, or an active trading market for our Company's shares may not develop.**

There has been no public market for the Company's equity shares till now and the prices of the Company's shares may fluctuate after listing. There can be no assurance that an active trading market for the shares will develop or be sustained after this listing. The Company's share price could be volatile.

***Note to risk factors:***

As per the Scheme of Arrangement, approved by the Hon'ble High Court of Gujarat at Ahmedabad vide its order dated 29.03.2006 and the Hon'ble High Court of Delhi at New Delhi vide its order dated 30.03.2006, the entire running business of the Binola Division of the transferor company (Munjil Auto Industries Limited) is transferred to the transferee company (Shivam Autotech Limited) and the same will be carried on by the transferee company on a going concern basis. Accordingly all the above risks are being addressed and will continue to be so addressed by the transferee company also and the company does not foresee any adverse impact on the business of the company in future on this account.

# INTRODUCTION

## Summary

You should read the following summary together with the risk factors and the more detailed information about us and our financial results included elsewhere in this Information Memorandum.

## Industry Overview

Briefly, the composition of the Indian forging industry can be categorized into four sectors - large, medium, small and tiny. Only about 5% is made up by the large enterprises in terms of number. Out of the total approximately 330 odd units, the large sector consists of around 9-10 units, the medium and small sectors consists of around 100 units and under the tiny sector, the units functioning are far too many and the number is difficult to estimate. The Indian forging industry which was previously more labour intensive, but now with increasing globalization it is becoming more capital intensive.

While the automotive industry is the main customer for forgings, the industry's continuous efforts in upgrading technologies and diversifying product range have enabled it to expand its base of customers to foreign markets. The Indian forging industry is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, Indian forging industry has been making significant contributions to country's growing exports. The industry's exports recorded a growth of almost 30% in 2004-05 and have reached a level of US\$ 250 million.

## The Forging Industry

As a result of liberalisation, more MNCs have entered the domestic automobile market. This has opened up more business opportunities for the forging industry. The following would give a fair idea of the future estimated demand (both domestic and global) for the forging industry:

- 1 2005 estimated exports of Indian forging industry approximately US\$ 250 million
- 2 Projected exports of Forging industry by 2015 approximately US\$ 3 billion.

Today, the passenger car segment has emerged as an important customer for the Indian forging industry. It is expected that the future and well-being will depend mainly on the steady growth of the automotive industry. Similarly the Tractor industry has been witnessing declining sales during the 4 years (2000-2003), on account of high inventory levels, poor monsoons and lower farm incomes. An increase in sales in 2003-04 ended the recessionary conditions in the industry. Good monsoons, strong inventory-correction measures and aggressive financing, increase in agricultural credit, irrigation projects, provision of farm insurance, expansion of water harvesting, various irrigation schemes and other conducive factors should be able to improve the demand from Tractor industry.

Global purchases of components by international vehicle manufacturers are currently estimated to be US\$ 45 billion. It is estimated that in the next 10 years exports of auto components from low cost countries will reach US\$ 225 billion. It is believed that it would be realistic for the Indian auto component industry to aspire to capture about 10% share of this opportunity. This translates into an export target of US\$ 20 billion by 2015 out of which the share of the forging industry could be about US\$ 3 billion against the total size of the industry being 1bn \$ today. Going by the current trends in the domestic automotive industry, it is expected that the indigenous demand for auto components will also reach US\$ 20 billion in the next 10 years.

**(Relevant information stated above has been taken from website of Association of Indian Forging Industry)**

## I. GENERAL INFORMATION

The Company was incorporated initially as a Public Limited Company on 29<sup>th</sup> day of July, 2005 under the name and style of "SHIVAM AUTOTECH LIMITED" under the provisions of the Companies Act, 1956 in the state of Delhi.

### **Address of Registered Office of Company**

2A/3, Asaf Ali Road, New Delhi-110 002

**Phone:** 011-23282230, 23274926 **Fax:** 011-23267165

**Registration Number** 55 - 139163

### **Address of Registrar of Companies**

Registrar of Companies, NCT of Delhi & Haryana

Paryavaran Bhawan, C.G.O. Complex

Lodi Road, New Delhi

### **Board of Directors as on the date of filing of the draft Information Memorandum**

1. Shri Satyanand Munjal
2. Shri Brijmohan Lall Munjal
3. Shri Om Prakash Munjal
4. Shri Vijay Munjal
5. Shri Sunil Kant Munjal
6. Shri Neeraj Munjal
7. Shri Bhagwan Dass Narang
8. Shri Surrinder Lal Kapur
9. Dr Vinayshil Gautam

For further details of the Board of Directors of the Company, please see – the Section titled “Management” at page nos. 31-35.

### **Authority for Listing**

The Hon'ble High Court of Gujarat at Ahmedabad vide its order dated 29.03.2006 and the Hon'ble High Court of Delhi at New Delhi vide its order dated 30.03.2006, have approved the Scheme of Arrangement between Munjal Auto Industries Ltd. and Shivam Autotech Ltd. whereby the entire business pertaining to ‘Binola Division’ of Munjal Auto Industries Ltd. has been transferred to and vested in Shivam Autotech Limited w.e.f. August 1, 2005 (i.e. the Appointed Date under the Scheme) under Sections 391 to 394 read with Section 100 of the Companies Act, 1956. In accordance with the said Scheme, the Equity Shares of Shivam Autotech Ltd. issued pursuant to the Scheme shall, subject to applicable regulations, be listed and admitted to trading on The Bombay Stock Exchange Limited, (“BSE”) and the National Stock Exchange of India Limited (“NSE”). Such listing and admission for trading will be subject to fulfillment by the Company of listing criteria of BSE & NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE & NSE at the time of the application by the Company seeking listing.

### **Eligibility Criterion**

There being no Initial Public Offering or Rights Issue, the eligibility criteria in terms of Clause 2.2.1 of SEBI (DIP) Guidelines, 2000 does not become applicable. The Securities and Exchange Board of India (SEBI) vide its Letter No. CFD/DIL/SM/77522/2006 dated 25<sup>th</sup> September, 2006 has granted relaxation from the strict enforcement of the requirements of Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 for the purpose of listing of shares of Shivam Autotech Limited subject to the transferee company viz. SAL, complying with all the provisions of Clause 8.3.5 of the SEBI (DIP) Guidelines, 2000.

The Company has submitted its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to BSE for making the said Information Memorandum available to public through their websites viz. [www.bseindia.com](http://www.bseindia.com). The Company will make the said Information Memorandum available on its website viz. [www.shivamautotech.com](http://www.shivamautotech.com).

The Company will publish an advertisement in the newspapers containing its details in line with the details required as per clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000. The advertisement will draw a specific reference to the availability of aforesaid Information Memorandum on its website.

### **Prohibition by SEBI**

The Company, its directors, its promoters, the companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

### **Caution**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by 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.

### **Disclaimer Clause of BSE**

As required, a copy of this Information Memorandum will be submitted to BSE. The BSE has vide its letter dated 16<sup>th</sup> January, 2006 has approved the Scheme of Arrangement under Clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- 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 Information Memorandum has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and 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.

### **Disclaimer Clause of NSE**

As required, a copy of this Information Memorandum will be submitted to NSE. The NSE has vide its letter dated 23<sup>rd</sup> December, 2005 has approved the Scheme of Arrangement under Clause 24(f) of the Listing Agreement and by virtue of that approval the NSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The NSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this Company's securities will be listed or will continue to be listed on the NSE; or
- 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 Information Memorandum has been cleared or approved by the NSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE 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.

### **Filing**

Copies of this Information Memorandum will be filed with BSE and NSE in due compliance.

### **Listing**

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has already taken steps for the completion of necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above.

### **Demat Credit**

Company has executed Tri-partite Agreements with NSDL and CDSL for admitting its securities in demat form. Company has been allotted ISIN No. INE637H01016. All the shareholders holding shares in electronic form have already been given credit of their respective holdings as on record date i.e. 24<sup>th</sup> May, 2006 through NSDL and CDSL on 12<sup>th</sup> July, 2006 & 11<sup>th</sup> July, 2006 respectively.

### **Dispatch of Share Certificates**

With respect to the shareholders holding shares in physical form, the new shares have been allotted and physical share certificates have been dispatched at the address of such shareholders as appearing in the records of the Registrar on the record date i.e. 24<sup>th</sup> May, 2006 as above.

### **Expert Opinions**

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

### **Previous rights and public issues**

The Company has not made any public issue since incorporation.

### **Companies under the same management**

There are no companies under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than our Promoter and Promoter Group companies. List of Promoter Group Companies is mentioned at Page No. - 37 to this Information Memorandum.

### **Promise vis-à-vis performance**

This is for the first time the Company is getting listed on the Stock Exchange

### **Stock Market Data for Equity shares of the Company**

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum.

### **Disposal of Investor Grievances**

The Company estimates that the average time required by the Company or the Registrar for the redressal of routine investor grievances shall be 15 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 has appointed Ms. Varika Rastogi, Company Secretary as the Compliance Officer and she may be contacted at the following address in case of any matters pertaining to shares/securities.

**Ms. Varika Rastogi**

Company Secretary  
58<sup>th</sup> Km. Stone, Delhi – Jaipur Highway  
Village – Binola, Distt. Gurgaon – 122 413  
Tel: 91 124 2379444-6 Fax: 91 124 2379447  
E-mail: [adm@shivamautotech.com](mailto:adm@shivamautotech.com)  
Website: [www.shivamautotech.com](http://www.shivamautotech.com)

The Company has also appointed M/s MCS Limited as the Registrar and Share Transfer Agent of the Company. Investors may contact MCS Limited for any matters relating to shares/securities of the Company at the following address:

Mr. Amarjit  
M/s. MCS Limited  
Shri Venkatesh Bhawan  
W-40, Okhla Industrial Area, Phase-II  
New Delhi-110 020  
Phone Nos: 011 - 41609386, 41406151/52  
Fax No: 011- 41709881  
E-mail: [admin@mcsdel.com](mailto:admin@mcsdel.com)

**Auditors**

M/s. S. S. Kothari Mehta & Co.  
Chartered Accountants  
146-149, Tribhuvan Complex  
Ishwar Nagar, Mathura Road  
New Delhi – 110065  
Phones: 011-66628888  
Fax No.: 011-66628889

**Bankers to the Company**

Hongkong and Shanghai Banking Corporation Ltd.  
JMD Regent Square, MG Road  
Gurgaon

ICICI Bank Limited  
Sec. 14, Gurgaon  
Haryana

IDBI Limited  
Sukhrali, Mehrauli – Gurgaon Road  
Gurgaon

State Bank of India  
New Colony, Gurgaon

**Compliance Officer**

Ms Varika Rastogi  
Company Secretary  
58<sup>th</sup> Km, Delhi-Jaipur Highway  
Village Binola, District Gurgaon -122 413  
Tel No.: 0124 – 2379444 – 5 – 6  
Fax No.: 0124 - 2379447  
E-mail: varika@shivamautotech.com

**Mailing address:** 2A/3, Asaf Ali Road, New Delhi -110 002

Investors can contact the Compliance Officer in case of any share transfer related problem.

## II. CAPITAL STRUCTURE

Consequent to the Scheme coming into effect and issue and allotment of shares pursuant to the Scheme and Pre-Scheme, the Share Capital of the Company is as follows:

	Pre-Scheme Demerger		Post-Scheme Demerger	
	No. of Shares	Value (in Rs.)	No. of Shares	Value (in Rs.)
<b>A. Authorized Share Capital</b>				
Equity Shares of Rs. 10/- each	1,00,000	10,00,000	1,26,00,000	12,60,00,000
<b>Total</b>	<b>1,00,000</b>	<b>10,00,000</b>	<b>1,26,00,000</b>	<b>12,60,00,000</b>
<b>B. Issued Share Capital</b>				
Equity Shares of Rs. 10/- each	50,000	5,00,000	1,00,00,000	10,00,00,000
<b>Total</b>	<b>50,000</b>	<b>5,00,000</b>	<b>1,00,00,000</b>	<b>10,00,00,000</b>
<b>C. Subscribed &amp; Paid Up Share Capital</b>				
Equity Shares of Rs. 10/- each	50,000	5,00,000	1,00,00,000	10,00,00,000
<b>Total</b>	<b>50,000</b>	<b>5,00,000</b>	<b>1,00,00,000</b>	<b>10,00,00,000</b>

### Share Capital History of the Company

No. and Date of Incorporation		55 - 139163 dated : 29.07.2005					
Details of changes in capital structure of company							
Authorised Capital				Issued, Subscribed and paid up capital			
Date as on	Type of Shares	No. of Shares	Amount (Rs.)	Date	Type of Shares	No. of Shares	Amount (Rs.)
29.07.2005	Equity	1,00,000	10,00,000	29.07.2005	Equity	50,000	5,00,000
31.03.2006	Equity	1,25,00,000	12,50,00,000	31.03.2006	Equity	1,00,00,000	10,00,00,000
<b>Total</b>		<b>1,26,00,000</b>	<b>12,60,00,000</b>			<b>1,00,50,000</b>	<b>10,05,00,000</b>

1. The Company was incorporated under the Companies Act, 1956 on 29<sup>th</sup> July, 2005 as Shivam Autotech Ltd. As per the Scheme, the Company will issue and allot following shares:
  - (a) As per the para 21(B) of the Scheme of Arrangement as approved by the Hon'ble High Court of Gujarat and Hon'ble High Court of Delhi, the existing paid up equity capital of Rs. 5,00,000/- in 'Shivam Autotech Limited' shall simultaneously stand converted into 5000 Redeemable Preference Shares of Rs. 100/- each and shall be redeemed immediately out of the Preference Shares Redemption Reserves.
  - (b) All the equity shareholders of the transferor company shall be issued 1(one) equity share in transferee company and 1(one) equity share in transferor company in lieu and substitution of 2 (two) equity shares held by them in the transferor company as on the record date fixed by the transferor company. Those shareholders holding the Shares in physical form shall get shares in the physical form and those holding in Demat shall be credited in Demat form. Fractional

entitlements arising out of the aforesaid shall be consolidated and sold through market operations and proceeds will be donated to the Prime Minister Relief Fund.

2. The Authorized Share Capital of the Company at the time of incorporation was Rs. 10,00,000/-, divided into 1,00,000 equity shares of Rs. 10/- each.
3. Consequent upon the approval of the Scheme, the Authorized Share Capital of the Company stood increased to Rs. 12,60,00,000/- divided into 1,26,00,000 Equity Shares of Rs. 10/- each. Also the Issued, Subscribed and the Paid up Capital of the Company is increased to Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs. 10/- each.
4. Promoters of the Company, their relatives and associates, and their Directors have not purchased or sold or financed, directly or indirectly, any equity shares from the date of approval of the scheme by the High Court till the date of submission of this Information Memorandum.

5. Shareholding pattern of Equity Shares of the Company before and after the Scheme (as on date):

Category	Pre Arrangement		Post Arrangement	
	No. of Shares held	% of share holding	No. of Shares held	% of share holding
<b>A. PROMOTER'S HOLDING</b>				
<b>1 Promoters :</b>				
<b>Individual Indian Promoters</b>				
a Mr. Satyanand Munjal	6250	12.50	0	0.00
b Mr. Brijmohan Lall Munjal	12500	25.00	0	0.00
c Mr. Om Prakash Munjal	6250	12.50	0	0.00
d Mr. Vijay Munjal	6250	12.50	0	0.00
e Mrs. Sudarshan Kumari	6250	12.50	0	0.00
f Mr. Ashish Munjal	6250	12.50	0	0.00
g Mr. Neeraj Munjal	6250	12.50	0	0.00
<b>Total individual shareholding</b>	<b>50,000</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>Hero Group</b>				
a Hero Cycles Limited	0	0.00	4977312	49.77
b Rockman Industries Limited	0	0.00	827546	8.28
c Highway Industries Limited	0	0.00	365087	3.65
d Bhagyoday Investments Pvt. Ltd.	0	0.00	175000	1.75
e Munjal Investments Pvt. Ltd.	0	0.00	175000	1.75
f Puja Investments Pvt. Ltd.	0	0.00	175000	1.75
g Anadi Investments Pvt. Ltd.	0	0.00	175000	1.75
h Dayanand Munjal Investment Pvt. Ltd.	0	0.00	90000	0.90
i Hero Investments Pvt. Ltd.	0	0.00	250000	2.50
j Bahadur Chand Investments Pvt. Ltd.	0	0.00	250000	2.50
k Thakurdevi Investments Pvt. Ltd.	0	0.00	19650	0.20
<b>Total Hero Group Shareholding</b>	<b>0</b>	<b>0.00</b>	<b>74,79,595</b>	<b>74.80</b>
<b>2. Foreign Promoters</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>SUB -TOTAL (A)</b>	<b>50,000</b>	<b>100.00</b>	<b>74,79,595</b>	<b>74.80</b>
<b>B. NON PROMOTERS HOLDING</b>				
<b>3 Institutional Investors</b>				
a. Mutual Funds	0	0.00	943,066	9.43
Unit Trust of India	0	0.00	0	0.00
<b>b. Banks, Financial Institutions, Insurance Companies</b>				
Banks	0	0.00	11,870	0.12
Financial Institutions	0	0.00	54,841	0.55
<b>c. Foreign Institutional Investors</b>	0	0.00	23,027	0.23
<b>SUB-TOTAL (B)</b>	<b>0</b>	<b>0.00</b>	<b>10,32,804</b>	<b>10.33</b>
<b>C. Others</b>				
a. Private Corporate Bodies	0	0.00	197,145	1.97
b. Indian Public	0	0.00	12,28,630	12.29
c. NRIs/ OCBs	0	0.00	61,115	0.61
d. Any Other : (Clearing Member)	0	0.00	483	0.00
e. Fractional Shares (Trust)	0	0.00	228	0.00
<b>SUB-TOTAL (C)</b>	<b>0</b>	<b>0.00</b>	<b>14,87,601</b>	<b>14.87</b>
<b>GRAND TOTAL (A) + (B) +(C)</b>	<b>50,000</b>	<b>100.00</b>	<b>1,00,00,000</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON 30TH SEPTEMBER, 2006**

**Name of the Company: SHIVAM AUTOTECH LIMITED**

**Scrip Code:**

**Quarter ended: 30th September, 2006**

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized from	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	11	7,479,595	1,290,756	74.796	74.796
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>11</b>	<b>7,479,595</b>	<b>1,290,756</b>	<b>74.796</b>	<b>74.796</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign/Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>11</b>	<b>7,479,595</b>	<b>1,290,756</b>	<b>74.796</b>	<b>74.796</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual	5	943,066	942,716	9.431	9.431

	Funds/UTI					
(b)	Financial Institutions/ Banks	9	66,711	60,120	0.667	0.667
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Institutional Investors	1	23,027	23,027	0.230	0.230
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>15</b>	<b>1,032,804</b>	<b>1,025,863</b>	<b>10.328</b>	<b>10.328</b>
<b>(2)</b>	<b>Non-Institutions</b>					
(a)	Bodies Corporate	246	197,628	187,978	1.976	1.976
(b)	<b>Individuals (Residents)</b> i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	7,395	1,228,630	811,054	12.286	12.286
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	-	-	-
	<b>Individuals (Non-Residents)</b> i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	87	32,416	17,716	0.324	0.324
	ii. Individual shareholders holding nominal share capital in	1	28,699	28,699	0.287	0.287

	excess of Rs. 1 lakh.					
(c)	Any Other (Trustees for fractional shares	1	228	228	0.002	0.002
	<b>Sub-Total (B)(2)</b>	<b>7,730</b>	<b>1,487,601</b>	<b>1,045,675</b>	<b>14.876</b>	<b>14.876</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>7,745</b>	<b>2,520,405</b>	<b>2,071,538</b>	<b>25.204</b>	<b>25.204</b>
	<b>TOTAL (A)+(B)</b>	<b>7,756</b>	<b>10,000,000</b>	<b>3,362,294</b>	<b>100.000</b>	<b>100.000</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>7,756</b>	<b>10,000,000</b>	<b>3,362,294</b>	<b>100.000</b>	<b>100.000</b>

**(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Hero Cycles Ltd.	4,977,312	49.773
2	Rockman Industries Ltd.	827,546	8.275
3	Highway Industries Ltd.	365,087	3.651
4	Bhagyoday Investments Pvt. Ltd.	175,000	1.750
5	Munjali Investments Pvt. Ltd.	175,000	1.750
6	Puja Investments Pvt. Ltd.	175,000	1.750
7	Anadi Investments Pvt. Ltd.	175,000	1.750
8	Dayanand Munjal Investments Pvt. Ltd.	90,000	0.900
9	Hero Investments Pvt. Ltd.	250,000	2.500
10	Bahadur Chand Investments Pvt. Ltd.	250,000	2.500
11	Thakurdevi Investments Pvt. Ltd.	19,650	0.197
<b>TOTAL</b>		<b>7,479,595</b>	<b>74.796</b>
(I)(c)	<b><u>Statement showing shareholding of persons belonging to category "Public" and holding more than 1% of the total</u></b>		

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
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1	Reliance Capital Trustee Co. Ltd.	610,250	6.103
2	Prudential ICICI Trust Ltd. Prudential	208,043	2.080
3	Prudential ICICI Trust Ltd. Emerging	124,423	1.244
<b>TOTAL</b>		<b>942,716</b>	<b>9.427</b>

**(I)(d) Statement showing details of locked-in shares: NOT APPLICABLE**

Sr. No.	Name of the shareholder	Number of shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1		NIL	NIL
2		NIL	NIL
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>

**(II)(a) Statement showing details of Depository Receipts (DRs) : NOT APPLICABLE**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1		NIL	NIL	NIL
2		NIL	NIL	NIL
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**(II)(b) Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares: NOT APPLICABLE**

Sr. No.	Name of the DR Holder	Typing of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1		NIL	NIL	NIL
2		NIL	NIL	NIL
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

6. There has been no further issue of capital except as stated above whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Courts till listing of the Equity Shares allotted as per the Scheme.
7. There shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
8. The Transferee Company has 7756 members as on the date of filing this Information Memorandum.

### **III. OBJECTS OF THE SCHEME OF ARRANGEMENT**

Munjal Auto Industries Limited was having two units – one at Waghodia (near Baroda in Gujarat) and other at Binola (near Gurgaon in Haryana).

Waghodia unit is engaged in manufacturing of Wheel Rims and Mufflers for two-wheelers of Hero Honda Motors Limited (HHML). The Binola unit is engaged in manufacturing of Forging and Machining Components for two-wheelers of Hero Honda Motors Limited (HHML).

Both the units are into different products and are functioning independently and making profits. Therefore, the management of Munjal Auto Industries Limited (Transferor Company) has decided to hive off Binola unit into a separate Company named Shivam Autotech Limited. This will consequently lead to enhanced shareholder value.

In order to make both the units more focussed into their core area of activities and to make them grow independently, the management of Munjal Auto Industries Limited has decided to hive off the Binola unit into a separate Company named as Shivam Autotech Limited. This will help in achieving the overall growth of both the companies i.e. Munjal Auto Industries Limited and Shivam Autotech Limited and maximizing the shareholders' value of both the entities.

#### **THE MAIN FEATURES OF THE SCHEME OF ARRANGEMENT**

1. Munjal Auto Industries Limited (the transferor company) with its registered office at 187, GIDC Industrial Estate, Waghodia-391760, Distt. Vadodara (Gujarat) is having two units-one at Waghodia (near Vadodara in Gujarat) and other at Binola (near Gurgaon in Haryana). Pursuant to the Scheme of Arrangement, Binola unit has been hived off into a separate company named as Shivam Autotech Limited (the transferee company) having its registered office at 2A/3, Asaf Ali Road, New Delhi-110002.
2. The Scheme of Arrangement became operational from the appointed date which is 1<sup>st</sup> August, 2005.
3. The entire business including all assets and liabilities pertaining to the Binola division of the transferor company as on the appointed date shall stand transferred to and vest in the Shivam Autotech Limited, on a going concern basis.
4. The Paid-up Share Capital of Munjal Auto Industries Limited is Rs 20 Crore divided into 2 Crore Equity Shares of Rs. 10/- each out of which Rs. 10 Crore divided into 1 Crore Equity Shares shall be transferred to Shivam Autotech Limited. Upon the Scheme coming into effect, the Paid-up Capital of Munjal Auto Industries Limited shall be reduced from Rs 20 Crore to Rs 10 Crore divided into 1 Crore Equity Shares of Rs. 10/- each and the Paid-up Capital of Shivam Autotech Limited shall be Rs 10 Crore divided into 1 Crore Equity Shares of Rs. 10/- each
5. Pursuant to the Scheme of Arrangement, the shareholders of Munjal Auto Industries Limited who are holding 2 equity shares of Rs. 10/- each, will get 1 equity share of Rs, 10/- each of Munjal Auto Industries Limited and 1 equity share of Rs. 10/- each of Shivam Autotech Limited.

#### **APPROVALS WITH RESPECT TO THE SCHEME OF ARRANGEMENT**

The Honorable Gujarat and Delhi High Courts vide their Orders dated 29<sup>th</sup> March, 2006 and 30<sup>th</sup> March, 2006 respectively have approved the Scheme of Arrangement between Munjal Auto Industries Limited and Shivam Autotech Limited. Pursuant to this Scheme, the entire Binola unit of the Transferor Company as a going concern together with all the assets and liabilities relating to the Binola unit is transferred to

and vested in the Transferee Company with effect from 1<sup>st</sup> August, 2005 (i.e. the Appointed Date under the Scheme) under Sections 391 to 394 read with Section 100 of the Companies Act, 1956. In accordance with the said Scheme, the Equity Shares of Shivam Autotech Limited issued pursuant to the Scheme, subject to the applicable regulations shall be admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by Shivam Autotech Limited seeking listing.

The aforesaid Court Orders were filed by Munjal Auto Industries Limited and Shivam Autotech Limited with the Registrar of Companies, Gujarat on 13<sup>th</sup> April, 2006 and the Registrar of Companies, NCT of Delhi & Haryana on 27<sup>th</sup> April, 2006 which is the effective date of the Scheme of Arrangement.

**Subsequently, SEBI, vide its Letter No. CFD/DIL/SM/77522/2006 dated 25<sup>th</sup> September, 2006 has granted relaxation from the strict enforcement of the requirements of Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 for the purpose of listing of shares of Shivam Autotech Limited subject to the transferee company viz. SAL, complying with all the provisions of Clause 8.3.5 of the SEBI (DIP) Guidelines, 2000.**

Shivam Autotech Limited has submitted its Information Memorandum containing information and disclosures in line with the disclosure requirement for public issues, as applicable, to BSE for making the said Information Memorandum available to public through their websites.

This Information Memorandum will be made available on the website of Shivam Autotech Limited ([www.shivamautotech.com](http://www.shivamautotech.com)).

Shivam Autotech Limited will publish an advertisement in the newspapers containing the details in line with the details as per Clause 8.3.5.4 of the SEBI (DIP) Guidelines, 2000. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website of Shivam Autotech Limited as well as BSE.

Shivam Autotech Limited also undertakes that all material information about itself shall be disclosed to Stock Exchanges on a continuous basis so as to make the same available to public.

## **STATEMENT OF TAX BENEFITS**

As per the present provisions of Income-tax Act, 1961 (hereinafter referred to as "the Act") and other laws as applicable for the time being in force in India, the following tax benefits are available to the Company and to the shareholders of the Company, subject to fulfillment of prescribed conditions:

### **A. To the Company under the Income Tax Act, 1961 ('the Act')**

- 1 Under Section 32 of the Act, the Company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.
- 2 Under Section 10(34) of the Act, dividend income (whether interim or final) received by the Company from any other domestic company (in which the Company has invested) is exempt from tax in the hands of the Company.
- 3 The income received by the Company from distribution made by any mutual fund specified under Section 10(23D) of the Act or from the Administrator of the specified undertaking or from the specified companies referred to in Section 10(35) of the Act is exempt from tax in the hands of the Company under Section 10(35) of the Act.
- 4 Under Section 10(38) of the Act, the Long-term Capital Gains arising on transfer of any listed

equity shares in any other company or units of equity oriented mutual funds, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company.

- 5 As per the provisions of Section 112(1)(b) of the Act, other Long-term Capital Gains arising to the Company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of Long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and education cess).
- 6 As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the Company from transfer of any listed Equity Shares in any other company or from sale of units of any equity oriented mutual fund defined in Section 10(38) of the Act, are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
- 7 In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the Company would be entitled to exemption from tax on Long-term Capital Gain [not covered by section 10(36) and section 10 (38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years in case of new assets specified in Section 54EC and within a period of one year in case of new assets specified in Section 54ED, from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
- 8 As per the provisions of section 88E of the Act, where the business income of the Company includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax on such business income, to the extent of Securities Transaction Tax paid on such transaction. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income.

## **B. To the Shareholders of the Company**

### **I. Resident Shareholders**

- 1 Under Section 10(34) of the Act, dividend (whether interim or final) received from a domestic company is exempt from tax in the hands of the resident shareholders of the Company.
- 2 Under Section 10(38) of the Act, the Long-term Capital Gain arising on transfer of any listed equity shares in any other company or units of equity oriented mutual fund, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the resident shareholders.
- 3 As per the provisions of Section 112(1)(a) of the Act, other Long-term Capital Gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).

- 4 As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the resident shareholders from the transfer of any listed Equity Shares in a company or units of equity oriented mutual fund defined in section 10(38) of the Act, are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to Securities Transaction Tax.
- 5 As per the provisions of section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax on such business income, to the extent of Securities Transaction Tax paid on such transactions. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income.
- 6 In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the resident shareholders would be entitled to exemption from tax on Long-term Capital Gains [not covered by section 10(36) and section 10 (38) of the Act], if such capital gains are invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years in case of new assets specified in Section 54EC and within a period of one year in case of new assets specified in Section 54ED, from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
- 7 In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in Section 54F of the Act, the shareholder is entitled to exemption from Long-term Capital Gains arising from the transfer of any long term capital asset, not being a residential house [not covered by sections 10 (36) and 10 (38) of the Act], if the net consideration is invested for purchase or construction of a residential house. If part of the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, such new 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 for which the exemption was availed earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.

## **II. Mutual Funds**

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

## **III. Non-Resident / Non-Resident Indian Member**

- 1 Dividend (both interim and final) income, if any, received by the nonresident/non-resident Indian shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.
- 2 Benefits outlined in Paragraph B(I) above are also available to a nonresident/non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the

consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.

- 3 Benefits outlined in Paragraph A(8) above are also applicable to the nonresident/non-resident Indian shareholder.
- 4 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/non-resident Indian shareholder. Thus, a non-resident/nonresident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.
5. Capital gains tax - Options available to a non-resident Indian under the Act: Non-resident Indian: As per Section 115C (e) of the Act, a 'non-resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India.
6. Where shares have been subscribed in convertible foreign exchange, the nonresident Indians [as defined in section 115C (e) of the Act], being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the Act, which, inter alia, entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to 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, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge on tax and education cess on tax and surcharge), without indexation benefit.

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 (in cases not covered under section 10(38) of the Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer 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. If 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.

Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, 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, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

Under section 115H of the Act, where the non-resident Indian becomes assessable as a resident in

India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

#### **IV. Foreign Institutional Investors (FIIs)**

- 1 Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.
- 2 Capital gains  
Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge on tax and education cess on tax and surcharge).  
Under Section 115 AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB) which are not exempt under Section 10(38), shall be taxable as follows:  
Securities which are held for the period of upto or less than twelve months and where such transaction is chargeable to Securities Transaction Tax ("STT") levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Securities other than those held for the period of upto or less than twelve months and where such transaction is not chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 30% (plus applicable surcharge on tax and education cess on tax and surcharge);  
Securities which are held for the period exceeding twelve months or more shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Such capital gains would be computed without giving effect of indexation as provided in the first and second proviso to Section 48. In other words, the benefit of indexation, as mentioned under the two provisos would not be allowed while computing the capital gains.
- 3 Long-term capital gains arising on transfer of equity shares in the Company, which is held for the period of more than twelve months or more and where such transaction is chargeable to STT, shall be exempt from tax under Section 10(38) of the Act.
- 4 Benefit of exemption under Section 54EC and 54ED shall be available as outlined in Paragraph B(I)(6) above.
- 5 Benefit as outlined in Paragraph A(8) above are also available to FIIs.
- 6 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 then non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of Section 115AD. Investors are advised to consult their tax advisors in this regard.

**C. Benefits available under the Wealth Tax Act, 1957**

'Asset' as defined under section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares in companies are not liable to Wealth Tax.

**D. Benefits available under the Gift Tax Act, 1958**

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.

Notes:

- 1 All the above benefits are as per the current tax law and will be available only to the first named holder in case the shares are held by joint holders. Shareholder is advised to consider in his/her/its own case, the tax implications of any new enactments which may change / modify the law.
- 2 In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences.

#### IV. HISTORY

The Company was incorporated in the name and style of “**SHIVAM AUTOTECH LIMITED**” under the Companies Act, 1956 as Public Limited Company vide Certificate of Incorporation No. 55-139163 dated 29<sup>th</sup> July, 2005 issued by the Registrar of Companies, NCT of Delhi & Haryana. The Registered Office of the Company is situated at 2A/3, Asaf Ali Road, New Delhi-110 002.

Pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Gujarat at Ahmedabad vide its order dated 29.03.2006 and the Hon'ble High Court of Delhi at New Delhi vide its order dated 30.03.2006, the entire business and assets of Binola unit of Munjal Auto Industries Limited (Transferor Company) stand transferred to and vested in Shivam Autotech Limited (Transferee Company) w.e.f. 1<sup>st</sup> August, 2005.

#### MAIN OBJECTS OF THE COMPANY

1. To carry on the business of manufacturing, forging, machining, gear-cutting, gear teeth forging, ferrous/ non ferrous castings, fabrication , assembling, designing and dealing in engines, chassis, bodies, components, accessories, ancillaries, stores, spares and parts of any kind of automobiles and vehicles suitable for propulsion on land, sea, or in the air or in any combination thereof , automobile parts, earthmoving and agricultural machineries, transmission and other gears, transmission axles, universal joints, spring leaves, headlamps, sealed beams, clutch facing and break-lining component parts, cables, meters, auto electric component, auto engines, internal combustion engines, pistons, spare parts, accessories and fittings of all kinds for the said articles and things used in connection with the manufacture thereof, alloy springs, steel billets, flats and bars, nuts and bolts, pressed and other related item for the motors, sea-planes and vehicle and conveyances of all kinds.
2. To carry on the business of the automobiles engineers, die and tool manufacturing, painting, coating shot blasting, heat-treatment and surface treatment of metals, plastic molding for engineering and auto industry, machinist, fitter, mill wrights, founders, assemblers, wire drawers, tube makers, metallurgists, saddlers, galvanizers, jappners, annealers, enamellers, electroplaters and painters and motors and vehicle of all kinds and to carry on business of manufacturing of and dealers in heavy and light engineering goods, parts, accessories, ancillaries, stores and spares and to engineer, develop, design, assemble, manufacture, produce, import and export, buy, sell and otherwise deal in vehicles and all types of heavy vehicles, motors and equipments, instruments, application and vehicle fitting and accessories of all description.
3. To develop, design, fabricate, test, assemble automobiles, vehicles and auto parts and components including electrical and electronic components, provide technical know- how, design for these products, carry out products and process research and development through computer generated programmes or otherwise. To undertake vehicle, component and other engineering items designing and testing for third parties made up of ferrous and non ferrous metals, alloy, glass, synthetic and other fibers, chemicals and PVC Compounds are plastic and to carry on the business of general agents and dealers of the above mentioned items.

#### Change in Memorandum of Association since the Company's inception

Sr. No.	Date	Particulars
1	31 <sup>st</sup> March, 2006	Increase in Authorised Share Capital of the Company to Rs. 12,60,00,000/-

## V. BUSINESS

### **Plant Locations, and other details of business which is being transferred to the Company as per the Scheme**

#### **Binola Plant**

Binola unit set up in the year 1999, situated at 58<sup>th</sup> Km, Delhi-Jaipur Highway, Village Binola, District Gurgaon, Haryana -122 413 as a green field manufacturing facility to cater to the requirements of Gear Sets for Hero Honda Motors Limited (HHML).

The Plant has been set up by using state of the art technology, Near Net Shape, Warm Forging Technology. The toolings and technology for warm forging process were imported from Japan. Since then the technology has been completely absorbed by the unit and in-house tool room facilities are able to make tooling for warm forging operations.

## VI. PRODUCTS

<b>Product</b>	<b>Principal Raw Material</b>	<b>Principal End Users</b>
Gears and Shafts	Alloy Steels	Two-wheelers

After the Scheme becoming effective, the Company will be carrying on the same business of manufacturing and marketing of gear components.

### MANUFACTURING PROCESS

Sawing / Chopping is the first stage of process wherein steel rods are cut into the required size of the component as per the customer requirements. After that Billets are transferred for Warm / Hot Forging or Cold Extrusions.

The Billets after chopping are heated in induction heater at a specified temperature and sent for forging. Forging is the process of beating metal by compressing it and making it flow into the desired shape of die in the Forging Press.

After forging the component goes for Normalizing / Hardening / Tempering which gives the components metallurgical structure as per the customer requirements.

Forged Blank after Normalizing is feeded to CNC Machine. CNC Machining contains two set up for each gear and shafts components. Through machining operations forging blanks undergoes facing, turning and boring operations to get the desired geometry of the part.

After this operation, component is sent for Broaching / VMC / Hobbing / Shaping as required and then the component is sent for carburizing.

### RAW MATERIALS

The principal raw materials used comprises of Alloy Steels.

### LAND, BUILDING AND PLANT & MACHINERY

The Company's plant is located in Village Binola, in the district of Gurgaon, Haryana. The factory building consisting of total covered area of 2836 square meters is constructed on industrial plot of 5.02 acres. The factory building comprises of production hall, raw material godown, finished goods godown, canteen, conference room, administrative block etc. The company has installed capacity of 1,52,10,000 nos. forging and machining components. The Plant has been set up in year 1999 by using state of the art technology, Near Net Shape, Warm Forging Technology. The toolings and technology for warm forging process were imported from Japan. Since then the technology has completely absorbed by the Binola unit and in-house tool room facilities are able to make tooling for warm forging operations.

### POWER, FUEL & UTILITIES

The main source of power of the Company is being met through self generation by DG sets. The Company has one DG set of 1250 KVA, one DG set of 1000 KVA, three DG set of 625 KVA and one DG set of 62.5 KVA to meet the power requirements for the manufacturing requirements.

### WATER

The water is required mainly for drinking purpose, which is met through Captive Tube Wells.

## MANPOWER REQUIREMENTS

The total employee strength of the Company as on 1<sup>st</sup> April, 2006

S. No.	Particulars	No. of Employees
1	Production	734
2	Marketing	1
3	HR & Administration	4
4	Accounts & Finance	8
5	Purchase	3
	<b>TOTAL</b>	<b>750</b>

## EFFLUENT TREATMENT

Being an engineering industry there is no significant problem of industrial effluents. Effluent Treatment Plant is already in operation in at works for treating water of phosphating plant. There is no air or soil pollution. The Company has obtained necessary No Objection Certificate from Haryana Pollution Control Board.

## VII. MANAGEMENT OF THE COMPANY

Sr. No.	Name of Director	Age Yrs.	Father's Name	Residential Address	Occupation
1	Mr Satyanand Munjal	88	Late Sh. Bahadur Chand Munjal	24 L, Model Town, Ludhiana	Industrialist
2	Mr Brijmohan Lall Munjal	82	Late Sh. Bahadur Chand Munjal	B-109, G. K. -I, New Delhi	Industrialist
3	Mr Om Prakash Munjal	78	Late Sh. Bahadur Chand Munjal	26, Model Town, Ludhiana	Industrialist
4	Mr Vijay Munjal	60	Late Sh. Bahadur Chand Munjal	19-C, Sarahha Nagar Ludhiana	Industrialist
5	Mr Sunil Kant Munjal	48	Sh. Brijmohan Lall Munjal	1-A, Friends Colony (West) New Delhi	Industrialist
6	Mr Neeraj Munjal	38	Sh. Yogesh Chander Munjal	B-175, G.K.-I, New Delhi	Industrialist
7	Mr Bhagwan Dass Narang	61	Late Sh. S Gurdit Singh Narang	Flat No. 29, DDA Appts., Pocket-F SFS Scheme, Sheikh Sarai, Phase-I, New Delhi	Business Consultant
8	Mr Surrinder Lal Kapur	69	Late Sh. G B Kapur	161A/1, Western Avenue, Sainik Farms, New Delhi	Advocate
7	Dr Vinayshil Gautam	60	Sh. D N Sharma	9, West Avenue, Main Campus IIT, Hauz Khas, New Delhi	Professor

**The details regarding the Board of Directors is as follows:**

### **1. Mr Satyanand Munjal**

Age : 89 years  
 PAN : ACDPM6424F  
 Position : Non- Executive Director  
 Date of Appointment : 29<sup>th</sup> July, 2005

Mr Satyanand Munjal is one of the founder Directors of the Hero Group. Mr. Satyanand Munjal is Co-chairman cum Managing Director of Hero Cycles Limited, the flagship Group Company. He is holding other directorship in the following companies:

Hero Cycles Limited  
Munjal Auto Industries Ltd.  
Rockman Industries Ltd.  
Satyam Auto Components Ltd.  
Hero Investments Pvt. Ltd.  
Thakurdevi Investments Pvt. Ltd  
Bhagyoday Investments Pvt. Ltd  
Dayanand Munjal Investment Pvt. Ltd  
Munjal Bros. Pvt. Ltd

## 2. **Mr Brijmohan Lall Munjal**

Age : 83 years  
PAN : ADZPM3512B  
Position : Non- Executive Director  
Date of Appointment : 29<sup>th</sup> July, 2005

Mr Brijmohan Lall Munjal is one of the founder Directors of the Hero Group and one of the foremost and most respected industrialists of India. He is past president of CII, which is a premier institution of business & industry in India. He was also awarded with the distinguished civilian honour – *Padma Bhushan* by the Government of India in recognition of his contribution to the Indian Industry and society at large. He is holding other directorship in the following companies:

Hero Honda Motors Ltd.  
Hero Cycles Ltd.  
Munjal Auto Industries Ltd.  
Munjal Showa Ltd.  
Hero Honda Finlease Ltd.  
Sunbeam Auto Ltd.  
Easy Bill Ltd.  
Hero Financial Services Ltd.  
Munjal Bros. Pvt. Ltd.

## 3. **Mr Om Prakash Munjal**

Age : 78 years  
PAN : ABMPM8659A  
Position : Non- Executive Director  
Date of Appointment : 29<sup>th</sup> July, 2005

Mr. Om Prakash Munjal is a co-founder of Hero Group. He is Co-Chairman cum Managing Director (Marketing) of Hero Cycles Limited, the flagship Group Company. He carries enriched experience and due to his rare administrative and entrepreneurial skills, Hero Cycles has found its position in the Guinness Book of World Records. In the year 1990, he was awarded the Indira Gandhi National Unity Award by the President of India. He is holding other directorship in the following companies:

Hero Honda Motors Ltd.  
Hero Cycles Ltd.  
Munjal Auto Industries Ltd.  
Majestic Auto Ltd.

Highway Industries Ltd.  
Roma Cycle Mfg. Co. Pvt. Ltd.  
Hero Global Design Ltd.  
Hero Motors Ltd.  
Hero Honda Finlease Ltd.  
Sunbeam Auto Ltd.  
Easy Bill Ltd.  
Hero Financial Services Ltd.  
Munjal Bros. Pvt. Ltd.

#### 4. **Mr Vijay Munjal**

Age : 61 years  
PAN : ABMPM8077C  
Position : Non- Executive Director  
Date of Appointment : 29<sup>th</sup> July, 2005

Mr. Vijay Munjal is a Graduate and has enriched experience of more than 35 years in bicycle & automobile industries. He is Managing Director (International Marketing) of Hero Cycles Limited, the Hero Group flagship company. He is holding other directorship in the following companies:

Hero Cycles Ltd.  
Munjal Auto Industries Ltd.  
Majestic Auto Ltd.  
Hero Exports Pvt. Ltd  
Dayanand Munjal Investments Pvt. Ltd  
Anadi Investments Pvt. Ltd  
Pragati Trading Co. Pvt. Ltd.  
Bahadur Chand Investments Pvt. Ltd.  
Satyam Auto Components Ltd.  
Highway Industries Ltd.  
Roma Cycle Mfg. Co. Pvt. Ltd.  
Rockman Industries Ltd.  
Munjal Bros. Pvt. Ltd.

#### 5. **Mr Sunil Kant Munjal**

Age : 48 years  
PAN : AIBPM4928J  
Position : Non- Executive Chairman  
Date of Appointment : 14<sup>th</sup> February, 2006

Mr Sunil Kant Munjal is a Commerce Graduate and has training in Mechanical Engineering. Mr Sunil Kant Munjal, is the Managing Director of Hero Cycles Ltd. (C.R.Division) and Hero Management Service Limited, and the Chairman of Hero Corporate Service Limited, the services business arm of the Hero Group. Apart from Hero Group companies, he is representing on the Board of DCM Shriram Consolidated Ltd and is a member of the Board of Directors of **Life Insurance Corporation of India**, which is the largest life insurance company in India. Mr. Munjal is the **Past President** of **Confederation of Indian Industry (CII)**, which is India's premier business association, for the year 2004-05. Mr Munjal is a visiting faculty for lectures in Business Studies and Holistic Management Practices at a number of companies and Business Schools. He is holding other directorship in the following companies:

Hero Cycles Ltd.  
Hero Honda Motors Ltd.

Hero Corporate Services Ltd.  
Hero Auto Ltd.  
Bahadur Chand Investments Pvt. Ltd.  
Satyam Auto Components Ltd.  
Thakurdevi Investments Pvt. Ltd.  
Munjal Acme Packaging Systems Ltd.  
Easy Bill Ltd.  
DCM Shriram Consolidated Ltd.  
PNB Gilts Ltd.  
Hero Management Services Ltd.  
Forum I Aviation Pvt. Ltd.

**6. Mr Neeraj Munjal**

Age : 39 years  
PAN : ABMPM8680R  
Position : Managing Director  
Date of Appointment : 29<sup>th</sup> July, 2005

Mr. Neeraj Munjal holds Diploma in Business Management from Bradford & Ilkley Community College, England, besides having Bachelors Degree in Commerce. He has been a Whole-time Director of Munjal Auto Industries Ltd. since February, 2000. Before joining Munjal Auto, he has worked with Majestic Auto Limited as its Chief Executive. Apart from this, he is holding directorship in Rockman Investments Pvt. Ltd.

**7. Mr Bhagwan Dass Narang**

Age : 61 years  
PAN : AAEPN3092R  
Category : Independent & Non- Executive Director  
Date of Appointment : 14<sup>th</sup> February, 2006

Mr. Bhagwan Dass Narang is a Post Graduate in Agricultural Economics and has enriched and wide banking experience of 32 years. During this period, he also held the coveted position of the Chairman and Managing Director of Oriental Bank of Commerce. He does not hold directorship in any other company.

**8. Mr Surrinder Lal Kapur**

Age : 69 years  
PAN : AFVVK6331G  
Category : Independent & Non- Executive Director  
Date of Appointment : 14<sup>th</sup> February, 2006

Mr. Surrinder Lal Kapur is a practicing Advocate with specialization in Company Law and Industrial Laws relating to Sick industries, Industrial finance, Acquisitions and mergers. He brings with him enriched and wide experience of 46 years. Presently he is working as an honorary adviser to the President, PHDCCI. In the past he has served as member of the Board for Industrial and Financial Reconstruction (BIFR) for a period of four years. He is holding other directorship in the following companies:

Dhir & Dhir Asset Reconstruction & Securitisation Company Ltd.  
Yes Bank Limited  
Anika International Ltd.

Sara Textiles Ltd.  
Uniproducts (India) Ltd.  
Grant Thornton (India) Pvt. Ltd.

## 9. Dr Vinayshil Gautam

Age : 60 years  
PAN : AAAPG5459M  
Position : Independent & Non- Executive Director  
Date of Appointment : 14<sup>th</sup> February, 2006

Dr. Vinayshil Gautam is widely respected consultant and practitioner of Management in India and abroad. At present, he is attached with Indian Institute of Technology (IIT), Delhi as a Professor of Management. He is holding other directorship in the following companies:

Export Import Bank of India  
KEC International Ltd.  
JK Industries Ltd.

## COMPENSATION TO MANAGING DIRECTORS/ WHOLE TIME DIRECTORS

**Mr. Neeraj Munjal** has been appointed as Managing Director of the Company by the Board of Directors with effect from 1<sup>st</sup> April, 2006 for a period of 5 years on the terms and conditions contained in the resolution passed at its meeting held on 3<sup>rd</sup> August, 2006 pursuant to the recommendations of the Remuneration Committee, in accordance with Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956. The appointment and remuneration of Mr. Neeraj Munjal was subsequently approved by the shareholders at the Annual General Meeting held on 20<sup>th</sup> September, 2006.

The terms of his appointment are as follows:

- A. Basic Salary:** Rs. 95,000/- (Rupees Ninety Five Thousand only) per month (with an increase of Rs. 6000/- per month on the first day of each financial year)
- B. Commission:** Commission in addition to Basic Salary, Bonus, Perquisites and any other allowances, benefit(s) or amenity (ies) subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 of the Companies Act, 1956;
- C. Perquisites and Allowances:** In addition to the above Basic Salary and Commission, the Managing Director is also entitled to the following perquisites and allowances:
- 1. House Rent Allowance:** House Rent Allowance subject to a ceiling of 60% of the Basic Salary.
  - 2. Medical Reimbursement:** Reimbursement of actual medical expenses subject to a ceiling of 10% of the basic salary.
  - 3. Electricity Allowance:** Electricity Allowance subject to a ceiling of 10% of the Basic Salary.
  - 4. Furnishing Allowance:** Furnishing Allowance subject to a ceiling of 5% of the Basic Salary.
  - 5. Professional Development Allowance:** Professional Development Allowance subject to a ceiling of 10% of the Basic Salary.
  - 6. Club Fees:** Actual fees of clubs will be reimbursed;
  - 7. Personal Accident Insurance:** Actual premium to be paid by the Company;

8. **Insurance of House-hold goods:** Actual premium to be paid by the Company;
9. **Car:** Facility of cars with drivers to be used for the business of the Company;
10. **Telephone:** Free telephone facility at residence including Mobile Phone to be used for the business of the Company;
11. **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed will be encashed;
12. **Reimbursement of expenses:** Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company.
13. **Contribution to Provident Fund, Superannuation or Annuity Fund etc.:** Company's Contribution to Provident Fund, Superannuation or Annuity Fund etc. will be as per policy/rules of the Company;
14. **Gratuity:** Not exceeding half a month's salary for each completed year of service
15. **Children's Education Allowance:** In case of children studying in India or abroad, actual expenses incurred, is admissible subject to a limit of 5% of the basic salary.
16. **Leave Travel Concession:** For the appointee and his family once in a year incurred in accordance with the rules of the Company;
17. **Spouse Travelling Expenses:** Such travelling expenses of the spouse as may be required in connection with the business of the Company.
18. **Other Allowances:** As may be applicable from time to time as per policy/rules of the Company;

## PROMOTERS AND THEIR BACKGROUND

### Details of Promoters companies

1. Hero Cycles Limited
2. Rockman Industries Limited
3. Highway Industries Limited
4. Bhagyoday Investments Private Limited
5. Munjal Investments Private Limited
6. Puja Investments Private Limited
7. Anadi Investments Private Limited
8. Dayanand Munjal Investment Private Limited
9. Hero Investments Private Limited
10. Bahadur Chand Investments Private Limited
11. Thakurdevi Investments Private Limited

Committed to provide quality products, Hero Cycles Limited is the largest bicycle manufacturer in the World. It has crossed the astounding figure of 10 Crore mark – the highest global reckoning. Mr Satyanand Munjal, Mr Brijmohan Lall Munjal and Mr Om Prakash Munjal are the founder members of entire Hero Group.

## CORPORATE GOVERNANCE

“Corporate Governance” refers to a combination of laws, regulations, procedures and practices that enable companies to attract financial and human capital, perform efficiently and thereby maximize long term value for shareholders, including society at large.

The essence of Corporate Governance lies in the phrase “Your Company”. It is “Your” Company because it belongs to you, the shareholders. The Chairman and Directors are “Your” fiduciaries and trustees. Their objective is to take the business forward to maximize the long-term value/wealth

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.

Mr. Sunil Kant Munjal is the non-executive Chairman of the Board. The Board of the Company comprising 9 Directors has 3 Independent Directors. The Board has also constituted the Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration Committee as required under the Companies Act, 1956 and Clause 49 of the Listing Agreement as under:

Director	Category	Member of Audit Committee	Member of Shareholders/ Investors' Grievance Committee	Member of Remuneration Committee
Mr Satyanand Munjal	Non-Executive	-	-	-
Mr Brijmohan Lall Munjal	Non-Executive	-	-	-
Mr Om Prakash Munjal	Non –Executive	-	-	-
Mr Vijay Munjal	Non-Executive	-	-	-
Mr Sunil Kant Munjal	Non-Executive	Yes	-	Yes
Mr Neeraj Munjal	Executive	-	Yes	-
Mr Bhagwan Dass Narang	Independent	Yes	Yes	Yes
Mr Surrinder Lal Kapur	Independent	Yes	Yes	Yes
Dr Vinayshil Gautam	Independent	Yes	-	Yes

### Change in Board of Directors of the Company since incorporation

Sr. No.	Name of Director	Date of Appointment	Date of Cessation
1	Mr Sunil Kant Munjal	14 <sup>th</sup> February, 2006	N.A.
2	Mr Bhagwan Dass Narang	14 <sup>th</sup> February, 2006	N.A.
3	Mr Surrinder Lal Kapur	14 <sup>th</sup> February, 2006	N.A.
4	Dr Vinayshil Gautam	14 <sup>th</sup> February, 2006	N.A.

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration/Compensation Committee of the Board are as per the applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### **AUDIT COMMITTEE**

At Board Meeting held on 14<sup>th</sup> February, 2006, Audit Committee was constituted.

##### ***Committee Members:***

<b><i>Name of Director</i></b>	<b><i>Position held in the Committee</i></b>
Mr. Surrinder Lal Kapur	Chairman
Mr. Bhagwan Dass Narang	Member
Dr. Vinayshil Gautam	Member
Mr. Sunil Kant Munjal	Member

Audit Committee consists of all Non-Executive Directors with the majority of Independent Directors. Mr. Surrinder Lal Kapur, the Chairman of the Committee, is a practicing Advocate with specialization in Company Law and Industrial Laws relating to Sick industries, Industrial finance, Acquisitions and mergers. He brings with him enriched and wide experience of 46 years.

##### ***Functions of Audit Committee***

The functions of the Audit Committee include:

- Reviewing the quarterly, half-yearly and annual financial results before submission to the Board etc.;
- Recommending appointment of the Statutory Auditors and overseeing their work (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- Reviewing the adequacy of internal control systems and the Internal Audit Reports and their compliances thereof;
- Reviewing the disclosure of Company's financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing the Company's financial and risk management policies;
- Review of Foreign Exchange Exposure.

#### **SHAREHOLDERS' GRIEVANCE COMMITTEE**

At the Board Meeting held on 14<sup>th</sup> February, 2006, Shareholders' Grievance Committee was constituted. This Committee primarily focuses on the shareholders' grievances and strengthening the investors' relations.

##### ***Committee Members:***

<b><i>Name of Director</i></b>	<b><i>Position held in the Committee</i></b>
Mr. Bhagwan Dass Narang	Chairman
Mr. Surrinder Lal Kapur	Member
Mr. Neeraj Munjal	Member

##### ***Name & Designation of Compliance Officer***

Ms. Varika Rastogi : Company Secretary

### Shareholding of Directors

There are no equity shares held by the Directors of the Company.

### Interest of the Directors

The other than reimbursement of expenses incurred and normal remuneration from the Company as stated above, the directors of the Company have no other interest in the Company.

### Key Managerial Personnel

As per the Scheme of Arrangement, all the employees of the transferor Company who are in its employment of the effective date of the scheme shall as from such date, become the employees of the transferee Company on the basis that their services have not been interrupted by the vesting of the undertaking of the transferor Company.

Accordingly details of Key Managerial Personnel being transferred from the transferor company are as follows:

Name	Age	Designation	Qualification	Total Experience (years)	Date of joining	Previous Employment
Mr Rajesh Grover	57	Senior Vice President - Works	B. Sc. (Chemical Engineering)	35	01.02.1999	GM – Mark Auto Industries Ltd.
Mr Umesh Tayal	42	GM- Production	B.Tech, M.Tech, MBA	20	12.11.2002	GM- Operations, Kalyani Forge Ltd.
Mr Sandeep Jain	41	DGM (Projects & Improvements)	B. E. (Mech.)	17	01.03.2006	Chief Manager SRF Ltd.
Mr Sanjay Gupta	41	GM – Finance	MBA, ACA	18	07.10.2005	GM – Commercial Thyssen Krupp JBM Pvt Ltd

### Shareholding of the Key Managerial Personnel

There are no key managerial personnel holding shares in the Company.

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

The bonus is payable as per the policy of the Company as applicable to all employees. There is no profit sharing plans.

### Change in Key Managerial Personnel since inception

There is no change in Key Managerial Personnel.

## **VIII. MANAGEMENT DISCUSSION & ANALYSIS OF THE FINANCIAL CONDITION AND RESULT OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS**

### **(a) AUTO COMPONENT INDUSTRY**

The Indian economy performed better than expectations in 2005-06, with GDP growing in excess of 8 per cent. At around five per cent, inflation growth was contained well within the range projected in projected by the RBI' for 2005-06 and inflation expectations have remained firmly anchored. This has been reflected in the relative stability of long-term interest rates. Financial markets were generally stable during the year, adapting to the shift in liquidity conditions from surplus to deficit with considerable resilience. The improvement in industrial activity in 2005-06 was mainly due to acceleration of manufacturing growth from 8.1 per cent in the preceding year to 9.4 per cent. Sustained expansion in domestic as well as export demand, increased capacity utilization, augmentation of capacities and positive business and consumer confidence underpinned the strength of the manufacturing sector.

In urban India, lower taxes and good salary increments across sectors increased disposable income in the hands of consumers. A sizeable chunk of the GDP growth came from the service sector, which now contributes 54 per cent of the country's GDP. More significantly, the fastest growing segment in the service sector—information technology and IT enabled services--is being driven by youth.

This growing segment of the population offers a huge window of opportunity for the automobile industry, especially in emerging Tier 2 and Tier 3 cities spread over different corners of the country.

Overall, the auto industry clocked a 14% growth over the previous year. Good times in the automobile industry as far as volumes are concerned have been continuing and there are no signs of let up at least in the near future, given the trend of rising consumer incomes and relatively low penetration levels of automobiles. This 'feel-good' factor pervading the automobile industry has prompted several automakers to line up fresh investments to ramp up their operational capacities.

### **b) MANGEMENT PERCEPTION OF RISKS AND CONECERNS**

International presence in the Indian Auto Component Market is gaining ground and product prices continue to reduce. The company proposes to address these risks by continuous product development, focused efforts to reduce costs, increase market share and by diversifying existing customer base with the addition of new strategic customers and enhancing the existing relationships.

### **(c) PERFORMANCE**

Shivam Autotech Limited was recently incorporated on 29<sup>th</sup> July, 2005 and it has completed its one year of operations.

### **(d) FUTURE OUTLOOK**

At present the Binola Plant of Transferor Company which has been demerged into the Transferee. This includes land, building, plant & machinery and the operational technology, indeed, a total operating undertaking. The demerger of the transferor Company into the transferee Company would ensure expansion in the Companies business leading to growth in profits ranging from 10% to 12%.

The Scheme of Arrangement will provide a strong resource base and focussed business environment which would enable the Company to undertake expansion and growth of the business more rapidly and advantageously.

**(e) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate system of internal controls commensurate with the size and nature of business of the Company to ensure adequate protection of the Company's resources, provision of accurate and speedy financial statement and reports and compliance with the Company policies and procedures, and legal obligations.

The Company has a balanced organization structure, well-defined authority levels and set guidelines and rules for conducting business transactions and to promote ethical conduct. The Company's Internal Auditors conduct audit to ensure adequacy of internal control systems, adherence to management instructions and policies and compliance with laws and regulations of the country. The Internal Audit Reports are circulated to the Management who initiates action where appropriate and the action taken reports of the management is considered and discussed by the Audit Committee.

**(f) DEVELOPMENT IN HUMAN RESOURCES**

Our employees are future, and the organization continues to develop the internal capabilities of its people through various training and development initiatives.

The Company continued with initiatives to develop its employees at professional and personal levels. A sizeable number of employees have undergone training that accord an opportunity to sharpen their skills, improve their performance and widen their perspective.

Company has also put in place a system of performance appraisal to ensure a direct link between employees' performance and their variable pay as well as training needs. Company has a strong belief that to attract, retain and nurture the optimal talent, effective management of human capital is imperative and to that end, it consistently strives toward improvement in the standards of environment, occupational health and safety of all its employees as well as at the work place. This not only improves productivity but also provides a safe and healthy environment and an atmosphere of congeniality.

**CURRENCY OF PRESENTATION**

In this Information Memorandum all references to "Rupees" or "Rs." are to Indian Rupees, the legal currency of the Republic of India.

**DIVIDEND POLICY**

Dividend is intended to be declared based on the quantum and availability of future profits and will be disbursed based on shareholder approval based on the recommendation of the Board of Directors.

Company has declared a dividend of Rs.2.5 per share for the Fiscal 2006 which is already distributed to all the eligible shareholders. Apart from the above, the Company has not paid any dividend in the past.

## IX. FINANCIAL INFORMATION OF SHIVAM AUTOTECH LIMITED

### **AUDITORS' REPORT**

#### **To the members of Shivam Autotech Limited**

We have audited the attached Balance Sheet of Shivam Autotech Limited as at 31<sup>st</sup> March, 2006 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (Collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006;

ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and

iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.S. KOTHARI MEHTA & CO.**  
Chartered Accountants

Place: New Delhi  
Dated: 03 August, 2006

(**ARUN K. TULSIAN**)  
Partner  
M.No.89907

## **ANNEXURE TO AUDITORS' REPORT**

**(Annexure referred to in our report of even date)**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified certain fixed assets during the year. There were no discrepancies noticed on such verification between the physical balances and fixed assets records.
- (c) Fixed assets disposed off during the year were not substantial.
2. (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of inventory. Further stocks in the possession and custody of third parties and stock in transit as at 31<sup>st</sup> March 2006 have been verified by the management with reference to confirmations or statement of account or correspondence of the third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loan, secured or unsecured, to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not taken any loan, secured or unsecured, from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) Since there are no such loans, the comments regarding terms and conditions, repayment of the principal amount & interest thereon and overdue amount are not required.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.

5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.
8. We have broadly reviewed the Cost Accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities during the year and there are no such undisputed statutory dues outstanding as on the date of Balance Sheet for a period exceeding six months from the date they became payable.
- (b) According to the information & explanations given to us and as per the books and records examined by us, there are no dues in respect of Excise Duty, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Income Tax and Cess which have not been deposited on account of any dispute.
10. The company is in existence for less than 5 years. However, there are no accumulated losses of the Company at the end of the financial year. There are no cash losses in the current financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the company.
15. The company has not given any guarantees for loans taken by others from bank or financial institution.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained.
17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, the funds raised by the Company on short-term basis have not been applied for long term investments.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures nor has any outstanding debentures during the year.
20. The Company has not raised any money by way of public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

*For S.S. KOTHARI MEHTA & CO.*  
Chartered Accountants

Place: New Delhi  
Dated: 03 August, 2006

**(ARUN K. TULSIAN)**  
Partner  
M. No. 89907

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2006**

(Amount in Rs.)

	Schedule	As at 31 <sup>st</sup> March, 2006 (8 Months)
<b>I. SOURCES OF FUNDS:</b>		
<i>(1) Shareholders' funds:</i>		
(a) Share Capital <i>(Including equity share capital suspense account)</i>	<b>1</b>	100,500,000.00
(b) Reserves & Surplus	<b>2</b>	336,909,830.08
<i>(2) Loan Funds:</i>		
Secured Loans	<b>3</b>	428,019,460.33
(3) Deferred Tax Liability <i>(Refer note 8 of Schedule 13 )</i>		64,403,657.33
		<b>929,832,947.74</b>
<b>II. APPLICATION OF FUNDS:</b>		
<i>(1) Fixed Assets:</i>		
(a) Gross Block	<b>4</b>	918,146,675.98
(b) Less: Depreciation		232,592,756.28
(c) Net Block		685,553,919.70
(d) Capital Work in Progress		5,229,051.00
		<b>690,782,970.70</b>
<i>(2) Investments:</i>	<b>5</b>	30,018,043.40
<i>(3) Current Assets, Loans &amp; Advances:</i>		
(a) Inventories		67,382,354.32
(b) Sundry Debtors		210,738,159.41
(c) Cash & Bank Balances		1,685,320.23
(d) Loans & Advances		130,651,138.41
		<b>410,456,972.37</b>
Less: Current Liabilities & Provisions	<b>7</b>	
(a) Current Liabilities		114,390,318.73
(b) Provisions		58,528,470.00
<i>Net Current Assets</i>		<b>237,538,183.64</b>
<b>TOTAL</b>		<b>958,339,197.74</b>

There are no previous period figures since the Company was incorporated on 29<sup>th</sup> July, 2005.

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2006**

(Amount in Rs.)

	Schedule	For the period 1st August,2005to 31st March, 2006 (8 months)
<b>INCOME</b>		
Gross Sales		965,898,969.16
Less:- Excise duty		135,692,003.00
Net Sales		830,206,966.16
Other Income	<b>8</b>	4,364,900.39
Increase/(Decrease) in Stocks of Finished goods & WIP	<b>9</b>	7,554,988.00
		<b>842,126,854.55</b>
<b>EXPENDITURE</b>		
Raw Material & Component Consumed		235,755,024.47
Remuneration and Benefits to Employees	<b>10</b>	43,773,919.39
Manufacturing & Other Expenses	<b>11</b>	295,323,906.14
Interest & Other Financial Charges	<b>12</b>	17,356,600.34
Depreciation	<b>4</b>	59,222,396.50
		651,431,846.84
<b><i>Profit/ (Loss) For The Period Before Taxation</i></b>		<b>190,695,007.71</b>
<i>Less: Provision for Deferred Taxation</i>		7,958,306.00
<i>Less: Provision for Income Tax</i>		56,187,939.00
<i>Less: Provision for Wealth Tax</i>		28,350.00
<i>Less: Provision for FBT</i>		661,512.00
<b><i>Profit after Tax</i></b>		<b>125,858,900.71</b>
<i>Appropriations/Accretions:</i>		
<i>Less: Amount transferred to General Reserve</i>		-
<i>Less: Proposed Dividend on Equity Shares</i>		25,000,000.00
<i>Less: Provision for Dividend Distribution Tax</i>		3,506,250.00
<b><i>Net Profit</i></b>		<b>97,352,650.71</b>
Profit/ (Loss) brought forward from the previous year		-
<b>Balance carried over to Balance Sheet</b>		<b>97,352,650.71</b>
<b>Basic &amp; Diluted Earning Per Share face value Rs. 10/- each</b>		<b>12.52</b>

## CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2006

(Amount in Rs.)

	As at 31st March, 2006 (8 Months)
<b>A. Cash Flow from operating activities</b>	
<b>Net Profit Before Tax and extra ordinary items</b>	<b>190,695,007.71</b>
Adjustments for :	
<b>Add</b>	
Depreciation	59,222,396.50
Loss on sold/discarded assets	140,088.53
Lease Rent paid	1,148,580.21
Interest Expenses	17,356,600.34
Miscellaneous Expenditure Amortized	175,000.00
	268,737,673.29
<b>Less</b>	
Gain on Foreign Exchange Rate Fluctuations	204,257.23
Interest Income	381,159.00
Profit on Sale of Investments	152,614.35
Dividend Income	1,569,697.73
	2,307,728.31
<b>Operating Profit before working capital changes</b>	<b>266,429,944.98</b>
Add	
<u>Increase in Current Liabilities / Decrease in Current Assets</u>	
Other Current Assets	10,182,191.71
Sundry Creditors	9,341,762.73
	19,523,954.44
Less	
<u>Decrease in Current Liabilities / Increase in Current Assets</u>	
Inventories	8,545,719.32
Debtors	139,955,432.41
Working Capital Finance from Banks	4,634,875.96
	153,136,027.69
Less Direct Taxes Paid	101,663,424.00
<b>Net Cash from Operating Activities       .....A</b>	<b>31,154,447.73</b>
<b>B. Cash Flow from operating activities</b>	
<b>Add</b>	
Sale of Fixed Assets	1,424,758.44
Sale of Investment	113,786,151.95
Dividend Income	1,569,697.73
Interest Income	381,159.00
Gain on Foreign Exchange Rate Fluctuations	204,257.23
	117,366,024.35
<b>Less</b>	
Purchases of Fixed Assets & Capital Advances	182,191,655.25
Lease Rent paid	1,148,580.21
	183,340,235.46
<b>Net Cash used in Investing Activities       .....B</b>	<b>(65,974,211.11)</b>
<b>C. Cash Flow from Financing activities</b>	
<b>Add</b>	
Proceeds from Long Term Borrowings	90,750,000.04

Sales Tax Subsidy Received	3,680,984.91
Increase in Share capital	500,000.00
	94,930,984.95
<b>Less</b>	
Interest paid	17,356,600.34
Repayment of Long Term Borrowings	58,426,324.00
	75,782,924.34
<b>Net Cash from Financing Activities .....C</b>	<b>19,148,060.61</b>
<b>Net increase/(decrease) in Cash &amp; Cash equivalents</b>	<b>(15,671,702.77)</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>17,357,023.00</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>1,685,320.23</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<b>As at 31st March,2006 (8 Months)</b>
<b><u>SCHEDULE -1</u></b>	
<b>SHARE CAPITAL</b>	
<i>Authorised</i>	
1,26,00,000 Equity Shares of Rs.10/- each	126,000,000.00
	<b>126,000,000.00</b>
<i>Issued, Subscribed &amp; Paid Up</i>	
50,000 Equity Shares of Rs.10/- each fully paid up	500,000.00
Equity Share Capital Suspense account (Refer note 1(d) of Schedule 15 )	100,000,000.00
	<b>100,500,000.00</b>
<b><u>SCHEDULE -2</u></b>	
<b>RESERVES &amp; SURPLUS</b>	
<b>Sales Tax Subsidy from the Government of Haryana</b> (Refer note 3 of Schedule 15 )	
Balance as per last Year	29,052,359.00
Add:- During the Year	3,680,984.91
Closing Balance	32,733,343.91
<b>General Reserve</b>	
Balance as per last Account	-
Add:- Transferred pursuant to the Scheme of Arrangement	206,823,835.46
Closing Balance	206,823,835.46
<b>Profit &amp; Loss Account</b>	97,352,650.71
	<b>336,909,830.08</b>
<b><u>SCHEDULE -3</u></b>	
<b>SECURED LOANS</b>	
<b>A. Term Loans</b>	
<i>I. From Banks:</i>	
from IDBI Bank Ltd.- Loan-1	52,377,460.00
from IDBI Bank Ltd.- Loan-2	18,688,350.00
from Hong Kong & Shanghai Bank Loan-1	120,000,000.00
from Hong Kong & Shanghai Bank Loan-2	168,750,000.04
<b>Sub Total:</b>	359,815,810.04
<b>B. Short Term Loans form banks</b>	
from IDBI bank Ltd.	40,000,000.00
<b>C. Working Capital Loans</b>	
From Banks	
(i) IDBI Bank Cash Credit Account	18,565,740.46
(ii) Citi Bank Cash Credit Account	9,637,909.83
<b>Sub Total:</b>	28,203,650.29
<b>Total:</b>	<b>428,019,460.33</b>
Details of Securities:	
1. Term Loans availed from Banks are secured by an exclusive charge on the machinery financed by the said loans.	
2. Amount due with in one year Rs. 16, 76,39,486.	
3. Working Capital facilities availed from the Banks are secured by a first charge on inventories, receivables and all other current assets of the company.	

**SCHEDULE -5**  
**INVESTMENTS- NON TRADE( UNQUOTED)**  
**(At Cost)**

**(Amount in Rs.)**

<b>Name of Mutual Fund Scheme</b>	<b>Face Value Per Unit Rs.</b>	<b>As at 31st March,2006 (8 Months)</b>
<b>Current Mutual Fund Schemes</b>		
<b>(No. of Units)</b>		
Deutsche Floating rate Fund	10/-	12,147.13
<b>(Number of Units)</b>		<b>(1,180.6620)</b>
Birla Sun Life Mutual Fund	10/-	5,896.27
<b>(Number of Units)</b>		<b>(586.6640)</b>
DSP Saving plus Fund -Growth-Aggressive	10/	10,000,000.00
<b>(Number of Units)</b>		<b>(804,725.35)</b>
HDFC MIP Long term Growth	10/	10,000,000.00
<b>(Number of Units)</b>		<b>(746,179.56)</b>
DSP Merrill Lynch Bal- Fund	10/	5,000,000.00
<b>(Number of Units)</b>		<b>(154,178.23)</b>
ICICI Balanced regular growth fund	10/	5,000,000.00
<b>(Number of Units)</b>		<b>(168,010.7527)</b>
		<b>30,018,043.40</b>

**Details of purchase and sales of Mutual Fund units during the period:**

	<b>Purchases</b>		<b>Sales</b>	
	<u>No. of Units</u>	<u>Amount (Rs.)</u>	<u>No. of Units</u>	<u>Amount (Rs.)</u>
DSP Merrill Lynch Floating Rate Fund	1,099,075.1640	11,029,778.74	7,715,295.1640	77,381,072.19
Prudential ICICI Floating Rate Plan	522,040.3380	5,228,102.98	4,448,878.3600	44,586,820.33
Deutsche Floating rate regular plan – Weekly dividend	2,023.3960	22,502.97	126,352.2120	1,297,570.40
HDFC Floating rate income Fund - Short Term Plan	857.1820	10,148.25	55,263.9270	581,259.97
UTI-Floating rate fund - weekly dividend	1,597,725.2780	16,111,567.27	1,597,725.2780	16,107,176.51
Birla cash plus -sweep plan dividend - reinvestment	74,146,536.8700	745,227,887.50	75,897,235.6000	762,821,119.70
Templeton Floating rate fund	2,002,519.4500	20,084,565.10	2,589,241.1800	25,976,873.05
Templeton Treasury Management	9,713.4798	12,083,298.17	14,627.8587	18,201,961.29
DSP Merrill Lynch Floating rate fund	2,900,415.9290	29,500,412.82	3,544,887.2460	36,267,389.62
Prudential ICICI Floating Rate Plan	1,229,593.6960	14,558,267.68	1,229,593.6960	14,565,653.63
DSP Merrill Lynch Floating rate fund	16,134.2120	16,135,825.65	16,134.2120	16,139,344.87
Reliance Floating Rate Fund	497,497.9760	5,014,829.35	497,497.9760	5,021,242.18
DSP Merrill Lynch Bal Fund	154,178.2300	5,000,000.00	-	-
DSP saving Plus Fund -Growth-Aggressive	804,725.3472	10,000,000.00	-	-
HDFC MIP Long term growth	746,179.5606	10,000,000.00	-	-
ICICI Balanced Regular growth Fund	168,010.7527	5,000,000.00	-	-

**For the period 1st**

	<b>August,2005to 31st March, 2006 (8 months)</b>
<b><u>SCHEDULE -6</u></b>	
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	
<b>A. Inventories</b>	
<i>(As taken, valued and certified by management)</i>	
Raw Materials	16,513,673.00
Work in Process	21,650,629.00
Finished Goods	4,153,357.00
Consumable stores, Spares Dies & Tools	24,980,927.32
Packing Material	600.00
Scrap	83,168.00
<b>Total (A)</b>	<b>67,382,354.32</b>
<b>B. Sundry Debtors</b>	
<i>(Unsecured, considered good unless otherwise stated)</i>	
For a period exceeding six months	596,080.00
Other Debts	210,142,079.41
<b>Total (B)</b>	<b>210,738,159.41</b>
<b>C. Cash &amp; Bank Balances</b>	
Cash in hand	341,906.16
Balances with scheduled Banks:	
on current accounts	868,414.07
FDRs with Banks	475,000.00
<b>Total (C)</b>	<b>1,685,320.23</b>
<b>D. Loans &amp; Advances</b>	
<i>(Unsecured, considered good unless otherwise stated)</i>	
Loans & Advances to Employees	348,780.00
Advances recoverable in cash or in kind or value to be received	14,226,526.56
Advance Tax 2005-06	83,151,424.00
Advance Tax - FBT 2005-06	655,000.00
Balance with central excise	27,264,313.85
Deposits & Security	5,005,094.00
<b>Total (D)</b>	<b>130,651,138.41</b>
<b>Total (A+B+C+D)</b>	<b>410,456,972.37</b>

	<b>For the period 1st August,2005to 31st March, 2006 (8 months)</b>
<b><u>SCHEDULE - 7</u></b>	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	

<b>a. Current Liabilities</b>	
Sundry Creditors:	
Small Scale Industries	12,464,927.90
Others	82,813,686.03
Total	95,278,613.93
Advances From Customers	103,835.17
Interest accrued but not Due	
Due to Directors	1,662,499.50
Security Deposit	548,981.00
Other Liabilities	16,796,389.13
Total Other Liabilities	19,111,704.80
<b>Total</b>	<b>114,390,318.73</b>
<b>b. Provisions</b>	
Proposed Dividend on equity shares	25,000,000.00
For Dividend Tax	35,06,250.00
For Income Tax	56,187,939.00
For Wealth Tax	28,350.00
For FBT	661,512.00
for Gratuity & Leave Encashment	1,650,669.00
for Income tax (Net of Prepaid taxes)	
	<b>87,034,720.00</b>
<b><u>SCHEDULE - 8</u></b>	
<b>OTHER INCOME</b>	
Miscellaneous receipts	142,446.00
Interest (TDS Rs.42424 /-)	381,159.00
Dividend received current investment (non trade)	1,569,697.73
Cash Discount	1,730,378.08
Profit on Sale of Current Investments	152,614.35
Gain on Foreign Exchange Rate Fluctuations	204,257.23
Notice Pay	184,348.00
	<b>4,364,900.39</b>
<b><u>SCHEDULE -9</u></b>	
<b>GOODS &amp; WORK IN PROCESS</b>	
<i>Closing Stocks</i>	
Finished Goods	4,153,357.00
Work in Progress	21,650,629.00
Scrap	83,168.00
	<b>25,887,154.00</b>
Finished Goods	4,265,116.00
Work in Progress	13,992,022.00
Scrap	75,028.00
	<b>18,332,166.00</b>
Increase/ (Decrease)	<b>7,554,988.00</b>

(Amount in Rs.)

	For the period 1 <sup>st</sup> August,2005 to 31st March, 2006 (8 months)
<b><u>SCHEDULE - 10</u></b>	
Salaries & Wages (including Managerial Remuneration)	35,460,904.86
Contribution to Provident Fund and other Funds	2,601,483.00
Staff & Labour Welfare Expenses	5,711,531.53

	<b>43,773,919.39</b>
<b><u>SCHEDULE - 11</u></b>	
Stores, Spares, Tools & Dies consumed	70,160,540.10
Power & Fuel	55,110,449.24
Packing Materials consumed	461,834.24
Rent (including lease rent)	1,148,580.21
Repair & Maintenance:	
- To Building	1,988,702.77
- To Machinery	5,158,966.29
- To Others	590,277.05
Insurance Premium	3,361,143.60
Rates & Taxes	17,834.00
Wages to contractors	14,349,720.75
Job work charges	125,804,900.92
Travelling & Conveyance	7,268,672.74
Auditors Remuneration	
- As Audit fess	100,000.00
- Out of pocket expenses	-
Cost Auditors Remuneration	
- As Audit Fee	15,000.00
Professional charges	1,410,201.00
Printing & Stationery	957,843.81
Telephone & Telex Charges	873,229.84
Freight outward	457,654.00
Advertisement	99,444.00
Miscellaneous Expenses (including demerger exps. Of Rs. 10.20 lacs)	4,515,379.93
Loss on disposal of Fixed Assets	140,088.53
Sundry balances written off/ (back) (Net)	4,219.80
Security service charges	1,309,601.32
Excise duty difference on stocks of finished goods (net)	19,622.20
	<b>295,323,906.14</b>
<b>SCHEDULE - 12</b>	
<b>INTEREST &amp; FINANCIAL CHARGES</b>	
Interest :	
-On Fixed Loans	16,740,103.04
-Int. on working capital	512,833.31
Bank Charges & Commission	103,663.99
	<b>17,356,600.34</b>

## SHIVAM AUTOTECH LIMITED

### SPECIFIED RATIOS

Particulars	
	<b>31st March'06 (8 months)</b>

<b>1</b>	<b>Earnings per share</b>	<b>12.52</b>
	Net Profit/(Loss) after tax (Rs. Lacs)	1258.58
	Number of equity shares outstanding at the end of the period (Nos.) -Basic	50,000
	Add: equity shares to be issued pursuant to the scheme of Arrangement and Demerger.	1,00,00,000
	<b>TOTAL NO. OF SHARES</b>	<b>1,00,50,000</b>
<b>2</b>	<b>Return on Net Worth</b>	
	Net Profit/(Loss) after tax (Rs. Lacs)	1258.58
	Net Worth (Rs. Lacs)	4374.10
	Return on Net Worth(%)	28.77%
<b>3</b>	<b>Net Asset Value</b>	
	Net Worth (Rs. Lacs)	4374.10
	Number of equity shares outstanding at the end of the period (Nos.) -Basic	50,000
	Add: equity shares to be issued pursuant to the scheme of Arrangement and Demerger	1,00,00,000
	<b>TOTAL NO. OF SHARES</b>	<b>1,00,50,000</b>
	Net Asset Value (Rs.)	41.67
<b>4</b>	<b>Debt Equity Ratio</b>	
	Net Worth (Rs. Lacs)	4374.10
	Long Term Borrowings (Rs. Lacs)	3598.16
	<b>Debt Equity Ratio</b>	<b>0.82:1</b>

## NOTES TO ACCOUNTS

### 1 Demerger

- a Pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Courts of Gujarat and Delhi, Binola unit of Munjal Auto Industries Limited (MAIL) stands transferred to and vested in Shivam Autotech Limited w.e.f. 1st August, 2005 along with all the corresponding assets, liabilities, reserves & Surplus, obligations and all the permanent employees of MAIL, with continuity of their
- b The said Court Orders have been filed with the Registrar of Companies, Gujarat on 13.04.2006 and the Registrar of Companies, NCT of Delhi & Haryana on 27.04.2006 which is the effective date of the Scheme of Arrangement.
- c Following assets and liabilities have been transferred to the company w.e.f August 1, 2005

<b>Particulars</b>	<b>(Rs. In lacs)</b>
<b>Fixed Assets - Gross Block</b>	<b>7394.08</b>
- Depreciation	1747.63
<b>- Net Block</b>	<b>5646.45</b>
<b>Capital work In Progress</b>	47.33
	5693.78
<b>Investments</b>	<b>1436.52</b>
<b>Current Assets</b>	
(a) Inventories	588.37
(b) Sundry Debtors	707.83
(c) Cash & Bank Balances	173.57
(d) Loans & Advances	570.26
<b>Gross Current Assets</b>	<b>2040.03</b>
<b>Demerger Expenses not written off</b>	<b>1.75</b>
<b>Total Assets</b>	<b>9172.08</b>
<b>Secured Loans</b>	<b>4003.31</b>
<b>Current Liabilities &amp; Provisions</b>	
(a) Current Liabilities	1057.69
(b) Provisions	187.87
	<b>1245.56</b>
<b>Deferred Tax Liability (Net)</b>	<b>564.45</b>
<b>Total Liabilities</b>	<b>5813.32</b>
<b>Net Worth</b>	<b>3358.76</b>

- d** Pursuant to the Scheme , authorised capital of MAIL of Rs.25 Crores divided into 2,50,00,000 Equity Shares of Rs.10/- each has been sub-divided into Rs.12.50 Crores each divided into 1,25,00,000 equity shares of Rs.10/- each between MAIL and Shivam Autotech Limited. Similarly, the Paid-up Capital of MAIL of Rs 20 Crore divided into 2 Crore Equity Shares of Rs. 10/- each out of which Rs. 10 Crore divided into 1 Crore Equity Shares has been transferred to Shivam Autotech Limited. Shivam Autotech Limited has since allotted of 1,00,00,000 equity shares as per Scheme of Rs.10/- each fully paid on 31.05.2006. Pending allotment of these shares, the amount of Rs.10 Crores representing 1,00,00,000 equity Shares of Rs.10/- each has been shown under Equity Share Capital Suspense Account in Balance Sheet.
- e** Pursuant to the Scheme of Arrangement, the shareholders of Munjal Auto Industries Limited who are holding 2 equity shares of Rs. 10/- each, will get 1 equity share of Rs, 10/- each of Munjal Auto Industries Limited and 1 equity share of Rs, 10/- each of Shivam Autotech Limited.
- f** On allotment of equity shares as per Scheme, existing 50,000 equity shares of Rs.10/- each will be converted into redeemable preference shares to be redeemed immediately. The Capital redemption reserve of Rs.5 lacs is to be created on such redemption which will be adjusted out of General Reserve as per Scheme, at the time of allotment of redeemable preference Shares.
- g** Upon the said scheme of Arrangement becoming effective, existing charges in favour of bankers and financial institutions will continue in the same form until these are readjusted, apportioned and reallocated between MAIL and Shivam Autotech Limited at a later date.
- 2** As the Company's business activity falls within a single primary business segment viz. Motorcycles Parts, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India have not been furnished.
- 3** Company has availed sales tax incentive amounting to Rs.327.33 Lacs by the end of 31st March, 2006 in the form of deferment, to be converted later into capital subsidy, in accordance with the scheme of the Govt. of Haryana for development of Industries. The amount is payable to the Government if specified conditions are not fulfilled. Considering the nature of incentive and legal opinion taken by the company, the amount is treated as Capital Receipt and disclosed as Capital Reserve in the Balance Sheet.
- 4** Expenditure on insurance includes Rs.6.30 Lacs being the premium paid under Keyman Insurance Schemes to cover risks on life of Key Management personnel. Benefits to the Company under the said scheme depend on the various factors including resignation/ survival of the said personnel or

premature surrender of the policy. Such benefits will be accounted in the year in which they become due.

5 There are no previous year figures as the company was incorporated in July, 2005 and the Binola unit of Munjal Auto Industries was demerged in this company from the appointed date i.e. 1st August, 2005. The accounts for the current period are therefore drawn up for the 8 months period.

6 There are no prior period income/expenditure.

7 **Names of the SSI Units having outstanding amount for a period exceeding 30 days**

- (i) ADARSH FABRICATORS
- (ii) BIHANI RAJASTHAN CO. LTD.
- (iii) DEL GEARS LIMITED
- (iv) HI-TECH ELEC. AUTO PVT. LTD.
- (v) KDR FORGINGS PVT. LTD.
- (vi) N. K. MICRO PVT. LTD.
- (vii) S D ENGINEERS
- (viii) UNITOOLS (A DIV. OF MARS ASSO. PVT. LTD.)
- (ix) VARUN PRECISION COMPONENTS PVT. LTD.

However, the Company does not have any liability under Interest to Small Scale and Ancillary Undertakings Act, 1993 as the payments are made within the period stipulated by the parties.

8 **Details of Contingent Liabilities** **(Rs. In Lacs)**

Unexpired Letter of Credit	41.93
Bank Guarantees (Net of margin money)	NIL
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances Unexpired Letter of Credit)	707.22
Estimated amount on account of pending cases under Labour Laws	NIL
Unexpired Lease obligation	222.06

9 **Managerial Remuneration**

	<b>(Rs. In Lacs)</b>
Salaries	6.80
Commission	10.00
Contribution to PF and other Funds	0.82
Other Allowances	6.80
	<b>24.42</b>

10 **Computation of net profit in accordance with the provisions of Section 349 of the Companies Act, 1956**

	<b>(Rs. In Lacs)</b>
<b>Profit as per Profit &amp; Loss</b>	1,258.59
Add	
Managerial Remuneration	24.42
Provision for Deferred Taxation	79.58
Provision for Current Taxation	561.88
Provision for Wealth Tax	0.28
Provision for FBT	6.62
	672.78
<b>Net Profit pursuant to Section 349 for the purpose of Director Remuneration</b>	<b>1,931.37</b>

Director's Commission (restricted in terms of the agreements with reference to salaries ,allowances and limits prescribed under the Companies Act

1% of Net Profit to Mr. Neeraj Munjal	19.31
Commission restricted to	10.00

11 **Computation of Earning Per Share**

	<b>(In Rs.)</b>
Net Profit After Taxation as per Profit & Loss Account ( 8 months)	1,259
Basic/ Weighted Average Number of	10,050,000

	Equity Shares outstanding during the year	
	Nominal Value of Equity shares	10.00
	<b>Basic &amp; Diluted Earnings Per Share</b>	<b>12.52</b>
12	Deferred Tax Liabile on taking into account the impact of timing differences between income as financial statements and estimated taxable income. The breakup of Deferred Tax Liabilities/ (Assets) (Net) is as under:	
	<b>A. Deferred Tax Liabilities</b>	<b>(Rs. In Lacs)</b>
	Tax Effect of excess Net Block of Fixed assets as per the books of account over written down value as per the income tax computation	649.59
	<b>B. Deferred Tax Assets</b>	
	Tax effect on Provision for Gratuity	0.50
	Tax effect on Leave encashment	5.06
	Tax effect on disallowances under Section 43B	-
	Total (B)	5.56
	<b>Net Deferred Tax Liabilities (A-B)</b>	<b>644.03</b>
13	<b>Related parties disclosure:</b>	
	<b>Key Managerial Personnel</b>	
	Mr. Neeraj Munjal	
	<b>Enterprises which are able to exercise significant influence over the company</b>	
	Hero Cycles Limited	Sunbeam Auto Limited
	<b>Enterprises over which key management personnel and their relatives are able to exercise significant influence</b>	
	Hero Honda Motors Limited	Rockman Industries Limited
	Anadi Investments Private Limited	Hero Investments Private Limited
	Hero Corporate Services Limited	Munjal Auto Industries Ltd.
	Satyam Auto Components Limited	Highway Industries Limited
	Dayanand Munjal Investments Limited	Bahadur Chand Investments Private Limited
	Thakurdevi Investments Private Limited	Bhagyoday Investments Private Limited
	Munjal Investments Private Limited	Highway Industries Limited
	Munjal Acme Packaging Systems Ltd.	
13	<b>Transaction with the related parties during the year</b>	
	<b>a) Key Managerial Personnel</b>	<b>(Rs. In lacs)</b>
	Remuneration	14.42
	Commission	10.00
		24.42
	<b>b) Enterprises which are able to exercise significant influence over the Company</b>	<b>(Rs. In Lacs)</b>
	Purchase of Goods	-
	Rent , Miscellaneous Purchases and other Services	12.46
	Balance outstanding at the end of the year payables	0.21
	<b>c) Enterprises over which key management personnel and their relatives are able to exercise significant influence</b>	
	Sale of Goods	(90.29)
	Purchase of Goods	32.75
	Rent, Miscellaneous Purchase and other Services	11.01
	Balance outstanding at the end of the year	
	Receivables	2,059.04
	Payables	2.45
III.	<b>Additional Information pursuant to the provisions of 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956</b>	
1	<b>Particulars in respect of licensed and installed</b>	

**capacities:**

	<b>Licensed Capacity (in No's)</b>	<b>Installed Capacity (in No's)</b>
<b>Class of Goods</b>	-	-
<b>Gear Components:</b>		
Forging Components	Not Applicable	14,250,000
Gear Blank Machining	Not Applicable	17,000,000
Gear Finishing	Not Applicable	9,000,000

The installed capacity is on annualized basis and is as certified by the management and relied upon by the auditors being a technical matter. The installed capacity is calculated on triple shift basis.

Actual production of Forging Components and Gear blanks Machining depends on exact specification of the product. The quantities are indicative of production with specifications, which are considered representative of estimated average product mix.

**2 Particulars in respect of opening and closing stock of finished goods produced**

<b>Class of Goods</b>	<b><u>Opening Stocks as on 01.08.2005</u></b>	
	<b><u>Qty.(in No's)</u></b>	<b><u>Value</u></b>
Gear Components	101401	42.66
	<b><u>Closing Stock on on 31.03.2006</u></b>	
	<b><u>Qty.(in No's)</u></b>	<b><u>Value</u></b>
	100329	33.42

**Details of Production and sales**

<b>Class of Goods</b>	<b><u>Production</u></b>	<b><u>Sales Qty.</u></b>	<b><u>Sales Value</u></b>
	<b><u>Qty.</u></b>		
	<b><u>01/08/2005</u></b>	<b><u>31/03/2006</u></b>	
Gear Components	14319688	14320760	9564.05*

\* includes sales of Scrap of Rs. 95.91 lacs.

**3 Raw Material, processing materials and components consumption:**

<b>Class of Goods</b>	<b>Qty(in MT)</b>	<b>Value (in Rs. Lacs)</b>
Alloy Steel (Qty. in MT)#	4623	2044.06
Bought out parts (Nos.)	1727883	313.49
	<b>2357.55</b>	

**4 Value of Imported and Indigenous Raw Materials and Stores consumed**

<b>Class of Goods</b>	<b>(Rs. in Lacs)</b>
<i>Raw Material and Components</i>	
Imported	0
Indigenous:	2357.55
	<b>2,357.55</b>
<i>Stores, Spares, Tools &amp; Dies consumed</i>	
Imported	102.25
Indigenous	599.36
	<b>701.61</b>

**5 Expenditure in foreign Currency (on cash basis)**

<b>Particulars</b>	<b><u>Amount in Rs. Lacs</u></b>
Raw Materials, BOP & spares	90.24
Capital Goods	878.05
Foreign Travels	10.15
	<b>978.45</b>

**6 CIF Value of Imports**

<b>Particulars</b>	<b><u>Amount in Rs. Lacs</u></b>
Raw Materials, BOP & spares	102.25
Capital Goods	1053.05

7 **Earning in Foreign Exchange**  
FOB value of Exports

**1155.30**

Nil

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2006**

*(Rupees in Lacs except per share data)*

S. No.	Particulars	Quarter ended June 30, 2006 (Unaudited)	Period of 8 months from Aug 01, 2006 to March 31, 2006 (Audited)
1	<b>Sales / Income from Operations</b>	<b>3,631.93</b>	<b>9,658.99</b>
2	Other Income	8.37	43.65
3	<b>Total Expenditure</b>		
a)	(Increase)/Decrease in Stock-in-trade	100.53	(75.55)
b)	Consumption of Raw Materials	846.85	2,357.55
c)	Excise Duty Paid	511.53	1,356.92
d)	Staff Cost	170.89	437.74
e)	Other Expenditure	1,047.22	2,953.24
4	Interest	62.58	173.57
5	Depreciation	238.70	592.22
6	<b>Profit before Taxation</b>	<b>661.99</b>	<b>1,906.95</b>
7	Provision for Deferred Taxation	(17.29)	79.58
	Provision for Current Taxation	241.45	568.78
8	<b>Net Profit before Prior Period Expenditure</b>	<b>437.83</b>	<b>1,258.59</b>
	Less: Prior Period Expenditure (Net)	0.02	-
	<b>Net Profit</b>	<b>437.81</b>	<b>1,258.59</b>
9	Paid up Equity Share Capital (Face Value: Rs. 10/- per share)	1,005.00	1,005.00
10	Reserves excluding Revaluation Reserve		
11	Basic & Diluted Earning Per Share (Rs.)	4.36	12.52
12	Aggregate of non-promoters' shareholding	2,520,405	2,520,405
	Number of shares	10,050,000	10,050,000
	Percentage of holding (to total holding)	25.08%	25.08%

Notes:

- 1 The above financial results are recommended by the Audit Committee and approved by the Board of Directors in its meeting held on August 3, 2006.
- 2 The above results are after "Limited Review" by the Auditors.  
Company's operations comprise of only one segment i.e. "Parts and components for Automobiles", in terms of the Guideline stated in AS-17 issued by the Institute of Chartered Accountants of India.
- 3 During the quarter ended June 30, 2006, the Company did not receive any complaint from the shareholders and no complaints remained unresolved at the end of the quarter.
- 4 There are no previous corresponding period figures as the company is incorporated on 29th July 2005 and the operations of the company have been vested with it with effect from 1st August 2005 consequent upon the orders of High Courts of Gujarat and Delhi respectively dated March 29, 2006 and March 30, 2006 sanctioning the scheme of arrangement of Munjal Auto Industries Limited involving the demerger of its Binola unit.
- 5 The Board of Directors in its meeting held on August 3, 2006 have recommended a dividend of 25% for the period of 8 months ending March 31, 2006 which is subject to the approval of shareholders.

## X. GROUP COMPANIES

### I Listed Companies

#### 1. Hero Honda Motors Limited (HHML)

*Date of Incorporation* January 19, 1984

*Registration No.* 55-17354

*PAN* AAACH0812J

*Address of RoC* Registrar of Companies, NCT of Delhi & Haryana  
Paryawaran Bhawan, CGO Complex  
Lodhi Road, New Delhi

*Bank Account Details* Punjab National Bank, ECE House, K.G. Marg  
New Delhi – 110 001

*Principal Business* Manufacturing of motor cycles and scooters

Shareholding Pattern as on September 30, 2006 is set forth below:

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	<b>Shareholding of Promoter and Promoter Group</b>					
(1)	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	58	4022840	364730	2.01	2.01
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	10	53788840	870	26.94	26.94
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>68</b>	<b>57811680</b>	<b>365600</b>	<b>28.95</b>	<b>28.95</b>
(2)	<b>Foreign</b>					

(a)	Individuals (Non-Resident Individuals/ Foreign/ Individuals)	-	-	-	-	-
(b)	Bodies Corporate	1	51918750	-	26.00	26.00
(c)	Institutions	-	-	-	-	-
(d)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>1</b>	<b>51918750</b>	<b>-</b>	<b>26.00</b>	<b>26.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>69</b>	<b>109730430</b>	<b>365600</b>	<b>54.95</b>	<b>54.95</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/UTI	88	6726676	6637871	3.37	3.37
(b)	Financial Institutions/ Banks	38	734737	732147	0.37	0.37
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	18	9389201	9389201	4.70	4.70
(f)	Foreign Institutional Investors	223	51502509	51464309	25.79	25.79
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other	11	1184526	1180031	0.59	0.59
	<b>Sub-Total (B)(1)</b>	<b>378</b>	<b>69537649</b>	<b>69403559</b>	<b>34.82</b>	<b>34.82</b>
<b>(2)</b>	<b>Non- Institutions</b>					
(a)	Bodies Corporate	1264	1333531	1296980	0.67	0.67
(b)	<b>Individuals</b> i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	55290	17717339	12058657	8.87	8.87

	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	6	1146675	328050	0.57	0.57
(c)	Any Other	673	221876	209686	0.11	0.11
	<b>Sub-Total (B)(2)</b>	<b>57233</b>	<b>20419421</b>	<b>13893373</b>	<b>10.23</b>	<b>10.23</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>57611</b>	<b>89957070</b>	<b>83296932</b>	<b>45.05</b>	<b>45.05</b>
(C)	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>57680</b>	<b>199687500</b>	<b>83662532</b>	<b>100.00</b>	<b>100.00</b>

**(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the shareholder	Number of shares	% of shares {Grand Total (A)+(B)+(C)}
1	Bahadurchand Investments Pvt. Ltd.	17306250	8.67
2	Hero Cycles Limited	17306230	8.67
3	Hero Investments Pvt. Limited	17306230	8.67
4	Majestic Auto Limited	1625010	0.81
5	Bhagyoday Investments Pvt. Ltd.	243750	0.12
6	Hero Honda Finlease Limited	1370	0.00
7	Ashok Kumar	1137500	0.57
8	Suresh Chandra Munjal	812500	0.41
9	Satyanand Munjal	487500	0.24
10	Ashish Munjal	218750	0.11
11	Suman Kant Munjal	38750	0.02
12	Renu Munjal	32510	0.02
13	Renuka Munjal	32500	0.02
14	Pankaj Munjal	32500	0.02
15	Ashok Munjal	32500	0.02
16	Sudhir Kumar	32500	0.02
17	Umesh Munjal	32500	0.02
18	Mahesh Munjal	32500	0.02
19	Yogesh Munjal	32500	0.02
20	Rekha Munjal	32500	0.02
21	Neelam Munjal	32500	0.02
22	Sudhir Munjal	32500	0.02
23	Umesh Munjal	32500	0.02

24	Mahesh Munjal	32500	0.02
25	Sunil Kant	32500	0.02
26	Suman Kant	32500	0.02
27	Yogesh Munjal	32500	0.02
28	Renuka Munjal	32500	0.02
29	Ashok Munjal	32500	0.02
30	Ashish Munjal	32500	0.02
31	Ashish Kumar	32500	0.02
32	Pawan Kant	32500	0.02
33	Pawan Kant	32500	0.02
34	Anisha Munjal	32500	0.02
35	Rama Munjal	32500	0.02
36	Harsh Munjal	32500	0.02
37	Yogesh Chander Munjal	32500	0.02
38	Vijay Kumar	32500	0.02
39	Renu Munjal	32500	0.02
40	Shobhna Munjal	32500	0.02
41	Pawan Kant Munjal	32500	0.02
42	Ashok Kumar	32500	0.02
43	Suresh Chandra Munjal	32500	0.02
44	Suman Kant Munjal HUF	32500	0.02
45	Gaurav Munjal	32500	0.02
46	Naveen Munjal	32500	0.02
47	Sudershan Kumari	31250	0.02
48	Om Prakash Munjal	25000	0.01
49	Sudershan Kumari	25000	0.01
50	Aman Munjal	25000	0.01
51	Renu Munjal	24370	0.01
52	Renu Munjal	11270	0.01
53	Rahul Minor	10620	0.01
54	Abhimanyu Minor	10620	0.01
55	Arun Thapar	6370	0.00
56	Neeru Khanna	5750	0.00
57	Arti Munjal	5000	0.00
58	Priyanka Malhotra	5000	0.00
59	Neelam Thapar	4120	0.00
60	Alka Gupta	870	0.00
61	Sudhir Munjal	30	0.00
62	Vijay Kumar	20	0.00
63	Pawan Kant Munjal	20	0.00
64	Ashish Kumar	20	0.00
65	Honda Motor Co. Ltd.	51918750	26.00
<b>TOTAL</b>		<b>109730430</b>	<b>55.08</b>

**(I)(c) Statement showing shareholding of persons belonging to category "Public" and holding more than 1% of the total**

Sr. No.	Name of the shareholder	Number of shares	% of shares {Grand Total (A)+(B)+(C)}
1	Aberdeen Asset Managers Limited A/c. Aberdeen International India Opportunities	6934887	3.47
2	Life Insurance Corporation of India	5761840	2.89
3	Aberdeen Asset Managers Limited A/c.	3075000	1.54

	Aberdeen Asia Pacific Fund			
<b>4</b>	Thornburg Investment Trust A/c. Thornburg International Value Fund	2116903	1.06	
<b>TOTAL</b>		<b>17888630</b>	<b>8.96</b>	
<b>(I)(d)</b>	<b>Statement showing details of locked-in shares: NOT APPLICABLE</b>			
<b>Sr. No.</b>	<b>Name of the shareholder</b>	<b>No. of locked shares</b>	<b>% of shares { Grand Total (A)+(B)+(C) }</b>	
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	
<b>(II)(a)</b>	<b>Statement showing details of Depository Receipts (DRs) : NOT APPLICABLE</b>			
<b>Sr. No.</b>	<b>Type of outstanding DR (ADRs, GDRs, SDRs, etc.)</b>	<b>No. of outstanding DRs</b>	<b>No. of shares underlying outstanding DRs</b>	<b>% of shares of Grand Total (A)+(B)+(C)</b>
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>(II)(b)</b>	<b>Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares: NOT APPLICABLE</b>			
<b>Sr. No.</b>	<b>Name of the DR Holder</b>	<b>Typing of outstanding DR (ADRs, GDRs, SDRs, etc.)</b>	<b>No. of shares underlying outstanding DRs</b>	<b>% of shares of Grand Total (A)+(B)+(C)</b>
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

### **Board of Directors**

The Board of Directors is set forth below:

1. Mr Brijmohan Lall Munjal
2. Mr Pawan Munjal
3. Mr Toshiaki Nakagawa
4. Mr Takao Eguchi
5. Mr Om Prakash Munjal
6. Mr Sunil Kant Munjal
7. Mr Tatsuhiro Oyama
8. Mr Masahiro Takedagawa
9. Mr Pradeep Dinodia
10. Gen. (Retd.) Ved Prakash Malik
11. Mr Narinder Nath Vohra
12. Mr Analjit Singh
13. Dr Pritam Singh
14. Ms Shobhana Bhartia
15. Dr Vijay Laxman Kelkar
16. Mr Sunil Bharti Mittal

### **Financial Performance:**

(Rs. In crores, except per share data)

<b>Particulars</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
Net Sales and other income	5997.00	7559.00	8870.00
Profit after Tax	728.00	810.00	971.00
Equity Capital	39.94	39.94	39.94
Reserves and Surplus	1099.00	1453.00	1969.00
Earnings per share (Rs.)	36.50	40.60	48.60

Book Value per share(Rs.)	57.03	74.76	100.59
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***Details of Listing and Highest & Lowest Market Price during the preceding six months***

The shares are listed on BSE and NSE. The details of the highest and lowest price during the preceding six months are as follows:

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'06	916.00	805.00	915.90	792.10
May'06	898.20	733.00	898.40	731.10
Jun'06	806.00	737.00	809.80	635.00
Jul'06	809.00	690.00	810.20	688.30
Aug'06	731.00	655.40	731.00	664.00
Sep'06	796.00	696.00	797.00	684.60

*Source: BSE and NSE*

There is no change in capital structure during last six months and there was no public/rights issue by Hero Honda Motors Limited in last three years.

**Mechanism of redressal of investor grievance**

HHML has constituted a Share Transfer and Shareholders/ Investors Grievance Committee which meets as and when required, to deal with matters relating to transfer/ transmission of shares and monitors redressal of complaints/grievances from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared, etc. Typically the investor grievances are dealt within a fortnight of receipt of the complaint from the investor.

**2. Munjial Showa Limited**

***Date of Incorporation*** May 16, 1985

***Registration No.*** 55-17354

***PAN*** AAACM0070D

***Address of RoC*** Registrar of Companies, NCT of Delhi & Haryana  
Paryawaran Bhawan, CGO Complex  
Lodhi Road, New Delhi

***Bank Account Details*** Bank of Tokyo-Mitsubishi UFJ Limited,  
Jeeven Vihar Building, Parliament Street  
New Delhi – 110 001

***Principal Business*** Manufacturing of auto components i.e. Shock Absorbers, Front Forks, Rear Cushions, Struts and Gas Spring/Rear Door Lifters etc. for automobiles.

Shareholding Pattern as on September 30, 2006 is set forth below:

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized from	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	1	600000	-	7.50	7.50
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	3	2520000	-	31.50	31.50
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other	1	800	-	0.01	0.01
	<b>Sub-Total (A)(1)</b>	<b>5</b>	<b>3120800</b>	<b>-</b>	<b>39.01</b>	<b>39.01</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign/Individuals)	-	-	-	-	-
(b)	Bodies Corporate	1	2080000	-	26.00	26.00
(c)	Institutions	-	-	-	-	-
(d)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>1</b>	<b>2080000</b>	<b>-</b>	<b>26.00</b>	<b>26.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>6</b>	<b>5200800</b>	<b>-</b>	<b>65.01</b>	<b>65.01</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/UTI	6	311323	310623	3.89	3.89

(b)	Financial Institutions/ Banks	3	400	300	0.01	0.01
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	1	100	100	0.00	0.00
(f)	Foreign Institutional Investors	3	1300	-	0.02	0.02
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>13</b>	<b>313123</b>	<b>311023</b>	<b>3.91</b>	<b>3.91</b>
<b>(2)</b>	<b>Non-Institutions</b>					
(a)	Bodies Corporate	276	1000778	998178	12.51	12.51
(b)	<b>Individuals</b> i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	4712	1174041	935843	14.68	14.68
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	13	284368	284368	3.56	3.56
(c)	Any Other	62	25890	24890	0.32	0.32
	<b>Sub-Total (B)(2)</b>	<b>5063</b>	<b>2485077</b>	<b>2243279</b>	<b>31.07</b>	<b>31.07</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5076</b>	<b>2798200</b>	<b>2554302</b>	<b>34.98</b>	<b>34.98</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-
	<b>GRAND TOTAL</b>	<b>5082</b>	<b>7999000</b>	<b>2554302</b>	<b>100.000</b>	<b>100.000</b>

	(A)+(B)+(C)				
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**(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the shareholder	No. of shares	% of shares {i.e., Grand Total (A)+(B)+(C)}
1	Hero Cycles Ltd.	1320000	16.50
2	Dayanand Munjal Investments Pvt. Ltd.	600000	7.50
3	Thakurdevi Investments Pvt. Ltd.	600000	7.50
4	Suresh Chander Munjal	600000	7.50
5	Showa Corporation	2080000	26.00
6	Yogesh Munjal	175,000	1.750
7	Anadi Investments Pvt. Ltd.	800	0.01
<b>TOTAL</b>		<b>5200800</b>	<b>65.01</b>

**(I)(c) Statement showing shareholding of persons belonging to category "Public" and holding more than 1% of the total**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Enam Securities Pvt. Ltd.	567400	7.09
2	Equity Intelligence India Pvt. Ltd.	279948	3.50
3	UTI Balance Fund	219613	2.75
4	UTI – Senior Citizens Unit Plan	90610	1.13
3	UTI – Mahila Scheme	36107	0.45
<b>TOTAL</b>		<b>1193678</b>	<b>14.92</b>

**(I)(d) Statement showing details of locked-in shares: NOT APPLICABLE**

Sr. No.	Name of the shareholder	No. of shares	% of shares {i.e., Grand Total (A)+(B)+(C)}
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>

**(II)(a) Statement showing details of Depository Receipts (DRs) : NOT APPLICABLE**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	% of shares {i.e., Grand Total (A)+(B)+(C)}
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**(II)(b) Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares: NOT APPLICABLE**

Sr. No.	Name of the DR Holder	Typing of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	% of shares {i.e., Grand Total (A)+(B)+(C)}
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**Board of Directors**

The Board of Directors is set forth below:

1. Mr Brijmohan Lall Munjal
2. Mr Yogesh Munjal
3. Mr Kazuhiro Nishioka

4. Mr Hiroshi Ijima
5. Mr Ashok Munjal
6. Mr Pankaj Munjal
7. Dr K C Sethi
8. Mr Vinod K Agarwal
9. Mr Anil Kumar Vadehra

**Financial Performance:**

(Rs. In crores, except per share data)

Particulars	2003-04	2004-05	2005-06
Net Sales and other income	404.28	521.48	596.62
Profit after Tax	21.17	7.83	20.23
Equity Capital	7.99	7.99	7.99
Reserves and Surplus	107.29	108.27	119.38
Earnings per share (Rs.)	26.46	9.79	25.29
Book Value per share (Rs.)	144.12	145.36	159.25

**Details of Listing and Highest & Lowest Market Price during the preceding six months**

The shares are listed on BSE and NSE. The details of the highest and lowest price during the preceding six months are as follows:

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'06	480.00	392.05	465.00	390.00
May'06	460.00	348.15	455.00	315.00
Jun'06	369.95	251.05	367.90	259.00
Jul'06	339.00	273.05	358.50	280.00
Aug'06	343.95	312.00	341.30	311.00
Sep'06	424.65	318.00	429.90	317.00

Source: BSE and NSE

There is no change in capital structure during last six months and there was no public/rights issue by Munjal Showa Limited in last three years.

**Mechanism of redressal of investor grievance**

Munjal Showa Limited has constituted a Share Transfer and Shareholders/ Investors Grievance Committee which meets as and when required, to deal with matters relating to transfer/ transmission of shares and monitors redressal of complaints/grievances from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared, etc. Typically the investor grievances are dealt within a fortnight of receipt of the complaint from the investor.

**3. Munjal Auto Industries Limited**

**Date of Incorporation** July 12, 1985

**Registration No.** 04-7958

**PAN** AAACG8588L

**Address of RoC** Registrar of Companies, Gujarat

ROC Bhavan, Opp. Rupal Park,  
Nr. Ankur Bus Stand, Naranpura,  
AHMEDABAD – 380 013.

**Bank Account Details**

IDBI Limited,  
Concorde, R. C. Dutt Road  
Alkapuri, Baroda

**Principal Business**

Manufacturing of sheet metal components i.e. Mufflers and Wheel Rims  
for two wheelers

**Shareholding Pattern as on September 30, 2006 is set forth below:**

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized from	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	11	7,479,595	1,290,756	74.796	74.796
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>11</b>	<b>7,479,595</b>	<b>1,290,756</b>	<b>74.796</b>	<b>74.796</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign/ Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>11</b>	<b>7,479,595</b>	<b>1,290,756</b>	<b>74.796</b>	<b>74.796</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					

(a)	Mutual Funds/UTI	3	872,690	872,340	8.727	8.727
(b)	Financial Institutions/ Banks	8	57,091	50,500	0.571	0.571
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Institutional Investors	1	23,027	23,027	0.230	0.230
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>12</b>	<b>952,808</b>	<b>945,867</b>	<b>9.528</b>	<b>9.528</b>
<b>(2)</b>	<b>Non-Institutions</b>					
(a)	Bodies Corporate	301	205,205	195,605	2.052	2.052
(b)	<b>Individuals</b>					
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	7,412	1,217,176	814,668	12.172	12.172
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1	10,000	10,000	0.100	0.100
	Any Other	1	150	150	0.002	0.002
	(i) Co-operative Bank					
	(ii) NRIs	86	135,066	120,366	1.351	1.351
	<b>Sub-Total (B)(2)</b>	<b>7,801</b>	<b>15,67,597</b>	<b>1,140,789</b>	<b>15.676</b>	<b>15.676</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>7,813</b>	<b>2,520,405</b>	<b>2,086,656</b>	<b>25.204</b>	<b>25.204</b>
	<b>TOTAL (A)+(B)</b>	<b>7,824</b>	<b>10,000,000</b>	<b>3,377,412</b>	<b>100.000</b>	<b>100.000</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>7,824</b>	<b>10,000,000</b>	<b>3,377,412</b>	<b>100.000</b>	<b>100.000</b>

**(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e.,
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			<b>Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}</b>
1	Hero Cycles Ltd.	4,977,312	49.773
2	Rockman Industries Ltd.	827,546	8.275
3	Highway Industries Ltd.	365,087	3.651
4	Bhagyoday Investments Pvt. Ltd.	175,000	1.750
5	Munjhal Investments Pvt. Ltd.	175,000	1.750
6	Puja Investments Pvt. Ltd.	175,000	1.750
7	Anadi Investments Pvt. Ltd.	175,000	1.750
8	Dayanand Munjal Investments Pvt. Ltd.	90,000	0.900
9	Hero Investments Pvt. Ltd.	250,000	2.500
10	Bahadur Chand Investments Pvt. Ltd.	250,000	2.500
11	Thakurdevi Investments Pvt. Ltd.	19,650	0.197
<b>TOTAL</b>		<b>7,479,595</b>	<b>74.796</b>
<b>(I)(c)</b>	<b><u>Statement showing shareholding of persons belonging to category "Public" and holding more than 1% of the total</u></b>		

<b>Sr. No.</b>	<b>Name of the shareholder</b>	<b>Number of shares</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>
<b>1</b>	Reliance Capital Trustee Co. Ltd. A/c Reliance Growth Fund	872,340	8.723
<b>TOTAL</b>		<b>872,340</b>	<b>8.723</b>
<b>(I)(d)</b>	<b><u>Statement showing details of locked-in shares: NOT APPLICABLE</u></b>		
<b>Sr. No.</b>	<b>Name of the shareholder</b>	<b>Number of shares</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>

**(II)(a) Statement showing details of Depository Receipts (DRs) : NOT APPLICABLE**

<b>Sr. No.</b>	<b>Type of outstanding DR (ADRs, GDRs, SDRs, etc.)</b>	<b>Number of outstanding DRs</b>	<b>Number of shares underlying outstanding DRs</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>(II)(b)</b>	<b><u>Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares: NOT APPLICABLE</u></b>			
<b>Sr. No.</b>	<b>Name of the DR Holder</b>	<b>Typing of outstanding DR (ADRs, GDRs, SDRs, etc.)</b>	<b>Number of shares underlying outstanding DRs</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

### ***Board of Directors***

The Board of Directors is set forth below:

1. Mr Satyanand Munjal
2. Mr Brijmohan Lall Munjal
3. Mr Om Prakash Munjal

4. Mr Vijay Munjal
5. Mr Sudhir Munjal
6. Mrs Anju Munjal
7. Mr Vikram Shah
8. Mr Naresh Chawla
9. Mr Mahendra Sanghvi

**Financial Performance:**

(Rs. In crores, except per share data)

Particulars	2003-04	2004-05	2005-06*
Sales	184.47	286.04	272.62
Profit after Tax	19.68	25.98	22.56
Equity Capital	20.00	20.00	10.00
Reserves and Surplus	18.09	33.50	27.14
Earnings per share	9.84	13.01	17.05
Book Value per share	19.04	26.75	37.14

\*The Year 2005-06 includes figures of Binola unit for the first four months only which is demerged w.e.f. August 1, 2005.

**Details of Listing and Highest & Lowest Market Price during the preceding six months**

The shares are listed on BSE and NSE. The details of the highest and lowest price during the preceding six months are as follows:

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'06	253.95	215.20	256.60	200.00
May'06	265.00	225.00	261.00	210.25
Jul'06	182.75	108.10	200.00	123.50
Aug'06	190.00	135.00	199.95	136.10
Sep'06	231.00	162.20	230.90	161.35

Source: BSE & NSE

Pursuant to the Scheme of Arrangement, the Authorised Share Capital was reduced to Rupees 12.50 Crores from Rs. 25 Crores and the Paid-up Share Capital was reduced to Rs. 10 Crores from Rs. 20 Crores and there was no public/rights issue by Munjal Auto Industries Limited in last three years.

**Mechanism of redressal of investor grievance**

Munjal Auto Industries Limited has constituted a Share Transfer and Shareholders/ Investors Grievance Committee which meets as and when required, to deal with matters relating to transfer/ transmission of shares and monitors redressal of complaints/grievances from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared, etc. Typically the investor grievances are dealt within a fortnight of receipt of the complaint from the investor.

**4. Majestic Auto Limited**

**Date of Incorporation** April 23, 1973

**Registration No.** 16-3264

**PAN** AAPCM2162M

**Address of RoC**

Registrar of Companies  
286, Defence Colony  
Jalandhar

**Bank Account Details**

State Bank of Patiala

**Principal Business**

Manufacturing of Mopeds, Auto Components and Health Equipments.

Shareholding Pattern as on September 30, 2006 is set forth below:

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	11	1649024	-	15.86	15.86
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	9	6289934	-	60.49	60.49
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>20</b>	<b>7938958</b>	<b>-</b>	<b>76.35</b>	<b>76.35</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign/ Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>20</b>	<b>7938958</b>	<b>-</b>	<b>76.35</b>	<b>76.35</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/UTI	7	3351	-	0.03	0.03
(b)	Financial Institutions/ Banks	-	-	-	-	-

(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Institutional Investors	6	2538	-	0.02	0.02
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>13</b>	<b>5889</b>	<b>-</b>	<b>0.06</b>	<b>0.06</b>
<b>(2)</b>	<b>Non-Institutions</b>					
(a)	Bodies Corporate	189	869322	863677	8.36	8.36
(b)	<b>Individuals</b>					
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	4629	1262401	1007215	12.14	12.14
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	12	286418	286418	2.75	2.75
	Any Other	34	34490	33055	0.33	0.33
	<b>Sub-Total (B)(2)</b>	<b>4864</b>	<b>2452631</b>	<b>2190365</b>	<b>23.59</b>	<b>23.59</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>4877</b>	<b>2458520</b>	<b>2190365</b>	<b>23.65</b>	<b>23.65</b>
	<b>TOTAL (A)+(B)</b>	<b>4897</b>	<b>10397478</b>	<b>2190365</b>	<b>100.00</b>	<b>100.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>4897</b>	<b>10397478</b>	<b>2190365</b>	<b>100.00</b>	<b>100.00</b>

**(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the shareholder	Number of shares	% of Shares {i.e., Grand Total (A)+(B)+(C) }
1	Ashok Kumar Munjal	129519	1.25
2	Bahadur Chand Investments Pvt. Ltd.	566844	5.45
3	Dayanand Munjal Investments Pvt. Ltd.	443082	4.26
4	Hero Cycles Ltd.	3032967	29.17
5	Hero Investments Pvt. Ltd.	643022	6.18
6	Highway Industries Ltd.	821566	7.90
7	Rockman Industries Ltd.	311805	3.00
8	Sameer Munjal	815490	7.84
9	Satyanand Munjal	197860	1.90

10	Suresh Chandra Munjal	386232	3.71	
11	Thakurdevi Investments Pvt. Ltd.	448263	4.31	
12	Ashish Kumar	20771	0.20	
13	Bhagyoday Investments Pvt. Ltd.	2238	0.02	
14	Rama Munjal	6955	0.07	
15	Brijmohan Lall Munjal	1183	0.01	
16	Om Prakash Munjal	1471	0.01	
17	Pawan Kant Munjal	29389	0.28	
18	Vijay Kumar Munjal	30525	0.29	
19	Sudarshan Kumari Munjal	29629	0.28	
20	Anadi Investments Pvt. Ltd.	20147	0.19	
<b>TOTAL</b>		<b>7938958</b>	<b>76.32</b>	
(I)(c)	<b>Statement showing shareholding of persons belonging to category “Public” and holding more than 1% of the total</b>			
<b>Sr. No.</b>	<b>Name of the shareholder</b>	<b>Number of shares</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>	
1	Dreamland BUILTECH Pvt. Ltd.	170944	1.64	
2	Excel Infotech Ltd.	143000	1.38	
3	Guinea Infotech Pvt. Ltd.	136056	1.31	
<b>TOTAL</b>		<b>450000</b>	<b>4.33</b>	
(I)(d)	<b>Statement showing details of locked-in shares: NOT APPLICABLE</b>			
<b>Sr. No.</b>	<b>Name of the shareholder</b>	<b>Number of shares</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>	
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	
(II)(a)	<b>Statement showing details of Depository Receipts (DRs) : NOT APPLICABLE</b>			
<b>Sr. No.</b>	<b>Type of outstanding DR (ADRs, GDRs, SDRs, etc.)</b>	<b>Number of outstanding DRs</b>	<b>Number of shares underlying outstanding DRs</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
(II)(b)	<b>Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares: NOT APPLICABLE</b>			
<b>Sr. No.</b>	<b>Name of the DR Holder</b>	<b>Typing of outstanding DR (ADRs, GDRs, SDRs, etc.)</b>	<b>Number of shares underlying outstanding DRs</b>	<b>% of shares of Grand Total (A)+(B)+(C) }</b>
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

### **Board of Directors**

The Board of Directors is set forth below:

1. Mr Om Prakash Munjal
2. Mr Mahesh Chander Munjal
3. Mr Suman Kant Munjal
4. Mr Vijay Munjal
5. Mr G P Sood
6. Dr D R Singh

**Financial Performance:**

(Rs. In crores, except per share data)

Particulars	2003-04 (18 months)	2004-05 (6 months)	2005-06
Sales	165.91	66.54	142.72
Profit after Tax	6.70	1.32	1.92
Equity Capital	10.39	10.39	10.39
Reserves and Surplus	17.16	17.91	19.84
Earnings per share	6.45	1.29	1.86
Book Value per share	18.20	27.21	29.07

**Details of Listing and Highest & Lowest Market Price during the preceding six months**

The shares are listed on BSE. The details of the highest and lowest price during the preceding six months are as follows:

Months	BSE	
	High (Rs.)	Low (Rs.)
Apr'06	74.35	64.55
May'06	74.10	56.10
June'06	56.50	40.10
Jul'06	47.80	34.05
Aug'06	44.70	38.10
Sep'06	45.85	39.40

Source: BSE

**Mechanism of redressal of investor grievance**

Majestic Auto Limited has constituted a Share Transfer and Shareholders/ Investors Grievance Committee which meets as and when required, to deal with matters relating to transfer/ transmission of shares and monitors redressal of complaints/grievances from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared, etc. Typically the investor grievances are dealt within a fortnight of receipt of the complaint from the investor.

**5. Hero Motors Limited**

**Date of Incorporation** April 30, 1998

**Registration No.** 55-93496

**PAN** AAACH8459F

**Address of RoC** Registrar of Companies, NCT of Delhi & Haryana  
Paryawaran Bhawan, CGO Complex  
Lodhi Road, New Delhi

**Bank Account Details** Punjab National Bank, Nehru Place, New Delhi

**Principal Business** Manufacturing of Motorised Two wheelers and Auto Components.

Shareholding Pattern as on March 31, 2006 is set forth below:

S.No.	Category	No. of shares of Rs. 10/- each	%
1.	Indian Promoters	60175863	99.56
2.	Mutual Funds	28149	0.05
3.	FII	272	0.00
4.	Corporate Bodies	71235	0.12
5.	Resident Indians	163829	0.27
6.	Non-resident Indians	784	0.00
7.	Trust	10	0.00
	<b>TOTAL</b>	<b>60440142</b>	<b>100.00</b>

#### ***Board of Directors***

The Board of Directors is set forth below:

1. Mr Om Prakash Munjal
2. Mr Pankaj Munjal
3. Mr Yogesh Munjal
4. Mr Ashok Munjal
5. Mr Sunil Kant Munjal
6. Mr G P Sood
7. Mr Sandeep Dinodia

#### ***Financial Performance:***

(Rs. In crores, except per share data)

Particulars	2003-04 (18 months)	2004-05 (12months)	2005-06
Sales	157.97	101.90	Not Available as Financial Year ending on 30 <sup>th</sup> September, 2006.
Profit after Tax	(56.56)	(34.46)	
Equity Capital	59.31	60.44	
Reserves and Surplus	(68.15)	(102.06)	
Earnings per share	(23.22)	(5.70)	
Book Value per share	(1.49)	(6.98)	

#### ***Details of Listing and Highest & Lowest Market Price during the preceding six months***

The equity shares are not listed on any Stock Exchange. However the Non-convertible Non-cumulative Debentures issued by the Company are listed on BSE.

## **XI. OUTSTANDING LITIGATION, DEFAULTS AND MATERIAL DEVELOPMENTS**

1. There are no outstanding or pending material litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, directors or Promoter Group companies.
3. There are no material defaults, non payments or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group Companies. Litigation, Disputes, etc. against the Company.

## XII. GOVERNMENT APPROVALS

The Company has all the necessary permissions and approvals from the Government and various Government agencies for the existing activities.

As per the Scheme of Arrangement the entire business of Binola unit of the transferor Company with all its approvals, permissions, benefits, rights, registrations, consents etc. is being transferred to the transferee Company which would be carried on by the transferee Company on a going concern basis. No further approvals from any Government authority/ Reserve Bank of India (RBI) are required by the Company to undertake the existing activities, save and except those approvals, which may be required to be taken in the normal course of business from time to time.

The Central Government/ RBI accepts no responsibility for the financial soundness or correctness of the statements made in this Information Memorandum.

The major approvals/ permissions/ consents/ NOCs from Government and other agencies for conducting its present manufacturing activities at its plants are as under:

### DETAILS OF LICENCES/ NOC/ APPROVAL FOR MANUFACTURING UNITS

#### APPROVALS/ LICENCES

S. No.	License No. & Date	Authority	Purpose & Validity/Renewal
1	GGN/M-292/6490	Inspector of Factories, Chandigarh	Valid upto 31 <sup>st</sup> December, 2006.
2	2089/SIA/IMO/2006 dated 21.04.2006	Secretariat for Industrial approvals, Deptt. of Industrial Development, Ministry of Commerce & Industry, Govt. of India	For manufacturing of Internal Combustion Piston Engines and other parts and Accessories N.E.C. for Motor Cycles, Scooters and Three-Wheelers

#### NOCs

S. No.	License No. & Date	Authority	Purpose & Validity/Renewal
1	No./HSPCB/Consent/500 Dated 19.11.2005]	Haryana State Pollution Control Board	For Manufacturing Process Valid upto 31 <sup>st</sup> March, 2010

### **XIII. OTHER REGULATORY DISCLOSURES**

#### **Stock Market Data for Equity Shares of the Company**

Equity Shares of the Company are not listed on any Stock Exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum.

#### **Particulars Regarding Previous Public or Rights Issues during the Last Five Years**

The Company has not made any previous public or rights issue since it is recently incorporated Company. There is no issue of shares otherwise than for cash and there are no outstanding debentures and redeemable preference shares.

#### **Companies under the same Management**

There are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 other than the ones disclosed elsewhere in the Information Memorandum.

#### **Disclosure on negative net worth/ winding up/ sick/ BIFR/ disassociation/ strike off from ROC**

There is no group company having a negative net working or under winding up or a sick company or under BIFR. Further, the Company has not disassociated from any company.

#### **XIV. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF SHIVAM AUTOTECH LIMITED**

##### **BUY BACK OF SHARES**

- 5A. Notwithstanding anything contained in these Articles, in the event law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy such of the company's own shares or securities as it may think necessary with a power to reissue these shares or securities, subject to such limits, upon such terms and condition, and subject to such approvals, as may be permitted by law.

##### **COMMISSION FOR PLACING SHARES, DEBENTURES**

6. The Company may, subject to and in accordance with the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures of the company or his procuring or agreeing to procure subscription, whether absolute or conditional for any shares in or debentures of the Company. The commission may be satisfied by the payment in cash or the allotment of fully or partly paid shares, or debentures or partly in one way in partly in the other subject to the applicable provision, if any, of the Act. The company may also, on any issue of shares or debentures, pay such brokerage as may be lawful, and usual or reasonable.

##### **INCREASE IN THE SHARE CAPITAL**

11. (a) The Company, may from time to time, by Ordinary Resolution increase the Authorized Share Capital by such sum, to be divided into shares of such amount as may be specified in the Resolution.

##### **REDUCTION OF CAPITAL**

13. The Company may, subject to the provision of section 100 to 105 (both inclusive) and other applicable provisions, if any of the Act, from time to time by special resolution, reduce its capital and any capital redemption reserve account or premium account in any manner for the time being authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise, and the Company may, if and as far as is necessary, alter its Memorandum and Articles of Association by reducing the amount of its Share Capital and of its Share accordingly, provided that such special resolution shall not be necessary in case of application of share premium account in the manner authorized by section 78 of the Act.

##### **POWER TO VARY RIGHTS**

16. (a) If at any time the Share Capital is divided into different classes of shares, 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 Sections 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-fourth 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. To every such separate General Meeting, the provisions of these Articles relating to General Meeting shall, to the extent consistent, apply.

(b) The rights conferred upon the holders of the shares of any class with preferred or other rights shall not, unless otherwise expressly provided by terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.

##### **CALLS**

19. The Board may, from time to time, subject to the terms of which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make sure such calls as the Board thinks fit upon the Members in respect of all money unpaid on the shares held by them respectively and not by the condition of allotment thereof made payable at fixed times, and such members shall subject to his having been given at least thirty days notice specifying the time or times and place of payment pay the amount of every call so made on him to the persons and at the times and places so appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board.

**WHEN AMOUNT PAYABLE**

20. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times whether of account of the nominal amount of the shares or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice has been given, and all the provisions herein contained in respect of calls, forfeiture or otherwise shall relate to such amount or instalment accordingly.

**WHEN INTEREST ON CALL OR INSTALMENT**

21. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the, shares in respect of which the call shall have been made; or the instalments shall be due, shall pay interest for the same at the rate of fifteen percent per annum or such lower rate of interest as the Board may determine from time to time for the day appointed for the payment thereof till the name of actual payment. The Board shall be at liberty to waive payment of any such interest either wholly or in part.

**EVIDENCE IN ACTION BY COMPANY AGAINST SHAREHOLDER**

22. On the trial or hearing of any action or suit brought by the Company against any shareholder or his legal representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of defendant is, or was, when the claim arose, on the Register of Members of the Company as a holder, one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the Minute Book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Board who made any call, or that a quorum was present at the Board meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**INITIAL PAYMENT NOT TO PRECLUDE FORFIETURE**

23. Neither a judgment in favor of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction there-under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence, granted by the Company in respect of the payment of any such money, shall preclude the Company from proceeding to enforce forfeiture of such share as hereinafter provided.

**VOTING RIGHT WHEN CALLS IN ARREARS**

24. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any share registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company, has and has exercise, any right of lien.

**PAYMENT OF CALLS IN ADVANCE**

25. The Board may, if it thinks fit, subject to the provisions of the Act, receive from any Member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sum actually called for, and upon the moneys so paid or satisfied in advance, or so much thereof as from time to time exceeds the amounts of the calls then made upon the shares, in respect of which such advance has been made, then company may pay interest as such rate to the Member paying such sum in advance as the Board may agree upon. Moneys so paid in the excess of the amount of calls shall not rank for dividends or confer any right to participate in profits, and until appropriated towards satisfaction of any calls, shall not be treated as part of its capital and shall be repayable at any time if the Board in its absolute discretion so decides.

## **FORFEITURE AND LIEN**

### **IF CALL OR INSTALMENT NOT PAID, NOICE MAY BE GIVEN**

26. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time, thereafter during such time as the call or instalment remains unpaid, serve notice on such Member requiring him to pay the same, together with interest that may have accrued and the expenses that may have been incurred by the Company by reason of such non-payment.

### **FORM OF NOTICE**

27. The notice shall name a day (not being less then thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such calls was made or instalment is payable will be liable to be forfeited.

### **IF NOTICE IS NOT COMPLIED WITH SHARE MAY BE FORFEITED**

28. If the requirements of any such notice as aforesaid be not complied with, any share in respect of which such notice has been given may, at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

### **NOTICE AFTER FORFEITURE**

29. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

### **FORFEITED SHARE TO BECOME PROPERTY OF THE COMPANY**

30. Any share so forfeited shall be deemed to be property of the Company, and the board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

### **POWER TO ANNUAL FORFEITURE**

31. The Board may, at any time before any share so forfeited shall have been reallocated or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

### **LIABILITY ON FORFEITURE**

32. A person whose share has been forfeited shall case to be a Member in respect of the share, but shall notwithstanding such forfeiture, remain liable to pay, and shall forthwith, pay to the

Company, all calls, or instalments, interest and expenses-owing upon or in respect of such share, at the time the forfeiture together with interest thereon, from the time to time of the forfeiture until payment, at fifteen percent per annum or at such lower rate as the Board may from time to time determine and the Board may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

#### **EVIDENCE OF FORFEITURE**

33. A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company and has been authorized by a board resolution to act as declarant and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all person claiming to be entitled to the shares and such declaration and the receipt of the Company, for the consideration; if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any, such share is sold shall be registered as the holder of such share and shall not be bound to see the application of purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

#### **FORFEITURE PROVISION TO APPLY TO NON-PAYMENT IN TERMS OF ISSUE**

34. The forfeiture provisions of these Articles 36 to 38 hereof 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 time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **COMPANY'S LIEN**

35. The Company shall have a first and paramount lien upon every share not being fully paid-up, registered in the name of each Member (whether solely or jointly with others), and upon the proceed of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 10 thereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share.

Provided the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

Provided further that unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

#### **AS TO ENFORCING LIEN BY SALE**

36. For the purpose of enforcing such lien, the Board may sell the shares in such manner as it thinks fit, but no sale shall be made until the sum in respect of which such lien exists if presently payable and until a notice in writing of the intention the sell has been served on such Member, the executor or administrator or other legal representative as the case may be and default has been made by him or them in the payment of the money called or payable at a fixed time in respect of such share for thirty days after the date of such notice.

#### **APPLICATION OF PROCEEDS OF SALE**

37. The net proceeds of the sale shall be received by the Company and after payment of the costs of such sale, applied in or towards payments 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 sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of sale.

### **VALIDITY OF SALE IN EXERCISE OF LIEN AND AFTER FORFEITURE**

38. Upon any sale after forfeiture or for endorsing lien in the purported exercise of the powers hereinbefore given, the Board may appoint some persons to execute an instrument of transfer of the share sold and cause the purchasers name to be entered in the register in respect of the share sold, and the purchaser shall not be bound to see to the regularity or the proceedings or to the application of the purchase money and after his name has been entered in Register in respect of such shares, the validity of the sale shall be in damages only.

### **BOARD MAY ISSUE NEW CERTIFICATE**

39. When any share under the power in that behalf herein contained is sold by the board and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate of such share distinguishing it in such manner as it may think fit from the certificate not so delivered up. On the issue of such certificate the original certificate in respect of such share shall stand automatically cancelled and be void.

### **TRANSFER AND TRANSMISSION OF SHARES**

#### **EXECUTION OF TRANSFERS ETC.**

40. Save as provided in Section 108 of the Act, transfer of a share shall not be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate, or, if no such certificate is in existence, with the Letter of Allotment of the share and such other evidence as the Board may require to prove that title of transferor and 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. Each signature to such transfer deed shall be duly attested by the signature of one credible witness who shall add his name and address.

#### **COMPANY NOT TO REGISTER TRANSFER OF LESS THAN SUCH NUMBER OF SHARES AS MAY BE FIXED**

41. The Company shall not accept application for transfer of less than such number of share as may, in consultation with the Stock Exchanges on which the shares of the Company are listed, be fixed, provided however the said prohibition shall not apply to:
- (a) The transfer of equity shares made in pursuance of statutory provision or an order of a court of law;
  - (b) The transfer of the entire equity shares by the existing equity shareholder of the Company by a single transfer to single or joint names;
  - (c) The transfer of more shares than the minimum prescribed in the aggregate in favour of same transferee under two or more transfer deeds, out of which one or more relates to the transfer of less than the minimum prescribed.

#### **FORM OF TRANSFER**

42. Every instrument of transfer of shares shall be in the form prescribed under the Act or the Rules made thereunder and shall be in accordance with the provisions of Section 108 of the Act.

#### **DIRECTORS MAY REFUSE TO REGISTER TRANSFER**

43. Subject to the provisions of these Articles and Section 111 of the Act, and Section 22A of the Securities Contract (Regulation) Act, 1956 the Board may decline to register or acknowledge any proposed transfer or transmission of shares whether or not the transferee is a member of the Company and in any case in which the Company has a lien upon the shares or any of them or

otherwise or in case of shares not fully paid up while any moneys called up and payable at a fixed time in respect of the shares desired to be transferred or any of them remain unpaid.

Provided that registration of transfer or share shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted on the Company on any account whatsoever except a lien on the shares.

**NO TRANSFER TO MINOR ETC.**

44. No transfer shall be registered in favour of a person of unsound mind. No and no transfer of party paid shares shall be registered in favour of a minor.

**INSTRUMENT OF TRANSFER TO BE DEPOSITED AT OFFICE**

45. Every instrument of transfer shall be deposited at the office of the Company for registration, accompanied by the documents and evidence as required under these Articles.

**POWER TO CLOSE REGISTER OF MEMBERS**

46. On giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated; subject to the provision of section 154 of the Act, registration of transfer may be closed or suspended during such time and for such periods not exceeding in the aggregate forty five days in each year, but not exceeding thirty days at anyone time as the Board may from time to time determine.

**PERSONS ENTITLED TO SHARES BY TRANSMISSION**

47. In case of the death of a Member, the survivor, where the decease was joint holder, and his legal representative, executor or administrator where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had bee jointly held by him with other persons. The Board may require any person becoming entitled to shares in consequence of the death of any Member to obtain a Grant of Probate or Letter of Administration or other legal representation, as the case may be, from Competent Court, provided that it shall be lawful for the Board in its absolute discretion to dispense with the production of Probate or Letter of Administration or such other legal representation, upon such terms as to indemnity or otherwise as the Board may think, fit, without in any case being bound to do so. The power and discretions of the Board under this Article may be delegated and exercised by a Committee of Directors or an officer of the Company duly authorized in this regard.

**AS TO TRANSFER OF SHARES OF INSANE, INFANT, DECEASED OR BANKRUPT MEMBERS**

48. Any committee or guardian of a person of unsound mind or minor or any person becoming entitled to the transfer of a share in consequence of the death or bankruptcy or insolvency of any Member or by any other lawful means, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may subject to the right of the Board to decline registration under Article 43 of these Articles, elect, either.
- (i) To be registered himself as holder of the shares, or
  - (ii) To make such transfer of the shares as the deceased or the insolvent member could have made

**RIGHTS OF PERSONS ENTITLED TO SHARES BY REASON OF DEATH ETC.**

49. The Board, may subject to the provision of the Act, retain the dividends payable upon a share to which any person becomes entitled under Article 48 of these Articles, until such person or his transferee shall become a Member in respect of such shares.

### **ELECTION UNDER THE TRANSMISSION**

50. (1) If the person to becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed 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 an instrument of transfer of the share.
- (3) All the limitations, restrictions and prevision of these Article relating to the right of transfer and the registration of instruments of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the Member or transmission or devolution of his shares by any other lawful means had not occurred and the notice of transfer was a transfer signed by that Member.

### **BOARD MAY REQUIRE EVIDENCE OF TRANSMISSION**

51. Every transmission of a shares shall be verified in such manner as the Board may require and the Company may refuse to register any such transmission until the same be so verified, or until or unless an indemnity be given to the Company with regard to such registration, which the Board at its discretion shall consider sufficient, provided nevertheless there shall not be any obligation on the Company or the Board to accept any indemnity.

### **RIGHT OF PERSON ENTITLED TO SHARES UNDER THE TRANSMISSION**

52. A person so becoming entitled under the Transmission Article to a share by reason of a death, lunacy, bankruptcy or insolvency of the holder thereof or by any other lawful means shall, subject to the provisions of these Articles be entitled to the same dividends and other advantages to which he would be entitled as if he were the registered holder of the share except that no such person shall, before being registered as a Member in respect of the share, being entitled o exercise in respect thereof 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 as a Member in respect of such share or elect to have some person nominated by him registered as Member in respect of such share subject to the right of the Board to decline registration under Article 44 of these Articles and, if such notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other money's payable in respect of the share, until the requirements of the notice have been complied with.

### **THE COMPANY NOT LIABLE FOR DISREGARDING OF A NOTICE PROHIBITING REGISTRATION OF TRANSFER**

53. Neither the Company nor any of its Director or other Officers shall incur any liability or responsibility whatsoever in consequence of its registration or giving effect to any transfer of a share made or purporting to be made by any apparent or legal owner thereof as shown or appearing in the Register of Members to the prejudice of person having or claiming any equitable right, title or interest to or in such share, not with standing that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered any such notice or referred thereto in any Book of record of the Company, and the Company shall not be bound or require to regard to attend or give effect to any such notice or be under any liability whatsoever for refusing or neglecting so to do thought it may have been entered or referred to in some book or record of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect there to, if the Board shall so think fit.

### **TRANSFER OF DEBENTURE**

54. The Provisions of these Articles shall mutates mutandis apply to the transfer or transmission by operation of law of debenture of other securities of the Company.

#### **JOINT HOLDERS**

55. Where two or more persons are registered as the holder of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, but so that:

- (a) The Company shall be entitled to decline to register more than four persons as joint-holders of any shares, and
- (b) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share.

#### **RECEIPT OF ONE SUFFICIENT**

56. Anyone of the joint-holders of a share may give effectual receipts for any dividends or other moneys payable in respect of such share or bonus share.

#### **DELIVERY OF CERTIFICATE AND GIVING NOTICE TO FIRST NAMED HOLDERS**

57. (1) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall unless otherwise directed in writing by all joint-holder and confirmed in writing by the Company be entitled to delivery of the certificate relating to such share or to receive notices (which expression shall be deemed to include all documents) from the Company and any notice given to or served on such person shall be deemed as a notice or service to all the joint-holders.
- (2) Subject to the provision of these Articles, the person first named in the Register as one of the joint-holders shall be deemed as a sole holder thereof for all the matters connected with the Company.

#### **DEMATERIALISATION OF SECURITIES**

##### **DEFINITIONS**

58. (1) For the purpose of this Article:

‘Beneficial owner’ means a person or persons whose name(s) is/are recorded in the Register maintained by a Depository under the Depositories Act, 1996.

‘SEBI’ means the securities and Exchange Board of India.

‘Depository’ means a Company formed and Registered under the Act and which has been granted a certificate of registration by SEBI under the Securities & Exchange Board of India Act, 1992.

‘Security’ means such security as may be specified by SEBI from time to time.

##### **DEMATERIALISATION OF SECURITIES**

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the provisions of the Depositories Act, 1996 or otherwise.

#### **ISSUE OF SECURITIES AND OPTION FOR INVESTORS**

- (3) Notwithstanding anything contained in these Articles, every issue of security by the Company shall be in the dematerialized form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialize the shares subsequent to the allotment of dematerialized, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable law, rules, regulations or guidelines. The shares so rematerialized shall bear new distinctive numbers so as to identify them from the shares not dematerialized.

#### **SECURITIES IN DEPOSITORY MODE TO BE IN FUNGIBLE FORM**

- (4) All securities held in the depository mode with a depository shall be dematerialized and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply.

#### **RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS**

- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of 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 other membership 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 register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

#### **SERVICE OF DOCUMENTS**

- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository on the company by means of electronic mode or by delivery of floppies or discs.

#### **TRANSFER OF SECURITIES**

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a depository as beneficial owners.

#### **DISTINCTIVE NUMBERS OF SECURITIES HELD IN THE DEPOSITORY MODE**

- (8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

#### **REGISTER AND INDEX OF BENEFICIAL OWNERS**

- (9) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and index of Members and holders of securities for the purpose of these Articles and the Act.

#### **VOTING RIGHT TO FIRST NAMED HOLDERS**

59. Anyone of the joint-holders of a share may vote at any meeting personally or by proxy as if he were a sole holder thereof provided that if more than one joint-holder of the share is present personally or by proxy then such of them whose name stands higher in the Register in respect of such share shall alone be entitled to vote in respect thereof.

#### **BORROWING POWERS**

##### **POWER TO BORROW**

60. The Board may, from time to time, at its discretion, subject to the provisions of Section 292, 293 and 370 of the Act and of these Articles, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow moneys, either from the Directors, their friends and relatives or from others for the purposes of the Company and/or secure the payment of any such sum or sums of money, provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) and then remaining outstanding and undischarged at the time exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, the Board shall not borrow such money without the consent of the Company in General Meeting by an ordinary resolution. The Board may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by receiving deposits, issue of bonds, debentures perpetual, redeemable, debenture stock, or any security of the Company or by mortgage or charge or other security upon all or any part of the property or undertaking of the Company (both present and future), including its uncalled capital for the time being; provided that the Board shall not give any option or right to any person for making calls on the shareholders of the Company in respect of the amount unpaid for the time being on the shares held by them, without the previous sanction of the Company in General Meeting.

##### **ISSUE AT DISCOUNT ETC OR SPECIAL PRIVILEGES**

61. Subject to the provisions of the Act and these Articles, any debentures stock, bond or warrants other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, drawings, attendance at General Meeting of the Company, allotment of share, appointment of Directors and otherwise. Debentures, debenture stock bond and other securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued. Provided that debenture/debenture stock, loan/loan stock warrants with the right of conversion into equity shares, shall not be issued except with the sanction of the Company in General Meeting.

##### **INDEMNITY MAY BE GIVEN**

62. Subject to the provisions of the Act, if the Directors or any of them or any other persons shall incur or be about to incur any liability or become personally liable, whether as principal or as surety, 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 persons so becoming liable as aforesaid from any loss in respect of such liability.

#### **GENERAL MEETINGS**

##### **ANNUAL GENERAL MEETING**

63. The Company shall, in addition to any other meetings, each year hold a General Meeting as its Annual General Meeting in accordance with the provisions of section 166 of the Act, at such time and place as may be determined by the Board and shall specify the Meeting as such in the notices calling it. All General Meetings other than Annual General Meetings shall be called Extra-Ordinary General Meetings, if for any reason beyond the control of the Board, the General Meeting (including an Annual General Meeting) cannot be held on the appointed day, the Board shall have the power to postpone the General Meeting of which a notice should be given to the Members through advertisement in at least two newspapers, of which one should be in the language of the region in which the Registered Office of the Company is situated.

#### **EXTRA-ORDINARY GENERAL MEETING**

64. The Board may whenever it thinks fit, and shall on the requisition of the member in accordance with the provisions of Section 169 of the Act, proceed to call an Extra-ordinary General Meeting of the Company. The requisitionists may in default of the Board convening the same, convene the Extra-Ordinary General Meeting as provided by section 169 of the Act. Provided that unless the Board shall refuse in writing to permit the requisitionists to hold the said meeting at the Registered Office, it shall be held at the Registered Office.

#### **PROCEEDINGS OF GENERAL MEETING NOTICE OF BUSINESS TO BE GIVEN**

65. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and loss Account, the Balance Sheet and the reports of the Directors and of the Auditors, to elect directors in place of those retiring by rotation, to appoint Auditors and to fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at an Extra-ordinary General Meeting shall be deemed as Special Business.

#### **QUORUM TO BE PRESENT WHEN BUSINESS COMMENCED**

66. (a) No Business shall be transacted at a General Meeting unless quorum is present at the time of the commencement of the business. Save as herein otherwise provided, at least five members present in person shall constitute a quorum.
- (b) If within half an hour from the time appointed for holding the meeting a quorum shall not be present, the meeting, if convened by or upon the requisition of Members shall stand dissolved, but in any other case, the meeting shall stand adjourned, in accordance with the provisions of sub section (3), (4) and (5) of Section 174 of the Act.

#### **RESOLUTION PASSED**

67. Any act or resolution, which under these Articles or the Act is permitted or required to be done or passed by the company in general meeting, shall be done or passed by an ordinary resolution as defined in Section 189 (1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution to be passed by special resolution as defined in Section 189 (2) of the Act.

#### **CHAIRMAN OF THE GENERAL MEETING**

68. (1) The Chairman of the Board shall preside as Chairman at every General Meeting of the Company. In the absence of the Chairman of the Board the Vice-Chairman of the Board shall so preside. If there be no Chairman/Vice-Chairman of the Board or if at a meeting, the Chairman/Vice-Chairman of the Board is not present within fifteen minutes after the time appointed for holding such a meeting or is unwilling to act as Chairman of the meeting, the Directors presents shall elect one of their members to be the Chairman of the meeting and if no Director be present, or if all the Directors present decline to take the chair, then the Members present shall elect one of their members, being a Member entitled to vote, to be the Chairman of such meeting.

## **BUSINESS CONFINED TO ELECTION OF CHAIRMAN WHILST CHAIR VACANT**

(2) No business shall be discussed at any General Meeting except the election of the Chairman, whilst the Chair is vacant.

## **CHAIRMAN WITH CONSENT MAY ADJOURN MEETING**

69. (1) The Chairman may, with the consent of the meeting and shall, if so directed by the meeting, adjourn the same, from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (2) When meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting and 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.

## **VOTES BY SHOW OF HANDS**

70. (1) Every question submitted to a meeting shall be decided, in the first instance unless a poll is demanded, in accordance with Section 179 of the Act, by a show of hands and in the case of an equality of votes either on a show of hand or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the vote which he may be entitled as a member.
- (2) A declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.
- (3) Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of a poll.

## **VOTES OF MEMBERS**

71. (1) On a show of hands, every member present in person and being a holder of equity shares shall have one vote and every person present as a duly authorized representative of a body corporate being a holder of an equity share shall, if he is not entitled to vote in his own right, have one vote.
- (2) On a poll, the voting rights of a holder of an equity share shall be as provided in Section 87 of the Act.

## **REPRESENTATION OF CORPORATION**

72. A company or a body corporate which is a member of the Company (hereinafter called "Member Company") may vote by proxy or by representative duly appointed in accordance with section 187 of the Act. A person duly appointed to represent the Member Company at any meeting of the Company or at any meeting of any class of Members of the Company, shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the Member Company which he represents as that Member Company could exercise if it were an individual member.

## **VOTE IN RESPECT OF DECEASED AND INSOLVENT MEMBERS**

73. Any person entitled under Article 48 of these Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or the adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of the right to transfer such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-composment is, he may vote whether on a show of hands or at poll by his committee curator bonds or other legal curator and such last mentioned persons may give their votes in person or by proxy on a poll.

### **VOTES BY JOINT EXECUTORS ETC.**

- 74 Where there are several executors or administrators of a deceased member in whose sole name any share is registered anyone of such executors or administrator may vote in respect of such share unless any other of such executors or administrators is-present at the meeting at which such a vote is tendered and objects to the vote. In such a case, the provisions relating to votes of joint-holder contained in Article 58 of these Articles shall apply.

### **WHEN VOTE BY PROXY VALID THROUGH AUTHORITY REVOKED**

- 75 A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing shall have been received by the Company at the Office before the vote is given provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an Instrument of proxy and that the same has not been revoked.

### **FORMS OF PROXY**

- 76 Every Instrument of Proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act.

### **CUSTODY OF THE INSTRUMENT**

- 77 If any such instrument of appointment be confined to the object of appointing an attorney or proxy, it shall remain permanently, or for such time as the Board may determine, in the custody of the Company, if embracing other objects, a copy thereof accompanied with the original, shall be delivered to the Company to remain in the custody.

### **OBJECTIONS AS TO QUALIFICATIONS OF VOTES**

- 78 No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every disallowed at such meeting shall be valid for all purposes. Any such objection or objections as to the admission or rejection of a vote, either on a show of hands, or on a poll made in due time, shall be referred to the Chairman of the meeting who shall forthwith decide the same and such decision shall be final and conclusive.

### **DIRECTORS**

#### **NUMBER OF DIRECTORS**

- 79 The Board of Directors shall consist of not less than three Directors and not more than twelve Directors or such higher number not exceeding fifteen as may be approved by the central government.

The first directors of the Company are

- |    |                           |    |                   |
|----|---------------------------|----|-------------------|
| 1. | Sh. Satyanand Munjal      | 4. | Sh. Vijay Munjal  |
| 2. | Sh. Brijmohan Lall Munjal | 5. | Sh. Neeraj Munjal |
| 3. | Sh. Om Prakash Munjal     |    |                   |

#### **APPOINTMENT OF NOMINEE DIRECTORS**

- 80 Notwithstanding anything to the contrary in these Articles, so long as any moneys remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited (ICICI) or to any other Financial Institution (hereinafter in this Article referred to as "The Corporation") out of any loans, debenture assistance granted by the Corporation to the Company or so long as the Corporation holds or continue to hold debenture/shares in the Company as a result of underwriting or by direct subscription or subscription by the private placement or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains

outstanding, the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors, non-whole-time, or whole time in the event of default, as specified in any agreements/contracts/deeds/documents entered into between the Corporation and the Company or executed by the Company in favour of the Corporation (which director or directors is /are hereinafter referred to as “Nominee Director’s”) on the Board of the Company to remove from such office any person or persons so appointed, and to appoint any person or persons, in his or their places.

The Board of Directors of the Company shall have no power to remove from office the Nominee Directors/s. At the option of the Corporation, such Nominee Directors/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Directors shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee director/s shall be entitled to the same rights and privilege and be subject to the same obligations as any other Directors of the Company.

The Nominee Director’s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or the holds or continues to hold debenture/share in the Company, as a result of underwriting or direct subscription or subscription by private placement or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately, the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold debentures/shares in the Company or on satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings Board Meetings and the Meetings of Committee, of which the Nominee Director/s is/are Members, as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Directors sitting fees and expenses to which the other Directors of the Company are entitled but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commissions, moneys and the remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or directorship shall also be paid or reimbursed by the Company to the Corporation, or to such Nominee Directors, as the case may be. Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Directors shall also accrue to the Corporation and the same accordingly be paid by the Company directly to the Corporation.

In case the Nominee director appointed by the Corporation is a whole time Director, such Nominee Director shall exercise such power and duties, as may be approved by the Corporation and have such rights, as are usually exercised or available to a Whole-time Director in the management of the affairs of the Company, Such Nominee Director shall be entitled to receive such remuneration, fees, commissions and moneys, as may be approved by the Corporation and the Central Government. Notwithstanding anything to the contrary contained in this Article, the number of “Nominee Directors” shall not exceed two.

#### **APPOINTMENT OF ALTERNATE DIRECTOR**

- 81 The Board of the Company may appoint an alternate Director/s to act for one or more Directors (hereinafter called the “Original Director/s”) during his/their absence for a period of not less than three months from the Union Territory of Delhi and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and attend and vote thereat accordingly. An Alternate Director/s appointed under this Article shall vacate office if and when the Original Director/s return/s to the Union Territory of Delhi if the

terms of the original Director/s is determined before he/they so return/s to the Union Territory of Delhi, any provision in the Act, or in these Article for the automatic reappointment of Retiring Directors in default of another appointment shall apply to the Original Director/s and not the Alternate Director. Provided always that no person shall be appointed by the Board as an Alternate Director who shall not have been previously approved in writing by the Original Director/s.

#### **APPOINTMENT OF ADDITIONAL DIRECTOR**

- 82 Subject to the provisions of Section 260 and other applicable provisions (if any) of the Act, the Board shall have power at any time and from time to time, to appoint a person as an Additional Director but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. The Additional Director so appointed shall retire from Office at the next following Annual General Meeting but shall be eligible for election by the Company at that meeting as a Director.

#### **QUALIFICATION OF DIRECTOR**

- 83 A Director shall not be required to hold any qualification share.

#### **REMUNERATION OF DIRECTOR**

- 84 (1) Subject to the provisions of Sections 198,303, 310 and 311 of the Act, the remuneration of the directors of the Company shall be as determined by the Company in a General Meeting from time to time.
- (2) The remuneration of a Director for attending the meeting of the Board or a Committee thereof shall be such sum as may be prescribed by the Act or by the Central Government from time to time.
- (3) The Directors shall also be entitled to payment of traveling allowance for attending and returning from meeting of the Board or any Committee thereof or General Meetings of the Company or for any journeys performed in connection with the business of the Company.
- (4) In addition to the above, the Directors shall be entitled to reimbursement of all reasonable hotel and other expenses, as may be determined by the Board from time to time, incurred in attending the meeting of the Board or any Committee thereof, or generally any other business of the Company.

#### **SPECIAL REMUNERATION OF DIRECTORS PERFORMING EXTRA SERVICE**

- 85 If any Director, being willing, shall be called upon to perform extra services or entrusted with any extra work or to make any special exertions for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors or otherwise, such Director may be remunerated in such manner as may be determined, subject to the provisions of Section 309 and 314 of the Act.

#### **EXPENSES INCURRED BY A DIRECTOR FOR GOING OUT OF COMPANY'S WORK**

- 86 If any Director be called upon to go or reside out of Delhi on the Company's business and if any Director who has a usual place of residence outside Delhi is called upon to come to Delhi for Company's business or if such Director is required to go to any other place from his usual place of residence, he shall be entitled to be paid any traveling or other expenses incurred in connection with the business of the company.

#### **DIRECTOR MAY ACT NOT WITHSTANDING VACANCY**

- 87 (1) The continuing Directors may act notwithstanding any vacancy in their body, but so that if and so long as their number is below the number fixed by the Articles of the Company as the necessary quorum for the Board, the continuing Director or Directors as the case may be, shall, except for the purposes of increasing the number of Directors to that number or for summoning a General Meeting, not act for any other purposes.

- (2) All acts done by any meetings of the Board or of a Committee thereof by any persons acting as a Director, shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of anyone or more of such Directors or of any persons acting as aforesaid, or that they or any of them were disqualified, be a valid disqualification, be a valid as if every such Director or such persons had been duly appointed and was qualified to be a Director.

#### **CHAIRMAN AND VICE CHAIRMAN**

88. Subject to the provision of the Act, the Board of Director shall appoint a Chairman and a Vice-chairman of the Board. In the absence of the Chairman the Vice-Chairman shall act as a Chairman. If no such Chairman/Vice-Chairman is appointed, or if at any meeting, the Chairman/Vice-Chairman are not present within five minutes after the time appointed for holding the meeting or in the absence of Chairman, Vice-Chairman present declines to act as a Chairman, the Directors present may choose one of their members to be the chairman of such meeting.

#### **MANAGING/WHOLETIME DIRECTORS**

89. The Board may from time to time appoint one or more of their body to be managing director or joint managing directors and whole time directors of the company, and may, from time to time, remove or dismiss him from office, and appoint another in his place but his appointment shall be subject to determination ipso facto if he ceases for any cause to be a Director of the company.

The Board may, from time to time, entrust to and confer upon the managing director(s)/ whole time director(s) by whatever name called for the time being, such of the powers exercisable under these presents by the Directors as it may think fit, and may confer such power for such time, and to be exercised for such objects and purposes, upon such terms and conditions, and with such restrictions as it thinks expedient, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The remuneration of managing director(s)/whole time director(s) shall be such as may from time to time be fixed by the Board subject to the provision of section 309 of the Companies Act 1956.

Subject to the provision of section 255 of the Companies Act, 1956, the Managing Directors/Whole-time director shall not be liable to retire by rotation.

#### **PROCEEDINGS OF THE BOARD OF DIRECTORS**

##### **MEETINGS OF DIRECTORS**

90. The directors may meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three calendar months, and the Board may adjourn and otherwise regulate its meeting and proceedings as it may think fit.

##### **QUORUM**

91. Subject to Section 287 of the Act, the quorum for the meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in the one-third being rounded off as one), or two Director, whichever is higher, provided that where at any time the number of interested directors exceeds or is equal to two-third of the total strength, the number of directors who are not interested, and are present at the meeting, being not less than two, shall be the quorum or such time.

##### **ADJOURNMENT OF MEETING FOR WANT OF QUORUM**

92. If at a meeting of the Board, a quorum shall not be present then the meeting shall stand adjourned to such day, time and place as the Chairman and in his absence, the Vice-Chairman and failing both of them, the Director or Directors present at the meeting may fix.

#### **WHEN MEETING TO BE CONVENED**

93. A Director may, and the Manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

#### **QUESTION AT BOARD MEETING HOW DECIDED**

94. Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of equality of votes, the Chairman of the meeting shall have a second or casting vote.

#### **BOARD MAY APPOINT COMMITTEE**

95. Subject to the provisions of the Act, and these Articles, the Board may from time to time and at any time, delegate any of its powers to a Committee(s) consisting of such Director of Directors as, it thinks fit, and it may from time to time revoke and discharge any such Committee either wholly or in part and either as to persons or purposes but every Committee of the Board formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with regulations and in fulfillment of purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act, the Board may from time to time fix the remuneration to be paid to any Member or Members of their body constituting a Committee appointed under this Article and may pay the same.

#### **MEETING OF THE COMMITTEE, HOW TO BE GOVERNED**

96. The meetings and proceedings of any such committee of the Board shall be governed by the provisions herein contained for regulating to meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under these Articles.

#### **RESOLUTION BY CIRCULATION**

97. (1) Subject to the provisions of the Sections 289, 292 and 297 of the Act, a resolution passed by circulation, without a meeting of the Board or a Committee of the Board shall be as valid and effectual as a resolution duly passed at a meeting of the Board or a Committee thereof duly called and held.
- (2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers, if any, to all, the directors or to all the Members of the committee at their respective addressed registered with the Company and has been approved by a majority of Directors of Members of the Committee as are entitled to vote on resolution.

### **POWERS OF DIRECTORS**

#### **POWERS OF DIRECTORS**

98. Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers of the Company and do all such acts and things as the Company is authorized to exercise or do and as are not, by the Act, or any statute or by the Memorandum or Articles of Association of the company required or directed to be exercised or done by the company in General Meeting, subject nevertheless to these Articles, the Act or any other statute and to such regulations not inconsistent therewith including regulations made by the Company in General Meeting, but no regulations made by the company in the General Meeting shall invalidate any prior act of the board which would have been valid if that regulation had not been made.

#### **CERTAIN POWER OF THE BOARD**

99. Without prejudice to the general powers conferred by the foregoing Articles and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions and provisions contained in the Articles and the Act, it is hereby declared that the Board shall have the following powers, that is to say, power.

#### **DONATIONS ETC.**

- (a) To pay donations to any individuals or institutions or contribute to any charitable, religious, benevolent, national, political, public or general and other funds not directly relating to the business of the company or the welfare of its employees, any sums the aggregate of which will, in any financial year, not exceed fifty thousand rupees or five per cent of the average net profits of the Company during the three financial years immediately preceding, whichever is greater, and may with the consent of the Company in General Meeting contribute any sums in excess of such limits.
- (b) To authorize or empower any Director or Managing Director or Secretary or any other officer of the Company either by name, in virtue of office or otherwise or any other person or persons, either singly or jointly to exercise or perform all or any of the powers, including the power to sub delegate authorities and duties conferred or imposed on the Board by way of these Articles subject to such restrictions and conditions if any, and either generally or in specific cases as the Board may think proper.

#### **APPOINTMENT OF OFFICERS ETC**

- (c) To appoint and at their discretion, remove or suspend such officers by whatever designation called managers, engineers, experts, legal advisors, solicitors, clerks, agents, salesmen, workmen and other servants or professional, for permanent, temporary or special services, as the Board may from time to time, think fit and determine their duties, fix their salaries, emolument and delegate to or confer upon them such powers, including the power to sub delegate authorities and discretions as the Board may think fit.

#### **WELFARE OF EMPLOYEES**

- (d) To provide for the welfare of employees or ex-employees or Directors of ex-Directors of the company and wives, widows and families of the dependent or connection of such persons, by building or contributing to the building of houses, dwelling or by grants of moneys, pensions, gratuities, allowances, bonuses or other payments; or by creating and from time to time subscribing or contributing to provident fund and other funds, associations, institutions or trust and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the board shall think fit.

### **SECRETARY**

#### **BOARD MAY APPOINT SECRETARY**

- 100 The Board may from time to time appoint, and at its discretion subject to applicable provisions of the Act, if any, remove any person as the Secretary of the Company (hereinafter called "The Secretary") to perform such duties and function, which by the Act or otherwise are to be performed by the Secretary of the Company and to execute any other duties and functions, which may from time to time, be assigned to the secretary by the Board. A director may be appointed as secretary provided that any provision of the act or these presents requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done or to the same person acting both as Directors and as or in place of, the Secretary.

#### **THE SEAL**

### **THE SEAL IN CUSTODY AND USE**

101 The Board shall provide for a Common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

102 Subject to the provisions of the Act and these articles, every deed or other instrument, to which the seal of the company is required to be affixed by the authority of the resolution of the Board or a committee of the Board, shall be signed by at least one director or official and shall be counter-signed by another director or official or the Secretary or some other person appointed by the Board for the purpose.

### **DIVIDENDS AND RESERVES**

#### **DIVISION OF PROFITS**

103 The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amounts of capital paid up on the share held by them respectively. Provided always that subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall unless the Board otherwise determine, only entitle the holder of such share to a proportionate amount of such dividend as from the date of payment.

#### **DIVIDEND TO REGISTERED SHAREHOLDERS ONLY**

104 No dividend shall be paid by the company in respect of any share except to the registered holder of such share or to his order or to his banker.

#### **RESERVES**

105 (1) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as 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 provision for meeting contingencies or for equalizing dividends and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investment, other than shares of the Company, as the Board may, from time to time think fit.

(2) The Board may also carry forward any profit which it may think prudent not to divide, without setting them aside as a reserve.

#### **NOTICE OF DIVIDEND**

106 Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner-mentioned in the Act and these Articles.

#### **INTEREST ON DIVIDEND**

107 The Company may pay interest in case of default in payment of dividend on preference shares if the terms and conditions of issue of these so provide. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with all the provisions of Section 205A in respect of unclaimed or unpaid dividend.

#### **LOSS OF DIVIDEND WARRANTS ETC.**

108 The Company may issue a duplicate cheque of dividend warrant or interest warrant on shareholder or holder of debenture furnishing such indemnity or otherwise as the Board may think proper.

### **DECLARATION OF DIVIDEND**

- 109 The Company in General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

### **RESTRICTIONS ON AMOUNT OF DIVIDENDS**

- 110 No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

### **DECLARATION OF INTERIM DIVIDENDS**

- 111 The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the financial position of the Company.

### **DIVIDEND TO BE PAID IN CASH ONLY**

- 112 Subject to the provisions of the Act and these Articles, no dividend shall be payable except in cash. Provided that nothing in this article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purposes of issuing fully paid up Bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

### **DIVIDEND HOW REMITTED**

- 113 Dividends may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint holder to that one of them first named in the Register in respect of the joint holding or in case of registered share holder having registered address outside India by telegraphic transfer to such bank as may be designated from time to time by such Members. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or, warrant or payslip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature or any payslip or receipt or the fraudulent recovery of the dividend by any other person by any means whatsoever.

### **ADJUSTMENT OF DIVIDEND DUE**

- 114 Any dividend due from the Company to a Member, may without the consent of such Member, be applied by the Company in or towards payment of any money due from time to time to the Company for calls.

## **CAPITALISATION**

### **CAPITALISATION**

- 115 (1) Any General meeting may, upon the recommendation of the Board, resolve that, any moneys standing to the credit of the Share Premium Account or Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits of the Company (including profits or surplus moneys realized on sale of capital assets of the Company) Standing to the credit fund or reserve of the Company or in the hands of the Company and available for dividend to be capitalized and distributed.
- (a) By the issue and distribution, among the holders of the shares of the company or any of them on the footing that they become entitled thereto as capital in accordance with their respective rights an interest and in proportion to the amount paid or credited as paid thereon of paid up shares, bonds or other obligations of the Company; or

- (b) By crediting shares of the Company which may have been issued and are not fully paid up, in proportion to the amount paid or credited as paid thereon respectively, with the whole or any part of the same remaining unpaid thereon.
- (2) The Board shall give effect to such resolution and apply such portion of the profits or Reserve Funds or any other fund as may be required for the purposes of making payments in full or in part for the shares, of the company so distributed or (as the case may be) for purposes of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up provided that no such distribution or payment shall be made unless recommended by the Board and if so recommended, such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the paid capitalized sum.
- (3) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and generally may make such arrangements for the acceptance, allotment and sale of such shares, bonds or otherwise as they may think fit, and may make cash payment to any holders of shares, on the footing of the value so fixed in order to adjust rights and may vest any shares, bonds or other obligations in trustees upon such trust for adjusting such rights as may seem expedient to the Board.
- (4) In cases where some of the shares of the Company are fully paid and other are partly paid, only such capitalisation may be affected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the partly paid shares, the sum so applied in the payment of the such further shares and in the extinguishments or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.
- (5) Where deemed requisite, a proper contract shall be filed in accordance with section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalized fund, such appointment shall be effective.

#### **DISTRIBUTION OF THE REALISATION OF CAPITAL ASSETS ETC.**

- (116) A General meeting may resolve that any surplus money arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company be distributed amongst the Members on the footing that they receive the same as Capital.

#### **INSPECTION OF REGISTERS**

##### **INSPECTION OF MEMBERS**

- (117) (1) The Board shall, from time to time, determine whether and to what extent and at what time and places and under what conditions or regulations, the accounts and books of the Company, or any of them shall be open to the inspection of members not being Director.
- (2) No member, not being a director, shall have any right of inspecting any accounts or books or documents of the Company except as conferred by law or authorized by the Board or by the Company in General meeting.

#### **NOTICES AND DOCUMENTS**

##### **RIGHT OF AUDITORS TO ATTEND GENERAL MEETING**

118 All notices of and other communications relating to any General Meeting of the Company or adjourned meeting as the case may be which any member of the Company or any person is entitled to have sent to him shall also be forwarded to the Auditors of the Company, and each of the Auditors shall be entitled to attend and General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

#### **SERVICES OF NOTICES ON COMPANY**

119 A notice may be served on the company or an officer thereof by delivering it at its Registered Office or by sending it to the company or officer at the or Registered Office of the Company by registered post or cable confirmed by registered post. The term notice in these Articles shall include summons. Notice, requisition, order or legal process and any document in relation to or in the winding up of the Company.

#### **SERVICE OF NOTICE ON MEMBERS BY COMPANY**

120 A notice may be served by the Company on any Member either personally or by sending it by post to him or to his registered address, or if he has no registered address in India to the address, if any within India supplied by him to the Company for giving of notice to him.

#### **PERSONS ENTITLED TO NOTICE OF GENERAL MEETING**

121 Notice of every General Meeting shall, in addition to the Members and Auditors of the Company in accordance with the provision of the Act, be given to Directors of the Company.

#### **OMISSION OF NOTICE NOT TO INVALIDATE PROCEEDINGS**

122 Any accidental omission to give notice to, or the non-receipt of notice by any Member or other person to whom it should be given not invalidate the proceeding at the meeting.

#### **SERVICE OF DOCUMENTS BY ADVERTISEMENT**

123 A document advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be fully served on the day on which the advertisement appears, on every Member of the Company who has no registered address in India and has not supplied to the Company an address within India for giving of notice to him.

Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing, repaying and posting a letter containing the document and to have been effected in the case of notice of a meeting at the expiration of 48 hours after the letter containing the same is posted and in any other case, the time at which the letter would be delivered in the ordinary course of post.

#### **SERVICE OF DOCUMENT ON LEGAL REPRESENTATIVE**

124 A document may be served by the company to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased: or assignees of the insolvent or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be entitled, or until such and address has been so supplied, by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

#### **DOCUMENTS OF NOTICE BY COMPANY AND SIGNATURE THERETO**

125 Any document or notice to be served or given by the company may be signed by a Director or Secretary or some person duly authorized by the signed by the Board of Directors for such purposes and the signature thereto may be written, printed or lithographed or stamped.

#### **AUTHENTICATION OF DOCUMENTS AND PROCEEDINGS**

- 126 Same as otherwise expressly provided in the Act, or in these articles a document or proceeding requiring authentication by the Company may be signed by a Director, Chief Executive, the Secretary or a duly Authorised Officer of the Company and need not be under its Common seal.

#### **TRANSFeree ETC. BOUND BY PRIOR NOTICES**

- 127 Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register has been duly given to the person from whom he derives his title to such share.

#### **NOTICE VALID THROUGH MEMBERS DECEASED**

- 128 Subject to the provisions of Articles herein mentioned, any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding such Member be then deceased and whether or not Company has notice of his demise, be deemed to have been duly served, in respect of any registered share, whether held solely or jointly with other persons by such Member, until some other person be registered instead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice of documents on his or her heirs, executors or administrators and all persons, if any jointly interested with him or her in any share.

#### **INSPECTION OF REGISTERS ETC.**

- 129 Where under any provision of the Act, any person whether a Member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the company, the persons so entitled to inspection shall be permitted to inspect the same during the hours of 11 a. m. to 1 p. m. on such business days, as the Act requires them to be open for inspection subject to such Rules and Regulations as the Board may prescribe from time to time in this behalf.

#### **WINDING UP**

##### **DISTRIBUTION OF ASSETS**

- 130 Subject to the provision of the Act, and these Articles, if the Company shall be wound up and the assets available for distribution among the Members as such shall be distributed so that, as nearly as may be the losses shall be borne by the Members in proportion to the capital paid, or which ought to have been paid up, at the commencement of the winding up, on the shares, held by them respectively and if in a winding up, the assets available for distribution among the Member shall be more than sufficient to repay the whole of capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital, at commencement of the winding up, paid up on the shares held by them respectively. This clause is however, without prejudice to the right of the holders of shares issued upon preferential or special terms and conditions.

##### **DISTRIBUTION IN SPECIE OR KIND**

- 131 If the Company shall be wound up, whether voluntary or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories, in specie or kind, the whole or any part of the assets of the Company, and may, with the like sanction; vest the Whole or any part of the assets of the Company in trustees upon such trust for the benefit of the contributories, or any of them as the liquidator with the like sanction, shall think fit.

#### **SECURITY CLAUSE**

##### **SECURITY**

- 132 Every Director, Manager, Auditor, Trustee, Member of Committee, Officer, Agents, Accountant or other person employed in the business of the Company shall, if so required by the Board, before entering upon his duties, sign a declaration pledging himself or observe a strict secrecy repeating all transactions of the Company with the Customers and the state of accounts with individuals and in matters relating thereto, and shall by such declarations pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the board or by any meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

**NO SHAREHOLDERS TO ENTER THE PREMISES OF THE COMPANY WITHOUT PERMISSION**

- 133 Subject to Articles 118 and 131, no member or other person (other than a Director) shall be entitled, to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the board of Directors of the company for the time being or the require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or communicate.

**INDEMNITY**

**INDEMNITY**

- 134 Every officer or agent for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is granted to him by the court.

Subject to the Section 201 of the Act, no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of any security in or upon which any of the behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error or judgement or oversight on his part, or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto.

## **XVI. MATERIAL CONTRACTS AND DOCUMENTS**

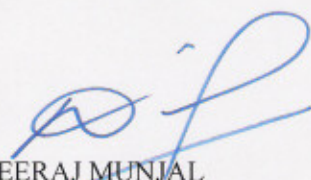
1. Memorandum and Articles of Association of the Company
2. Certificate of Incorporation dated 29<sup>th</sup> July, 2005.
3. Certificate of Commencement of Business dated 17<sup>th</sup> October, 2005
4. Scheme of Arrangement between Munjal Auto Industries Ltd. and Shivam Autotech Ltd.
5. Orders dated 29<sup>th</sup> March, 2006 of the Hon'ble High Court of Gujarat at Ahmedabad and Order dated 30<sup>th</sup> March, 2006 of the Hon'ble High Court of Delhi at New Delhi approving the Scheme of Arrangement.
6. Application made to BSE for listing of the securities.
7. Copies of Agreement with National Securities Depository Ltd. (NSDL) dated 13<sup>th</sup> June, 2006 and Central Depository Services (India) Ltd. (CDSL) dated 15<sup>th</sup> June, 2006.
8. Copies of Consent letters from Auditors, Registrars.
9. SEBI Letter bearing reference No. CFD/DIL/SM/77522/2006 dated 25<sup>th</sup> September, 2006.
10. Annual Report 2005-06.

**XVII. DECLARATION**

NO STATEMENT MADE IN THIS INFORMATION MEMORANDUM SHALL CONTRAVENE ANY OF THE PROVISIONS OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER. ALL THE LEGAL REQUIREMENTS AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, GOVERNMENT OR ANY OTHER COMPETENT AUTHORITY IN RESPECT OF LISTING OF SECURITIES HAVE BEEN DULY COMPLIED WITH.

Yours faithfully

By the order of the Board of Directors  
of **SHIVAM AUTOTECH LIMITED**



NEERAJ MUNJAL  
(MANAGING DIRECTOR)

**Date :- 26-10-2006**

