

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder(s) of Mahindra Forgings Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager / Registrar to the Offer. In case you have recently sold your shares in Mahindra Forgings Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

Open Offer ("Offer")

Participaciones Internacionales Autometal Dos, S.L., ("Acquirer")

A private limited company, incorporated under the laws of Spain

(Registered Office: Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain); Tel: +34 629 480 885, Fax: +34 94 605 48 37)
along with the following Persons Acting in Concert (PACs)

Autometal S.A., ("AUTOMETAL")

a public limited company incorporated under the laws of Brazil

(Registered Office: Av. Fagundes de Oliveira, 1650-CEP-09950-905, DIADEMA, SP, Brazil; Tel: +55 11 4355 6700, Fax: +55 011 4355 6706
and

CIE Automotive S.A., ("CIE")

a public limited company incorporated under the laws of Spain

(Registered Office: Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain); Tel: +34 94 605 48 35, Fax: +34 94 605 48 37

Make a cash offer for acquisition of 24,502,193 fully paid-up equity shares of Rs 10/- (Rupees Ten only) each, representing 26% of the Diluted Equity Capital ("Offer Size") at Rs 81/- (Rupees Eighty One Only) per fully paid-up equity shares ("Offer Price")

of

Mahindra Forgings Limited ("Target Company")

a public limited company incorporated under the Companies Act, 1956

(Registered Office: Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018. Tel: +91 22 2490 1441; Fax: +91 22 2490 5890)

Note:

- This Offer is being made pursuant to regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof ("Regulations").
- This Offer is not conditional upon any minimum level of acceptance in terms of regulation 19 of the Regulations,
- The Offer is not a competing offer in terms of regulation 20 of the Regulations.
- This Offer is subject to the receipt of certain statutory approvals and the fulfillment of other conditions described in detail in paragraphs 12(1) and 12(2). The current status of the statutory approvals is specified in paragraph 15 below.
- If there is any upward revision of the Offer Price by the Acquirer and the PACs up to three working days prior to the commencement of the tendering period i.e. up to July 31, 2013 or in the case of withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the DPS (as defined below) has appeared. Such revised Offer Price would be payable for all the Shares (as defined below) validly tendered anytime during the period that the Offer is open and accepted under the Offer.
- If there are competing offers: the public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirer / Target Company, no competitive bid has been announced as of the date of this Letter of Offer.**
- A copy of the Public Announcement, the DPS and the Letter of Offer (each as defined below) (including Form of Acceptance-cum Acknowledgement) will be available on Securities and Exchange Board of India ("SEBI") website: www.sebi.gov.in

Manager to the Offer		Registrar to the Offer
	Kotak Mahindra Capital Company Limited	Karvy Computershare Private Limited
	Bakhtawar, 1 st Floor, 229, Nariman Point Mumbai 400 021 Tel: +91 22 6634 1100, Fax: +91 22 2284 0492 Contact Person: Mr. Ganesh Rane Email: project.mfopenoffer@kotak.com	Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 Tel: +91 44 4465 5000 Fax: + 91 44 2343 1551 Contact Person : Mr. M Muralikrishna/ Mr. R Williams Email: murali.m@karvy.com

Activity	Original Schedule	
	Date	Day
Public Announcement (PA) date	June 15, 2013	Saturday
Detailed Public Statement (DPS) date	June 21, 2013	Friday
Last date for a competing offer	July 12, 2013	Friday
Identified Date*	July 22, 2013	Monday
Date by which Letter of Offer will be dispatched to the shareholders	July 30, 2013	Tuesday
Last date by which Committee of Independent Directors of Target Company shall give its recommendation	August 1, 2013	Thursday
Issue opening PA date	August 2, 2013	Friday
Date of commencement of tendering period (Offer opening Date)	August 5, 2013	Monday
Date of expiry of tendering period (Offer closing Date)	August 20, 2013	Tuesday
Date by which all requirements including payment of consideration would be completed.	September 4, 2013	Wednesday

*Identified Date is only for the purpose of determining the names of the Shareholders as on such date to whom the Letter of Offer would be sent. It is clarified that all the shareholders of the Target Company (registered or unregistered) (except the parties to the Transaction Agreements) are eligible to participate in this Offer at any time before the closure of this Offer.

NOTE: Duly signed Acceptance-cum-Acknowledgment cum Transfer Deed(s) together with share certificate(s) (in case of physical shares) or copies of delivery instruction slips (in case of dematerialized shares) should be dispatched by registered post/courier or hand delivered to the Registrar to the Offer or its collection centres so as to reach on or before closure of the tendering period (i.e. before Tuesday, August 20, 2013).

Risk Factors

I. Risks relating to the transaction

- The Offer is subject to (i) the compliance of the terms and conditions as set out under the Transaction Agreements, and (ii) receipt of approvals as more particularly set out in paragraph 12(1) of this Letter of Offer. In accordance with the Transaction Agreements, the transaction under the Transaction Agreements shall be completed upon the fulfillment of conditions precedent as agreed therein. In terms of regulation 23(1) of the Regulations, if the statutory approvals and other conditions as stated in paragraph 12(1) and 12(2) are not satisfactorily complied with for reasons beyond the reasonable control of the Acquirer / PACs, the Acquirer shall have the right to withdraw this Offer.

II. Risks relating to the Offer:

- The Offer is an offer to acquire 26% of the Diluted Equity Capital (as defined below) of the Target Company from the Eligible Shareholders (as defined below). In the case of over subscription in the Offer, acceptance would be determined on a proportionate basis, and hence, there is no certainty that all the Shares (as defined below) tendered by the Eligible Shareholders in the Offer will be accepted.
- The Offer is subject to the receipt of certain statutory approvals listed in paragraph 12(1) and the fulfillment of other conditions described in detail in paragraph 12(2). In the event that: (a) the statutory approvals are not received in time, (b) there is any litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirer/PACs from performing its obligations hereunder, or (c) SEBI instructs the Acquirer/PACs not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Shares are accepted under the Offer, as well as the return of Shares not accepted under the Offer, by the Acquirer/PACs may get delayed. In case of delay due to non-receipt of statutory approval(s), in accordance with regulation 18(11) of the Regulations, SEBI may, if satisfied that non-receipt of the requisite approvals was not due to any willful default, failure or neglect on the part of the Acquirer to diligently pursue such approvals, grant an extension for the purposes of completion of the Offer subject to the Acquirer agreeing to pay interest to the Eligible Shareholders who have validly tendered their Shares under the Offer. In addition to the above, this Offer shall stand withdrawn in the event a binding order of a court or governmental authority of competent jurisdiction is received directing the withdrawal of the Offer. If, at a later date, any other statutory approvals are required, the Offer would become subject to receipt of such other statutory approvals.
- The acquisition of Shares tendered in the Offer by NRIs (as defined below) and OCBs (as defined below) is subject to receipt of approval from the RBI (as defined below) for the same.
- The tendered Shares and documents would be held by the Registrar to the Offer, till the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Shares which are in the custody of the Registrar to the Offer. During such period, there may be fluctuations in the market price of the Shares. The Acquirer/PACs make no assurance with respect to the market price of the Shares both during the period that the Offer is open and upon completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- The Acquirer, the PACs and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Letter of Offer/ Detailed Public Statement/ Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, the PACs, or the Manager to the Offer) would be doing so at his/her/their own risk.

III. Risks relating to Acquirer/PACs and the Target Company

- The Acquirer and the PACs make no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Acquirer and the PACs cannot provide any assurance with respect to the market price of the Shares of the Target Company before, during or after the Offer and each of them expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
- The acquisition of Shares pursuant to this Offer, together with the Sale Shares, may result in the public shareholding in the Target Company falling below the level required for continued listing. While the Acquirer is required to increase public shareholding to the level specified and within the time stipulated in the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR"), any failure to comply with the conditions of the SCRR and the Equity Listing Agreement could have an adverse effect on the price and tradability of the Shares.

The risk factors set forth above are limited to the Offer and not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer and the PACs, but are only indicative. The risk factors do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, or tax advisor or investment consultant, if any, for further risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "€" or EUR is to the Euro and all references to R\$ or BRL is to Brazilian Reais. Unless otherwise stated, the Rupee equivalent quoted in each case is calculated in accordance with the RBI reference rate as on June 15, 2013 i.e. Euro 1 = Rs 77.0225 (source: www.rbi.org.in) and in accordance with the Bloomberg reference rate as on June 15, 2013 i.e. R\$ 1 = Rs. 26.8318 (source: Bloomberg). In this Letter of Offer, any discrepancy in any table between the total and sums of amounts listed are due to rounding off.

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Key Definitions

Term	Definition
Act	The (Indian) Companies Act, 1913 or (Indian) Companies Act, 1956, as applicable
Acquirer	Participaciones Internacionales Autometal Dos, S.L., a private limited company incorporated under the laws of Spain having its registered office at Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain) Telephone: +34 629 480 885; Fax: +34 94 605 48 37
Berriz	CIE Berriz, S.L., a company incorporated under the laws of Spain
BSE	The BSE Limited
CDSL	Central Depository Services (India) Limited
CIE AUTOMETAL	CIE Autometal S.A., a private limited company incorporated under the laws of Brazil
CIE Automotive Group	CIE and the persons controlled by CIE
CIE Forgings 1	CIE Legazpi, S.A., a company incorporated under the laws of Spain
CIE Forgings 2	CIE Galfor, S.A., a company incorporated under the laws of Spain
CIE Forgings 3	UAB CIE LT Forge, a private limited company incorporated under the laws of Lithuania
CIE Group Companies	CIE Group Companies mean the Acquirer, CIE, Berriz, CIE AUTOMETAL, AUTOMETAL, CIE Forgings 1, CIE Forgings 2, CIE Forgings 3, PIA 1 and PIA 3
Depositories	CDSL and NSDL
DPS	Detailed Public Statement on behalf of the Acquirer and the PACs to the shareholders, which was published in all editions of Financial Express, all editions of Jansatta, and Mumbai edition of Mumbai Lakshadeep on June 21, 2013
Eligible Shareholders	All shareholders/beneficial owners (registered or otherwise) of Shares other than the parties to the Transaction Agreements
FEMA	(Indian) Foreign Exchange Management Act, 1999, as amended
FII	Foreign Institutional Investor
Form of Acceptance-cum-Acknowledgment	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
GAAP	Generally Accepted Accounting Principles
I-T Act	The (Indian) Income-tax Act, 1961, as amended
Identified Date	July 22, 2013 being the date for the purpose of identifying shareholders of the Target Company to whom the Letter of Offer will be sent
Letter of Offer	This Letter of Offer dated June 28, 2013
M&M or the Seller	Mahindra & Mahindra Limited, a public limited company incorporated under the Act and listed on the BSE and the NSE
M&M Group	M&M and the persons controlled by M&M
M&M Group Companies	M&M Group Companies means the Mahindra Systech Companies, M&M and MOICML
Mahindra Systech Companies	Mahindra Systech Companies means MHIL, MCL, the Target Company, MGIL, MIPL and MUSCO
Maximum Consideration	The maximum consideration payable under this Offer, assuming full acceptance, is 1,984,677,633/- (Rupees One Billion Nine Hundred Eighty Four Million Six Hundred Seventy Seven Thousand Six Hundred Thirty Three Only)
MCL	Mahindra Composites Limited, a public limited company incorporated under the Act, and listed on the BSE
MGIL	Mahindra Gears International Limited, a company incorporated under the laws of Mauritius
MGTPPL	Mahindra Gears and Transmission Private Limited, a private limited company incorporated under the Act
MGTPPL Shares	11,586,361 (Eleven Million Five Hundred Eighty Six Thousand Three Hundred Sixty One) equity shares of MGTPPL representing 76.67% (Seventy Six point Sixty Seven Percent) of its fully diluted equity share capital
MHIL	Mahindra Hinoday Industries Limited, a public limited company incorporated under the Act
MHL	Mahindra Holdings Limited, a public limited company incorporated under the Act
MIPL	Mahindra Investments (India) Private Limited, a private limited company incorporated under the Act
Mn / Million	1,000,000 units
MOICML	Mahindra Overseas Investment Company (Mauritius) Limited, a public company incorporated under the laws of Mauritius
MUSCO	Mahindra Ugine Steel Company Limited, a public limited company incorporated under the Act, and listed on the BSE and the NSE

Term	Definition
NRI	Non-Resident Indian as defined in Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body as defined in regulation 2 (xi) of the Foreign Exchange Management (Deposit) Regulations, 2000
Offer	The Offer being made by the Acquirer and the PACs for acquisition of 24,502,193 Shares representing 26% of the Diluted Equity Capital, from the Eligible Shareholders at the Offer Price payable in cash
Offer Price	Rs. 81/- (Rupees Eighty One Only) per Share
Offer Size	24,502,193 Shares representing 26% of the Diluted Equity Capital of the Target Company
PAC 1 or AUTOMETAL	Autometal S.A., a public limited company incorporated under the laws of Brazil and has its registered office at Av. Fagundes de Oliveira, 1650-CEP-09950-905, DIADEMA, SP, Brazil; Telephone: +55 11 4355 6700; Fax: +55 011 4355 6706.
PAC 2 or CIE	CIE Automotive S.A., a public company incorporated on April 13, 1939 under the laws of Spain having its registered office at Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain) Telephone: +34 94 605 48 35; Fax: +34 94 605 48 37
PACs	PAC 1 and PAC 2
PIA 1	Participaciones Internacionales Autometal, S.L.U., a company incorporated under the laws of Spain
PIA 3	Participaciones Internacionales Autometal Tres, S.L., a company incorporated under the laws of Spain
Public Announcement/PA	Public Announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer and the PACs on June 15, 2013 in accordance with the Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Karvy Computershare Private Limited, the registrar appointed by the Acquirer, having its office at Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081; Tel: +91 40 4465 5000; Fax: +91 40 2343 1551; email: murali.m@karvy.com; Contact Person: Mr. M Muralikrishna/ Mr. R Williams
Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto
Rs./ Rupees/ INR	The lawful currency of the Republic of India
Sale Shares	48,529,500 Shares, representing 51.50% of the Diluted Equity Capital of the Target Company, proposed to be acquired by the Acquirer from the Seller under the SPA-MFL
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
Share(s)	Each fully paid-up equity share of the Target Company having a face value of Rs.10/- (Rupees Ten only) each
Shareholder(s)	Shareholders of the Target Company
SPA-MCL	Share purchase agreement dated June 15, 2013 entered into between the Acquirer, CIE, AUTOMETAL, M&M and MHL, pursuant to which the Acquirer has agreed to purchase 1,561,203 equity shares from M&M and MHL representing a 34.85% stake in MCL
SPA-MFL	Share purchase agreement dated June 15, 2013 entered into between the Acquirer, CIE, AUTOMETAL and M&M, pursuant to which the Acquirer has agreed to purchase the Sale Shares
SPA-MHIL	Share purchase agreement dated June 15, 2013 entered into between the Acquirer, CIE, AUTOMETAL and M&M, pursuant to which the Acquirer has agreed to purchase 30,254,052 equity shares from M&M representing a 64.96% stake in MHIL
Stock Exchanges	BSE and NSE
Target Company	Mahindra Forgings Limited, a public limited company incorporated under the Act, having its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra; Tel: +91 22 2490 1441; Fax: +91 22 2490 5890
Transaction Agreements	SPA-MFL, SHA and Implementation Agreement

Note: All capitalized terms used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.

I. Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF MAHINDRA FORGINGS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND THE PACs ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PACs DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 26, 2013 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PACs FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. Details of the Offer

Background of the Offer

1. This Offer is a mandatory offer in compliance with Regulations 3(1) and 4 of the Regulations pursuant to the execution of the Transaction Agreements, in terms of which the Acquirer has agreed to acquire more than 25% of the existing share capital /voting rights of the Target Company, as well as control of the Target Company.
2. Prior to the sale and purchase of the Sale Shares under the SPA – MFL, M&M holds 4,88,25,609 Shares , representing approximately 51.81% of the Diluted Equity Capital of the Target Company, as set forth hereunder:

No.	Name, Nature of Entity and Address of the Seller	No of Equity Shares/ Voting Rights Held	% of Equity Shares/ Voting Rights Held
1.	M&M, a public limited company incorporated under the Act and having its registered office at Gateway Building, Apollo Bunder, Mumbai - 400001, Maharashtra. Telephone: +91 22 2202 1031; Fax: +91 22 2287 5485	4,88,25,609	51.81%
Total		4,88,25,609	51.81%

3. The Seller is a corporate entity and belongs to the Mahindra Group. The Seller is listed on the BSE (Scrip code: 500520) and on the NSE (Symbol: M&M). The Global Depositary Receipts of the Seller are listed on the Luxembourg Stock Exchange and are also admitted for trading in the International Order Book of the London Stock Exchange. The Seller's name has not been changed since the listing of its share on the BSE.
4. As per the stock exchanges filings for the period ending March 31, 2013 with the BSE and the NSE, the Seller forms part of the "Promoter and the Promoter Group" of the Target Company.
5. The Seller has not been prohibited by the SEBI from dealing in securities in terms of any directions issued under Section 11B of the SEBI Act as amended or under any rules or regulations issued thereunder.
6. The parties have entered into the following key agreements:
 - (i) an implementation agreement dated June 15, 2013 ("**Implementation Agreement**") entered into between the CIE Group Companies and the M&M Group Companies which provides for the transactions outlined below;
 - (ii) the SPA–MFL, pursuant to which the Acquirer has agreed to acquire the Sale Shares from M&M at a price of Rs. 81/- (Rupees Eighty One only) per Sale Share, payable in cash (*the transaction to be undertaken under SPA-MFL is referred to as the "**Underlying Transaction**"*);
 - (iii) a shareholder's agreement dated June 15, 2013 entered into between the Acquirer, CIE, AUTOMETAL, the Target Company and M&M (the "**SHA**"), defining their mutual rights and obligations in the Target Company and which agreement shall become effective as of the date of closing of the SPA – MFL ("**MFL Closing Date**");

The execution of the SPA –MFL, the Implementation Agreement and the SHA has triggered the Offer.
 - (iv) the SPA – MCL, pursuant to which the Acquirer has agreed to acquire 1,561,203 equity shares, representing a 34.85% stake in MCL from M&M and MHL at a price of Rs 74.70 (Rupees Seventy Four and Paise Seventy Only) per sale share, payable in cash;
 - (v) the SPA – MHIL, pursuant to which the Acquirer has agreed to acquire 30,254,052 equity shares, representing a 64.96% stake in MHIL from M&M at a price of Rs. 88.90 (Rupees Eighty Eight and Ninety Paise only) per sale share payable in cash; and

- (vi) an investment agreement dated June 15, 2013 entered into between CIE, M&M and MOICML (the "**Investment Agreement**"), pursuant to which MOICML, either directly or through one of its subsidiaries, shall, simultaneously with the acquisition of shares by the Acquirer under the SPA-MFL, the SPA-MCL and the SPA-MHIL, acquire a 13.50% stake (on a fully diluted basis) in CIE in the following manner:
- purchase of 11,220,660 equity shares, representing 9.44% (on a fully diluted basis) of the equity share capital of CIE, which is currently held as treasury stock, at a per share price of EUR 6.00 per share; and
 - subscription to 4,820,046 equity shares representing 4.06% (on a fully diluted basis) of the equity share capital of CIE at a per share price of EUR 6.00.

7. Further, in terms of draft schemes of arrangement under sections 391-394 of the Act, the boards of directors of the respective companies have approved and proposed the following:

- (i) MHIL, MIPL, MGIL, MUSCO and PIA 3 are proposed to be merged into the Target Company ("**Integrated Scheme**"), following the acquisition of shares by the Acquirer under the SPA-MFL, SPA-MCL and SPA-MHIL. Pursuant to the Integrated Scheme, the Target Company shall issue and allot Shares to the shareholders of each of MHIL, MIPL, MGIL, MUSCO and PIA 3 as per the following swap ratios:

No.	Name of Entity	Swap Ratio
1	MHIL	110 shares of the Target Company for every 100 shares in MHIL
2	MIPL	17 shares of the Target Company for every 100 shares in MIPL
3	MGIL	20 shares of the Target Company for every 100 shares in MGIL
4	MUSCO	284 shares of the Target Company for every 100 shares in MUSCO
5	PIA 3	105 shares of the Target Company for every 100 shares in PIA 3

Source: *Integrated Scheme*

- (ii) MCL is proposed to be merged into the Target Company under a separate scheme of arrangement ("**Composites Scheme**"). Pursuant to the Composites Scheme, the Target Company shall issue and allot 90 Shares to the shareholders of MCL for every 100 shares held by them in MCL;
- (iii) the effectiveness of the Integrated Scheme is conditional upon and subject to *inter alia* the receipt of certain regulatory approvals (including all competition law-related approvals and approvals/consents from the Foreign Investment Promotion Board, the RBI, and appropriate lenders); and
- (iv) the effectiveness of the Composites Scheme is conditional upon and subject to *inter alia* the effectiveness of the Integrated Scheme and the receipt of certain regulatory approvals (including all competition law related approvals and consents/approvals from lenders).

(The transactions to be undertaken under the Implementation Agreement, SPA – MFL, SPA – MCL, SPA – MHIL, the SHA, the Investment Agreement, the Integrated Scheme and the Composites Scheme are referred to as the "**Consolidated Transaction**")

8. In terms of the Implementation Agreement, considering that M&M and CIE will be shareholders of the Target Company, the M&M Group Companies and the CIE Group Companies have agreed to a non-compete in respect of the business of the Target Company subject to certain exceptions. No fee has been paid or is payable by the Acquirer or its PACs in relation to such non-compete.
9. On the completion of the Consolidated Transaction, the final shareholding pattern of the Target Company as at the date of both the schemes coming into effect shall be as follows:

No	Name	Assuming full subscription in both the open offers		Assuming NIL subscription in both the open offers	
		Shares (#)	%*	Shares (#)	%*
1	PIA 2 (Acquirer)	171,767,537	52.73%	146,217,190	44.89%
2	M&M (Seller)	65,271,409	20.04%	65,271,409	20.04%
3	Others	88,716,484	27.23%	114,266,831	35.08%
Total		325,755,430	100.0%	325,755,430	100.0%

Note: * shareholding is based on fully diluted shareholding

Source: *Implementation Agreement*

10. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of the Shares of the Target Company.

11. A summary of the salient features of the Transaction Agreements is as follows:

Implementation Agreement and the SPA – MFL:

- (i) On the MFL Closing Date, the Seller shall sell the Sale Shares to the Acquirer on a spot delivery basis.
- (ii) The Acquirer shall pay a purchase price of Rs. 81/- (Rupees Eighty One only) per Sale Share to the Seller in cash.
- (iii) The sale and purchase of the Sale Shares shall be completed subject to the fulfillment of certain conditions precedent agreed under the SPA-MFL, being:
 - (a) the receipt of the statutory approvals listed in paragraph 12(1),
 - (b) the fulfillment of other conditions set out in paragraph 12(2); and
 - (c) the fulfillment of the following conditions by the Acquirer:
 - (I) the representation and warranties of the Acquirer being true, correct and not misleading in all material respects on the MFL Closing Date;
 - (II) CIE having clear and marketable title to the shares it is required to transfer to MOICML or any of its subsidiaries under the Investment Agreement; and
 - (III) subject to agreed exceptions, there having been no change in the direct or indirect shareholding of CIE in any of the CIE Group Companies.
- (iv) Subject to the satisfaction or waiver, as the case may be, of the condition precedents to the SPA-MFL, the Underlying Transaction shall occur on the business day immediately on completion of the Offer or such other date as the parties may mutually agree in accordance with Regulation 22(2) of the Regulations.
- (v) Prior to the MFL Closing Date, the Target Company and its subsidiaries shall conduct their business in the ordinary course and in accordance with applicable law. In particular, the Target Company shall not, and shall ensure that its subsidiaries do not, except as set out in the SPA-MFL, take the following actions: (A) make any change to its share capital whether by way of further issuance of securities, buy-back, reduction of capital, transfer of shares (subject to provisions under applicable law in relation to free transferability of shares), or in any other manner subject to the issuance of shares under any existing employees stock option schemes; (B) incur capital expenditure in excess of specified thresholds, except as approved by the board of directors of the Target Company whilst authorizing such capital expenditure; (C) make any divestments, sale, acquisition of business (whether by way of the purchase of shares, assets or properties), or the creation of any subsidiary, joint venture or partnership where the aggregate value involved/consideration is in excess of specified thresholds; (D) incur any borrowings, loans or undertake any other indebtedness or provide any security or guarantee; (E) undertake any merger, reorganization, spin-off, consolidation or any other similar form of corporate or debt restructuring; (F) waive (i) any rights that it may have against any debtors or third parties; or (ii) any obligations or debts or duties owed by any debtors or third parties to it (including, any accounts receivable), where such rights or obligations involve amounts in excess of specified thresholds; (G) enter into any agreement, transaction or arrangement that has the effect of terminating, cancelling, releasing, assigning or novating any contract where the sum involved is in excess of specified thresholds, except for sale agreements and agreements for the purchase of raw material for a specified threshold or except in the ordinary course of business consistent with past practices; (H) settle any litigation or disputes or claims where the amount involved is in excess of specified thresholds; (I) change the accounting or tax policies or practices used for preparation of the accounts other than as required pursuant to any change or amendment under the accounting standards or applicable law; (J) enter into any agreement or transaction which has the effect of assigning or transferring the intellectual property rights owned by the Target Company; (K) enter into, amend or terminate any related party transaction which are not carried out at arm's length and in the ordinary course of business; (L) make any amendment to its constitutional documents; and (M) enter into any commitment or agreement or undertake any action to do any of the foregoing or which has the effect of resulting in any of the foregoing.
- (vi) Within 7 (seven) days of receipt of approval from the Competition Commission of India ("CCI") for the Consolidated Transaction, M&M shall procure the constitution of an integration committee of the Target Company comprising 2 (two) persons nominated by the Acquirer and 2 (two) persons nominated by M&M to *inter alia* review the alignment and harmonization of the businesses conducted by the Target Company, CIE, AUTOMETAL and the Acquirer.
- (vii) On the MFL Closing Date, the Acquirer, its PACs and PIA 1 shall jointly and severally release all the corporate guarantees and letters of comfort granted by M&M and its affiliates on behalf of the Target Company and its subsidiaries and shall cause the Target Company and its subsidiaries to repay all loans due to M&M and its affiliates outstanding as of that date. From June 15, 2013 till the MFL Closing Date, save as otherwise agreed under the Implementation Agreement and the SPA-MFL, the Target Company shall not obtain any loan or undertake any borrowing or indebtedness or have any guarantees or letters of comfort issued on its behalf, and shall ensure that none of its subsidiaries obtains any loan or undertakes any borrowing or indebtedness or has any guarantees or letters of comfort issued on its behalf.
- (viii) The SPA-MFL may *inter alia* be terminated (a) by the Acquirer and its PACs on the one hand, and M&M on the other hand, if M&M or the Acquirer/PACs (as the case may be), is in material breach of the SPA-MFL which breach is not cured within a period of 30 (thirty) days; (b) by the Acquirer/PACs on the one hand, and M&M on the other hand, if there is an occurrence of an insolvency event in relation to M&M (or the Target Company), or the Acquirer (or the PACs), as the case may be, and (c) any party *inter alia* if any of the conditions precedent to the completion of the Underlying Transaction are not satisfied by the Long Stop Date.

- (ix) The SPA-MFL contains customary representations and warranties from the Seller including in relation to valid incorporation, authority, sale shares, related party transactions, accounts and intellectual property of the Target Company. The Acquirer has provided customary representations and warranties including in relation to valid incorporation and authority.

SHA:

- (i) The SHA shall become effective and binding upon the parties to the SHA from the MFL Closing Date.
- (ii) The parties to the SHA have agreed to reconstitute the board of directors of the Target Company such that the board of directors of the Target Company shall consist of 14 (fourteen) directors and shall be constituted of 4 (four) directors nominated by the Acquirer, 3 (three) directors nominated by M&M and 7 (seven) independent directors (out of which the Acquirer shall propose 4 (four) directors and M&M shall propose 3 (three) directors). On the MFL Closing Date, the Chairman of the Board shall be appointed by M&M and shall have no casting vote. If, following the date of effectiveness of the Integrated Scheme, the shareholding of the M&M Group falls to below 10% but is 5% or more of the paid up equity share capital of the Target Company, M&M shall have the right to nominate 1 director on the board of directors of the Target Company. If the shareholding of the M&M Group falls below 5% of the paid up equity share capital of the Target Company, then till such time as the Target Company continues to use the "Mahindra" trademark, M&M shall have the right to appoint 1 (one) director to the board of directors of the Target Company.
- (iii) The quorum for a meeting of the board of directors of the Target Company shall be determined in accordance with the Act, provided that (a) so long as M&M has nominated at least 1 (one) director who has been appointed, and (b) so long as the Acquirer has nominated at least 1 (one) director who has been appointed, all meetings of the board of directors shall require the presence of at least 1 (one) director nominated by M&M and at least 1 (one) director nominated by the Acquirer to constitute a valid quorum; provided that from the date of effectiveness of the Integrated Scheme, the presence of 1 (one) director nominated by M&M shall not be required to constitute valid quorum at any board meeting only if the shareholding of the M&M Group falls below 10% (ten percent) of the paid up equity share capital of the Target Company. The quorum for a general meeting of the Target Company shall require the presence of a representative of each of the Acquirer and M&M. From the date of effectiveness of the Integrated Scheme, the presence of the M&M representative shall not be required to constitute valid quorum at any general meeting only if the shareholding of the M&M Group falls below 10% (ten percent) of the paid up equity share capital of the Target Company. However, at any adjourned board or general meeting, the directors or the shareholders present (as the case may be) shall, subject to applicable law, constitute the quorum and may pass all resolutions (including those in relation to the reserved matters set out in (iv) below).
- (iv) The board of directors of the Target Company shall pass resolutions on specified reserved matters only with the affirmative vote of at least 1 (one) nominee director each of M&M and the Acquirer, and the resolutions shall be passed by shareholders on specified reserved matters only with the affirmative vote of at least 1 (one) representative appointed by each of M&M and the Acquirer. These matters are (A) any commencement of any business line different from the business of the Target Company; (B) any action for dissolution and/or winding-up and/or insolvency of the Target Company; (C) merger or demerger, spin-off, consolidation or any other similar form of corporate restructuring of the Target Company; (D) making any divestments, sale, acquisition of business (whether by way of the purchase of shares, assets or properties), or the creation of any subsidiary, joint venture or partnership where the aggregate value involved/consideration is in excess of specified thresholds, except if the proceeds of such divestment or sale are reinvested within 6 (six) months in equivalent assets necessary for the ordinary course of business; (E) amendments to the memorandum and articles of association of the Target Company; (F) any change to the share capital of the Target Company whether by way of (i) further issuance of securities (including convertible instruments) provided that post the date on which the Integrated Scheme becomes effective, this shall be permitted on a rights basis, (ii) buy-back, or (iii) reduction of capital, or (iv) variation of the rights of any classes of its shares, or (v) otherwise; except for the issuance of shares under any existing employees stock option schemes; (G) appointment of a statutory auditor different from one of specified chartered accountants; (H) any change in the strength of the board of directors of the Target Company by any corporate action; (I) entering into, amending or terminating any related party transactions which are not carried out at arm's length or are not in the ordinary course of business; and (J) agreeing to pay corporate charges to the CIE Group Companies for shared services which are in excess of specified thresholds; and; (K) undertaking any action which results in the aggregate Net Financial Debt (as defined in the Implementation Agreement) of PIA 3 and its subsidiaries exceeding specified thresholds, subject to borrowings for capital expenditure upto specified thresholds which are in the ordinary course of business and consistent with past practices. From the date of the Integrated Scheme becoming effective, the affirmative voting rights of M&M fall away if the shareholding of the M&M Group falls below 10% of the paid up equity share capital of the Target Company.
- (v) In the event that there is a direct or indirect change in control of the Acquirer, M&M shall have the right but not the obligation to require the Acquirer to purchase all the Shares held by M&M in the Target Company.
- (vi) In the event that there is an unrecommended change in control of M&M (being a change of control not recommended to M&M's shareholders by a committee of its independent directors under Regulation 26(7) of the Regulations), the Acquirer shall have the right but not the obligation to buy all the Shares held by M&M in the Target Company.
- (vii) M&M has a tag-along right in the event the CIE Group Companies propose to transfer their Shares in the Target Company to any third party such that their shareholding would fall below 45% (forty-five percent) of the paid up equity share capital of the Target Company
- (viii) Subject to agreed exceptions, each of the Acquirer and M&M have agreed not to transfer any Shares held by them in the Target Company for a period of 3 (three) years from the MFL Closing Date.

- (ix) From the MFL Closing Date, CIE (including the Acquirer) on the one hand and M&M on the other hand will be separately considered as “promoters” of the Target Company in accordance with the Listing Agreement. It is also proposed that the Target Company shall be renamed as Mahindra CIE Automotive Limited on and from the MFL Closing Date.
- (x) Subject to agreed exceptions, the M&M Group or any constituent thereof as well as CIE (including the persons that CIE controls) or any constituent thereof shall not, directly or indirectly, acquire or agree to acquire more than 2.5% (two and a half percent) each of the outstanding issued and paid up Shares or voting rights in the Target Company in any financial year.

12. This Offer and the Underlying Transaction are subject to the receipt of the statutory approvals listed in paragraph 12(1) below and the receipt/ fulfillment of the other approvals and conditions listed under paragraph 12(2) below (all of which are conditions outside the reasonable control of the Acquirer). In terms of the SPA-MFL, the completion of the Underlying Transaction is subject to the simultaneous acquisition of shares by the Acquirer under the SPA – MCL and the SPA – MHIL.

(1) Statutory Approvals:

- (i) Receipt of approval from the CCI under the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, for the Consolidated Transaction, , or the expiry of any statutory time period on the expiry of which such approval is deemed to have been granted;
- (ii) Receipt of approval by the Acquirer from the *Bundeskartellamt* (German Anti-Trust Authority) for the Consolidated Transaction or the expiry of any statutory time period on the expiry of which such approval is deemed to have been granted;
- (iii) Receipt of a ‘no objection’ from the RBI for the completion of the Underlying Transaction of purchase of the Shares of the Target Company at the negotiated price under the SPA – MFL, on terms which are not significantly onerous to the parties thereto; and
- (iv) Receipt of a ‘no objection’ from the RBI for the purchase of shares of MCL by the Acquirer at the negotiated price specified under the SPA – MCL on terms which are not significantly onerous to the parties thereto.

As of the date of the DPS, to the best of the knowledge of the Acquirer and its PACs, there are no other statutory approvals required to acquire the Shares of the Target Company that are validly tendered pursuant to this Offer and to complete the Underlying Transaction.

(2) Other Approvals and Conditions:

The following conditions (being outside the reasonable control of the Acquirer) are applicable:

- (i) Receipt of consents from specified lenders for: (a) the release of the corporate guarantees and letters of comfort given by the M&M Group on behalf of the Target Company and its subsidiaries, and (b) repayment of any loans given by the M&M Group to the Target Company and its subsidiaries.
- (ii) The Seller having caused the Target Company to convene an extraordinary general meeting to amend the articles of association of the Target Company to incorporate the provisions of the SHA, such resolution to come into effect on the MFL Closing Date.
- (iii) Fulfillment of the following non-statutory conditions specified under the SPA – MFL, SPA – MCL, and SPA – MHIL (as applicable), all of which are outside the reasonable control of the Acquirer:
 - (I) the representations and warranties of each of the seller(s) under each of the SPA – MFL, SPA – MCL and SPA – MHIL being true, correct, and not misleading in all material respects as of the MFL Closing Date;
 - (II) the purchase by M&M or its subsidiary (not being a Mahindra Systech Company or a subsidiary of such company), of specified real estate assets and investments of MUSCO;
 - (III) the sale by M&M of the MGTPPL Shares to MIPL at the specified price by no later than August 14, 2013;
 - (IV) save and except in such circumstances as are specified under the SPA – MFL, there having been no change in the direct or indirect shareholding of M&M in any of the Mahindra Systech Companies and their subsidiaries; and
 - (V) each of the seller(s) under each of the SPA – MFL, SPA – MCL and SPA – MHIL, having clear and marketable title to the shares of the respective companies, such that the Acquirer acquires good title thereto, free from all encumbrances, on the MFL Closing Date;
- (iv) The negotiated price for the purchase of the shares of MHIL by the Acquirer in terms of the SPA – MHIL, as certified by a chartered accountant or a Category I merchant banker registered with the SEBI, being in compliance with applicable laws.
- (v) The acquisition of shares under the SPA – MFL, SPA – MCL and the SPA – MHIL occurring simultaneously, and none of these agreements having been terminated on account of reasons not within the reasonable control of the Acquirer.

13. Separately, the acquisition of any Shares tendered in the Offer by NRIs or OCBs is subject to the receipt of approval from the RBI for the same.
14. The Acquirer and PACs do not require the approval of any banks or financial institutions for making the Open Offer.
15. The status of statutory approvals as of the date of this Letter of Offer is as follows:
 - (i) Relevant parties (including the Acquirer) shall file the requisite notification with the CCI, seeking its approval for the Consolidated Transaction within the timeline prescribed by law.
 - (ii) Relevant parties (including the Acquirer) shall file the requisite notification with the *Bundeskartellamt* (German Anti-Trust Authority) seeking its approval for the Consolidated Transaction within the timeline prescribed by law.
 - (iii) The Acquirer proposes to file an application with the RBI shortly seeking its 'no objection' for the completion of the Underlying Transaction at the negotiated price agreed under the SPA – MFL.
 - (iv) The Acquirer proposes to file an application with the RBI shortly seeking its 'no objection' for the purchase of the equity shares of MCL at the negotiated price agreed under the SPA – MCL.
16. Separately, the Acquirer proposes to shortly file an application with the RBI seeking its approval for the acquisition of Shares tendered by NRIs and OCBs in the Offer.
17. In terms of Regulation 23(1) of the Regulations, in the event any of the statutory approvals specified in paragraph 12(1) above are not obtained or waived, or are refused, by the relevant statutory authorities (as applicable), or the conditions mentioned in paragraph 12(2) above (all of which are conditions outside the reasonable control of the Acquirer) are not fulfilled prior to September 30, 2014 or such extended date as may be agreed between the parties to the SPA-MFL ("**Long Stop Date**"), the Acquirer shall have the right to withdraw this Offer in terms of regulation 23(1) of the Regulations. In the event of such withdrawal, a public announcement will be made within 2 (two) working days of such withdrawal in the same newspapers in which the DPS has been published, and such public announcement will also be sent to SEBI, the BSE, the NSE and the registered office of the Target Company.
18. There is no agreement between the Acquirer and the PACs with regard to the acquisition of Shares under the Offer or the acquisition of Sale Shares pursuant to the Transaction Agreements. The PACs will not acquire any Shares being tendered and accepted in the Offer. All the Open Offer Shares will be acquired by the Acquirer in accordance with the terms and conditions set forth in the DPS and this Letter of Offer.
19. The Acquirer and the PACs have not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act or under any other regulations made under the SEBI Act.
20. In accordance with regulation 24(1) of the Regulations, on the MFL Closing Date (and prior to the completion of the Offer), the board of directors of the Target Company may be reconstituted by effecting the appointment of persons nominated by the Acquirer as directors of the Target Company.
21. As per regulation 26(6) of the Regulations, the board of directors of the Target Company shall constitute a committee of independent directors *vide* a board resolution to provide their written reasoned recommendation on the Offer to the Shareholders of the Target Company. Such recommendations shall be published at least 2 (two) working days before the commencement of the tendering period in the same newspapers where the DPS was published, in compliance with regulation 26(7) of the Regulations.

Details of the Proposed Offer

22. The Acquirer and the PACs have released the DPS on June 21, 2013 which appeared in the following newspapers:

Sl. No.	Newspapers	Language	Editions
1	Financial Express	English	All
2	Jansatta	Hindi	All
3	Mumbai Lakshadeep	Marathi	Mumbai

A copy of the DPS is also available on the SEBI's website: www.sebi.gov.in

23. In terms of this Offer, the Acquirer proposes to acquire 24,502,193 (Twenty Four Million Five Hundred and Two Thousand One Hundred Ninety Three Only) Shares of the Target Company ("**Offer Size**"), representing 26% of the Diluted Equity Capital of the Target Company, from the Eligible Shareholders at a price of Rs. 81/- (Rupees Eighty One Only) for each Share of the Target Company ("**Offer Price**"). The Offer Price will be paid in cash, in accordance with the provisions of regulation 9(1)(a) of the Regulations.
24. The Offer is being made to all Eligible Shareholders of the Target Company.
25. There are no partly paid up equity shares in the Target Company.
26. The Offer is not a competing offer in terms of regulation 20 of the Regulations.
27. This Offer is not conditional upon any minimum level of acceptance in terms of regulation 19 of the Regulations.

28. The Acquirer and the PACs have not acquired any Shares after the date of the PA and up to the date of this Letter of Offer.
29. In the event that the Shares tendered in the Open Offer by the Eligible Shareholders are more than the Offer Size, the acquisition of Shares from the Eligible Shareholders will be on a proportionate basis, as detailed in paragraph 134 to this Letter of Offer.
30. The Shares of the Target Company are listed on the BSE and the NSE. As per Clause 40A of the Equity Listing Agreement read with Rule 19A of the SCRR, the Target Company is required to maintain public shareholding of at least 25% (i.e. Shares of the Target Company held by the public excluding the Shares of the Target Company held by custodian against depository receipts issued overseas) as determined in accordance with the SCRR, as a requirement for continued listing. Consequent to this Offer, the shareholding of the Acquirer in the Target Company, including the Shares acquired under the SPA - MFL, may exceed the maximum permissible non-public shareholding specified in the SCRR. In the event that the post Offer holding of the Acquirer in the Target Company exceeds the maximum permissible non-public shareholding specified under the SCRR, the Acquirer undertakes to reduce its shareholding to the level stipulated in the SCRR within the time specified in the SCRR.

Object of the Acquisition/Offer

31. The CIE Automotive Group believes that it can add value to the Mahindra Systech Companies through operational improvements, transfer of knowhow, implementation of best practices, their relationships with international customers or otherwise. In light of this, the CIE Group Companies and the Mahindra Systech Companies are desirous of (i) consolidating their forgings business globally by amalgamating the forging business carried out by the CIE Group Companies and the Mahindra Systech Companies; and (ii) creating a combined entity (to be renamed as Mahindra CIE Automotive Limited) under the control of CIE that will carry on the consolidated forging business. CIE and M&M have entered into agreements to license the right to use their name to the Target Company and its subsidiaries.
32. In terms of Regulation 25(2) of the Regulations, as of the date of the DPS, the Acquirer does not have any plans to dispose of or otherwise encumber any material assets of the Target Company or of any of its subsidiaries in the next 2 (two) years, except as may be approved by the board of directors of the Target Company and (i) in the ordinary course of business; or (ii) to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities, business or otherwise of the Target Company. Further, subject to the requisite approvals, the Acquirer may evaluate options regarding disposal of any surplus assets. Any such disposal or encumbrance shall be with the prior approval of the shareholders obtained by way of a special resolution in terms of Regulation 25(2) of the Regulations.
33. The Acquirer reserves the right to streamline/restructure its holding in the Target Company and/or the operations, assets, liabilities and/or businesses of the Target Company through arrangement/reconstruction, restructuring, merger (including but not limited to merger with itself or any of its subsidiaries), demerger, and/or sale of assets or undertakings and/or re-negotiation or termination of existing contractual/ operating arrangements at a later date. Such decisions will be taken in accordance with the procedures set out by applicable law, and pursuant to business requirements and in line with opportunities or changes in the economic scenario, from time to time.

III. Background of the Acquirer & PACs

Participaciones Internacionales Autometal Dos, S.L. (Acquirer)

34. The Acquirer is a company incorporated under the laws of Spain having its registered office at Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain) Telephone: +34 629 480 885; Fax: +34 94 605 48 37. The Acquirer is a private limited company and was incorporated on April 3, 2013. The Acquirer's name has not been changed since incorporation.
35. The Acquirer is an investment holding company and holds 100% of the equity share capital of PIA 3. PIA 3 holds 100% of the equity share capital of CIE Forgings 2, which further holds 100% of the equity share capital of CIE Forgings 1 and CIE Forgings 3.
36. The shareholding pattern of the Acquirer as of the date of the DPS is as below:

Sl. No.	Name of the Entity	Number of Shares	Percentage Shareholding
I	Promoter Group		
1	AUTOMETAL via its wholly owned subsidiary, PIA1 (CIE holds 100% of the equity share capital of Berriz. Berriz holds 100% of the equity share capital of CIE AUTOMETAL. CIE AUTOMETAL holds 74.76% of AUTOMETAL)	154,400,000	72.0%
2	CIE via its wholly owned subsidiary, Berriz (CIE is a widely held listed company with no identifiable promoter)	60,000,000	28.0%
	Total Promoter Group	214,400,000	100.0%
II	Others		
1	Foreign Institutional Investors/ Mutual-Funds/ Financial Institutions/ Banks	-	0.0%
2	Public Shareholders	-	0.0%
	Total Others	-	0.0%
	Total (I + II)	214,400,000	100.0%

37. AUTOMETAL and CIE are PACs with the Acquirer in relation to this Offer. The Acquirer, AUTOMETAL and CIE belong to the CIE Automotive Group.

38. As of June 15, 2013, the fully paid-up equity share capital of the Acquirer was EUR 214,400,000 (equivalent to Rs. 16,513,624,000/- (Rupees Sixteen Billion Five Hundred and Thirteen Million Six Hundred and Twenty Four Thousand) using the RBI reference rate 1 EUR = Rs. 77.0225 (source: www.rbi.org.in) on June 15, 2013) comprising of 214,400,000 common bearer shares, with a par value of EUR 1.0 each. The equity shares of the Acquirer are not listed on any stock exchange.
39. As the Acquirer does not hold any Shares of the Target Company and has never held Shares of the Target Company in the past, the provisions of chapter V of the Regulations and chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto, are not applicable to the Acquirer as far as the Target Company is concerned.
40. The Acquirer and the PACs have not acquired any Shares after the date of PA i.e. June 15, 2013 and up to the date of this Letter of Offer. The provisions of chapter V of the Regulations are therefore not applicable.
41. Details of the board of directors of the Acquirer are as below:

Name	Work experience	Qualifications	Date of appointment	DIN
Sole Director Mr. Roberto Alonso Ruiz	Company Secretary of CIE since 2002. Prior experience includes public sector (both at tax organisation levels and in the Basque Government) and management positions in the CIE Automotive Group.	University Degree in Economics	April 3, 2013	N/A

42. Since the Acquirer is newly incorporated, it does not have any audited financial statements.
43. Presently, the Acquirer, its directors, and its key managerial employees do not have any ownership interest in the Target Company except as contemplated as a part of SPA – MFL.
44. The Acquirer has not been prohibited by SEBI from dealing in securities in terms of directions issued under Section 11B of the SEBI Act, as amended or under any rules or regulations issued thereunder.
45. Status of Corporate Governance: Acquirer is an unlisted company managed and controlled by its board of directors.
46. The Acquirer is not required to appoint a Compliance Officer.

PAC 1 - AUTOMETAL S.A. (AUTOMETAL)

47. AUTOMETAL is a public limited company incorporated under the laws of Brazil and has its registered office at Av. Fagundes de Oliveira, 1650-CEP-09950-905, DIADEMA, SP, Brazil; Telephone: +55 11 4355 6700; Fax: +55 011 4355 6706. AUTOMETAL was founded on November 12, 1964. AUTOMETAL is headquartered in Diadema, State of Sao Paulo, Brazil. AUTOMETAL's name has not been changed since incorporation.
48. AUTOMETAL belongs to the CIE Automotive Group.
49. The principal activities of AUTOMETAL and its subsidiaries include the manufacture and sale of auto components for the global automotive market, utilizing complementary technologies, such as aluminium, forging, plastics and castings, and other associated processes.
- As of May 31, 2013, the fully paid-up equity share capital of AUTOMETAL was (Brazilian Reais) R\$ 921,993,251.75 (equivalent to Rs. 24,738,738,532.31 (Rupees Twenty Four Billion Seven Hundred and Thirty Eight Million Seven Hundred and Thirty Eight Thousand Five Hundred and Thirty Two and Thirty One Paisa) using the reference rate of 1 R\$ = Rs. 26.8318 (source: Bloomberg) on June 15, 2013) comprising 126,205,862 common bearer shares with no par value.
50. The shares of AUTOMETAL are listed on the Brazilian (Sao Paulo) stock market BM&FBOVESPA – Novo Mercado. The market price of AUTOMETAL shares as of June 15, 2013 was R\$ 19.63.
51. As of May 31, 2013, the shareholding pattern of AUTOMETAL was as follows:

Sl. No.	Name of the Entity	Number of Shares	Percentage Shareholding
I	Promoter Group		
1	CIE via its wholly owned subsidiaries, Berriz and CIE AUTOMETAL	94,430,730	74.76%
	Total Promoter Group	94,430,730	74.76%
II	Others		
1	Foreign Institutional Investors/ Mutual-Funds/ Financial Institutions/ Banks	31,476,910	25.00%
2	Public Shareholders	298,222	0.24%
	Total Others	31,775,132	25.24%
	Total (I + II)	126,205,862	100.00%

52. AUTOMETAL's principal shareholder is CIE, a Spanish public limited company whose shares are listed for trading on the Madrid and Bilbao stock exchanges.

53. AUTOMETAL indirectly holds 72.0% of the equity share capital of the Acquirer via its wholly owned subsidiary, PIA 1.
54. As AUTOMETAL does not hold any Shares of the Target Company and has never held shares of the Target Company in the past, the provisions of chapter V of the Regulations and chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto, are not applicable to AUTOMETAL as far as the Target Company is concerned.
55. Presently, AUTOMETAL, its directors and its key managerial employees do not have any interest in the Target Company, except as contemplated as a part of SPA - MFL.
56. Details of the board of directors of the PAC 1 are as below:

Name	Work experience	Qualifications / Date of appointment (most recent)	DIN
Mr. Jesus Maria Herrera Barandiaran	He serves as Chairman of the board, Chief Executive Officer, member of the executive board of PAC 1. He was appointed Chairman of the board of directors on January 18, 2013. He has been member of the board of directors since April 29, 2010. He joined CIE Automotive Group in 1991, serving as Chief Financial and Human Resources Officer of Orbelan Plasticos. In 1995, he was appointed Deputy Director and Counsel. In 1998, he became Managing Director of the PAC 1. In 2000, he was responsible for CIE Brazil and three years later for CIE Plasfil and subsequently, he was appointed Managing Director of CIE Plastico. In 2005, he became General Director of CIE America.	University Degree in Economy. (April 29, 2010)	N/A
Mr. Amable Martínez-Conde Barrasa	He has served as Vice Chairman of the board of directors and member of the executive board of PAC 1 since January 18, 2013. He has been member of the executive board since April 29, 2010 and has been appointed member of the board of directors on December 19, 2012. He joined PAC 1 in 1977 in the Product Engineering department. Subsequently, he worked in various sectors within PAC 1 until 1988 when he was appointed Chief Commercial Officer. In 2000, he became Director of Metallurgical, Extraction and Autoliner Business Units. On the incorporation of the PIA 1 by CIE Automotive Group, he was appointed as Director of Jardim Sistemas in 2005, Nakayone in 2007, Autometal Dias D'Avila in 2007 and Autometal Camacari in 2010.	University Degree in Engineering. (April 29, 2010)	N/A
Mr. Antonio María Pradera Jáuregui	He serves as Chief Financial Officer, Investor Relations Officer, and member of the executive board of PAC 1. He has been Investor Relations Officer and Member of the Executive Board of the Company since April 29, 2010. He held the position of Investor Relations Officer at Suzano Papel e Celulose from 2000 to 2007, Bematech in 2007, Iguatemi Empresa de Shopping Centers SA between 2008 and 2009, among others.	University Degree in Engineering. (April 29, 2010)	N/A
Mr. Fermín del Río Sanz de Acedo	He has served as member of the board of directors of PAC 1 since November 10, 2010. He acted as Founding Partner at Norgeston SA till 2008 and held the position of Tax Consulting and Financial Director. He was responsible for the Tax department at Asociacion de Empresarios de Gipuzkoa (ADEGI). He held the position of Permanent Member of Confederacion de Asociaciones Patronales de Empresarios del Pais Vasco (CONFEBASK). Currently, he is member of the board of directors at CIE.	University Degree in Business Administration (April 29, 2010)	N/A
Mr. Bernardino Díaz-Andreu Garcia	He has served as member of the board of directors of PAC 1 since April 29, 2010. He acts as Director of the Investment department at Torreal. He also holds the position of member of the board of directors at such companies as: INSSEC, CIE, Pepe Jeans, GAMP and Stratek. He is also member of Comite de Seguimento da Imagina and Observer of the Investment Board at Rothschild FAPI.	University Degree in Business Administration and MBA at Harvard Business School. (April 29, 2010)	N/A
Mr. Claudio do Nascimento Pires Vaz	He has served as independent member of the board of directors of PAC 1 since April 29, 2010. Between 1971 and 1981, he held the position of General Manager at Industrias ARTEB SA. In 1981, he became Managing Partner at Univel Industrias Metalurgicas Ltda and at Plasticos Univel Ltda and held these positions till 1998. Between 2002 and 2008, he acted at FIAMM as Partner and Director. For two years, he served as President of SINDEPECAS and ABIPECAS, as well as Director of the Economy Department at FIESP/CIESP. He was also	University Degree in Economy by the Universidade do Estado da Guanabara (current UERJ). (April 29, 2010)	N/A

Name	Work experience	Qualifications / Date of appointment (most recent)	DIN
	Regional Director of SESI and was appointed its President in 2004.		
Mr. Henrique Dias Carneiro	He serves as independent member of the board of directors of PAC 1. Between 1974 and 1977 he worked as Advisor to the Minister of Finance. Then he served as a lawyer for the Securities and Exchange Commission. Thereafter, he worked as an attorney in the Division of Latin America and the Caribbean of the Banco Muncial's Legal Department in Washington, in the United States. Subsequently, he was the head of the Legal Board of Construtora Norberto Odebrecht. He also led the legal directorate of the Brazilian subsidiary of Alcatel. In 1995 he left to join private practice of law and for several years he was Partner responsible for the Sao Paulo branch of the law firm Golveia Vieira.	University Degree of Laws (April 29, 2010)	N/A

57. The key financial information of AUTOMETAL for the years ended December 31, 2010, December 31, 2011, and December 31, 2012, as derived from its audited consolidated financial statements are as follows:

Profit & Loss Statement	Year ended Dec 31, 2010		Year ended Dec 31, 2011		Year ended Dec 31, 2012	
	R\$ mn	INR mn	R\$ mn	INR mn	R\$ mn	INR mn
Income from operations	1,569.7	42,117	1,562.7	41,929	1,613.1	43,281
Other income	-	-	-	-	-	-
Total income	1,569.7	42,117	1,562.7	41,929	1,613.1	43,281
Total expenditure ⁽¹⁾	1,269.0	34,050	1,269.8	34,070	1,338.7	35,920
EBITDA	300.7	8,067	292.9	7,859	274.4	7,361
Depreciation	53.4	1,434	53.1	1,425	60.4	1,620
Interest ⁽²⁾	49.7	1,334	-7.1	(190)	8.3	222
EBT	197.5	5,300	246.9	6,624	205.7	5,519
Provision for tax	52.8	1,416	52.9	1,419	46.4	1,245
EAT from continuing operations	144.7	3,884	194.0	5,205	159.3	4,274
EAT from discontinued operations	-	-	-	-	-	-
EAT attributable to non-controlling interests	7.4	199	10.0	268	1.8	48
EAT attributable to owners	137.3	3,685	184.0	4,936	157.5	4,226

Note:

(1) Includes "Cost of sales" and "Operating income/expenses" (selling, general and administrative expenses, operational leases, repairs, professional services) less "Depreciation and Amortization".

(2) Includes "Finance income", "Finance costs" and "Exchange gains, net".

Balance Sheet	Year ended Dec 31, 2010		Year ended Dec 31, 2011		Year ended Dec 31, 2012	
	R\$ mn	INR mn	R\$ mn	INR mn	R\$ mn	INR mn
Sources of Funds						
Paid up share capital	481.2	12,913	900.2	24,154	900.2	24,154
Reserves and surplus	129.5	3,475	281.0	7,540	362.2	9,717
Networth	610.7	16,387	1,181.2	31,694	1,262.3	33,871
Secured loans ⁽¹⁾	450.2	12,081	670.4	17,987	744.5	19,975
Unsecured loans	-	-	-	-	-	-
Total	1,061.0	28,468	1,851.5	49,680	2,006.8	53,846
Uses of Funds						
Net fixed assets ⁽²⁾	843.9	22,644	923.3	24,775	1,095.6	29,397
Investments ⁽³⁾	(67.6)	(1,813)	(75.9)	(2,036)	(111.1)	(2,982)
Net current assets ⁽⁴⁾	284.7	7,638	1,004.1	26,941	1,022.3	27,431
Total miscellaneous expenditure not written off						
Total	1,061.0	28,468	1,851.5	49,680	2,006.8	53,846

Note:

(1) Includes "Non-current borrowings", "Current borrowings", "Non-current payables to related parties" and "Current payables to related parties".

(2) Includes "Intangible assets" and "Property, plant and equipment".

- (3) Includes "Investments" and "Long term receivables" (mainly "Judicials deposits", "Financial assets" and "Deferred income tax and social contribution") less "Deferred income tax and social contribution", "Non-current provisions" and "Other non-current liabilities"
- (4) Includes "Current assets" less "Current liabilities", plus "Current borrowings" and "Current payables to related parties".

Other Financial Data	Year ended Dec 31, 2010		Year ended Dec 31, 2011		Year ended Dec 31, 2012	
	R\$	INR	R\$	INR	R\$	INR
Dividend (%) ⁽¹⁾	-	-	-	-	-	-
Earnings Per Share ⁽²⁾	1.5	39.0	1.5	39.2	1.3	33.6
Return on Networth (%) ⁽³⁾	22.5%	22.5%	15.6%	15.6%	12.5%	12.5%
Book Value Per Share ⁽⁴⁾	6.5	173.5	9.4	251.7	10.0	269.0
Price-Earnings Ratio (x) ⁽⁵⁾	-	-	9.2	9.2	16.8	16.8

* RBI Reference rate 1 EUR = Rs. 77.0225 (source: www.rbi.org.in) dated June 15, 2013)

Note:

(1) AUTOMETAL shares have no par value. As of December 31st 2012 share capital / total number of shares is 7,15RBL.

(2) Calculated as "EAT attributable to owners" / total number of shares.

(3) Calculated as "EAT attributable to owners" / "Networth".

(4) Calculated as "Networth" / total number of shares.

(5) Calculated as share price at year end / "Earnings Per Share".

Source: Financial information presented above has been derived from AUTOMETAL's audited financial statements prepared in accordance with International Finance Reporting Standards and audited by the statutory auditors.

58. Contingent liabilities of AUTOMETAL as of December 31, 2012 are as follows:

As referred to in the consolidated financial statements of AUTOMETAL, the company is involved in lawsuits (substantially related to labor and tax matters) amounting to R\$ 0.04 mn. Due to the likely positive result for the company, and after the relevant analysis carried out together with the company's legal counsel, it has been decided not to book a reserve for such contingent outcome of the labor and tax lawsuits.

59. A brief note on Corporate Governance about AUTOMETAL:

AUTOMETAL is listed in the Novo Mercado sector of BM&FBOVESPA. Novo Mercado is a listing segment designed for shares issued by companies that voluntarily undertake to abide by corporate governance practices and transparency requirements in addition to those already requested by the Brazilian Law and CVM (Brazilian Securities and Exchange Commission). It is based on the premise that stock valuation and liquidity are positively impacted and assured by shareholder's rights and by the quality of companies' information.

The admission to Novo Mercado implies the compliance with corporate rules, known as "good practices of corporate governance", which are more rigid than those required by the current legislation in Brazil.

These rules, consolidated in the Listing Regulation, increase shareholder's rights and enhance the quality of information commonly disclosed by companies. Additionally, the Market Arbitration Panel for conflict resolution between investors and companies offers a safer, faster and specialized alternative to investors.

In addition to the above, CIE Automotive Group has enacted its internal Conduct Code which is applicable to all relevant employees of the Group.

60. The details of the Compliance Officer of AUTOMETAL is as follows:

Name: Fernando Mearim Luiz;
Address: Autometal S/A, Av. Fagundes de Oliveira,
1650-CEP-09950-905, Diadema, SP, Brazil.
Tel: +55 11 4355 6700
Fax: +55 011 4355 6706

61. AUTOMETAL has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act as amended or under any other regulation made under the SEBI Act.

PAC 2 - CIE Automotive S.A., (CIE)

62. CIE is a company incorporated on April 13, 1939 under the laws of Spain having its registered office at Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain) Telephone: +34 94 605 48 35; Fax: +34 94 605 48 37. CIE is a public company and is a part of the CIE Automotive Group. CIE was formerly known (until June 2002) as Acerias y Forjas De Azcoitia, S.A.

63. CIE Automotive was formed in 2002, as a result of merger between AFORASA and EGAÑA groups. Since then, CIE Automotive has expanded its global presence through acquisitions, joint ventures and organic growth.

64. The primary activities of the CIE Automotive Group include:

Automotive: CIE is the parent company of an industrial group formed by several companies that are mainly engaged in manufacture and sale of automotive components on the world market. It applies complementary technologies – aluminium, forging and plastics - and several associated processes.

Biofuel: This business includes the production and distribution of biofuels and the purchase and commercialisation of oils and derivative products.

IT Solutions and Services: The CIE Automotive Group offers technology solutions in the education, health, sustainability, transportation and communications sectors.

65. As of May 31, 2013, the fully paid-up equity share capital of CIE was EUR 28,500,000 (equivalent to Rs. 2,195,141,250/- (Rupees Two Billion One Hundred and Ninety Five Million One Hundred and Forty One Thousand Two Hundred and Fifty) using the RBI reference rate of 1 EUR = INR 77.0225 (source: www.rbi.org.in) on June 15, 2013) comprising 114,000,000 fully paid ordinary bearer shares, with a par value of EUR 0.25 each.
66. The shares of CIE are listed on the Madrid and Bilbao stock exchanges. The market price of CIE shares as of June 15, 2013 was EUR 5.57.
67. As at May 31, 2013, the shareholding pattern of CIE is as follows:

Sl. No.	Name of the Entity	Number of Shares	Percentage Shareholding
I	Promoter Group		
1	Promoter Group	-	0.0%
II	Others		
1	Foreign Institutional Investors/ Mutual-Funds/ Financial Institutions/Banks	82,521,211	72.4%
2	Public Shareholders	31,478,789	27.6%
	Total Others	114,000,000	100.0%
	Total (I + II)	114,000,000	100.0%

CIE is a widely held publicly listed company with no identified promoter. As at May 31, 2013, the following shareholders owned more than 5% of the equity share capital of CIE:

Sl. No.	Name of the Entity	Number of Shares	Percentage Shareholding
1	Corporación Gestamp, S.L.	29,552,203	25.92%
2	Mr. Antonio Maria Pradera Jauregui	15,434,659	13.54%
3	Elidoza Promoción De Empresas, S.L.	12,386,138	10.87%
4	Austral, B.V.	9,694,804	8.50%
5	Addvalia Capital, S.A.	5,778,509	5.07%
6	Compañía Andaluza De Rentas E Inversiones, S.A.	5,700,000	5.00%
7	Treasury Stock	11,220,660	9.84%
	Total	89,766,973	78.74%

Simultaneously with the acquisition of shares under the SPA-MFL, the SPA-MCL and the SPA-MHIL, MOICML (a subsidiary of M&M), either directly or through one of its subsidiaries, shall acquire a cumulative 13.5% stake in CIE through a:

- (i) purchase of 9.44%* of its equity share capital (11,220,660 treasury stock); and
- (ii) subscription to 4.06%* of its equity share capital on a preferential basis.

** on fully diluted basis i.e. after considering the dilution due to preferential allotment to M&M*

68. CIE indirectly holds 28.0% of the equity share capital of the Acquirer via its wholly owned subsidiary, Berriz. In addition, CIE indirectly holds 74.76% of the equity share capital of AUTOMETAL, which further indirectly holds 72.0% of the equity share capital of the Acquirer.
69. As CIE does not hold any Shares of the Target Company and has never held Shares of the Target Company in the past, the provisions of chapter V of the Regulations and chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto, are not applicable to CIE as far as the Target Company is concerned.
70. Details of the board of directors of CIE are as below:

Name	Work experience	Qualifications / Date of appointment (most recent)	DIN
Mr. Antonio María Pradera Jáuregui	He serves as Executive Chairman of the board of directors of CIE. He has been on the CIE's board since June 24, 2002. He also acts as Chairman of the executive committee of the CIE. Previously, he served as Chairman of the Nominating and Remuneration Committee of CIE until October 27, 2011. He has also served as Chief Executive Officer of Instituto Sectorial	University Degree in Engineering. (October 27, 2010)	N/A

Name	Work experience	Qualifications / Date of appointment (most recent)	DIN
	de Promocion y Gestion de Empresas SA.		
Elidoza Promoción De Empresas, S.L. represented by Mrs. Goizalde Egaña Garitagoitia	Currently working as the First-Vice President of CIE. Prior to this, she served as Financial Manager of CIE assets (2002 to 2007) and as a Director of Instituto Sectorial de Promoción y Gestión de Empresas, S.A.	University Degree in Economy. (October 27, 2010)	N/A
Mr. Jesús María Herrera Barandiarán	Joined CIE Automotive in 1995. He has served as the Managing Director (America Division) and is currently the CEO of the CIE Automotive Group (since 2013).	University Degree in Economy. (January 21, 2013)	N/A
Mr. Fermín del Río Sanz de Acedo	He serves as member of the board of directors of CIE. He has been on CIE's board since December 21, 2005. He acts as member of the Nominating and Remuneration Committee of CIE. On February 28, 2012 he was appointed member of CIE's executive committee. In 1975, he began his career in the fiscal and financial sector at Norgestion SA. He also acts as board member of PAC 1, CIE Autometal and Gescrap-Autometal Comercio de Sucatas SA	University Degree in Business Administration. (October 27, 2010)	N/A
Mrs. Susana Molinuevo Apellániz	She serves as Executive Director of CIE and manages internal audit in the CIE Automotive Group.	University Degree in Economy. (April 30, 2013)	N/A
Mr. Francisco José Riberas Mera	He is serving as member of the board of directors of CIE. He is also partner at the Corporación Gestamp Group, and is involved in their automotive business.	University Degree in Business Administration and Laws. (October 27, 2010)	N/A
Mr. Jon Riberas Mera	He is serving as member of the board of directors of CIE. He is also partner at the Corporación Gestamp Group, and is involved in their steel and renewable energies businesses.	University Degree in Business Administration. (October 27, 2010)	N/A
Corporación Gestamp, S.L. represented by Mr. Francisco López Peña	He is serving as member of the board of directors of CIE, representing Corporación Gestamp, S.L. He is involved in the automotive business within the Gestamp Goup.	University Degree in Business Administration and Laws. (October 27, 2010)	N/A
Mr. Carlos Solchaga Catalán	He serves as independent member of the board of directors of CIE. He was a member of the Spanish Parliament in 1980, 1982, 1986, 1989 and 1993 (Socialist party). He was the Chairman of the IMF's interim Committee (1991-1993). Spanish Industry and Energy Minister (1982-85) Spanish Economy Minister (1985-93). Currently, he is the Managing Partner of Solchaga Recio & Asociados (Consulting).	University Degree in Economy and postgraduate studies at Alfred P. Sloan School of the Massachusetts Institute of Technology (M.I.T.). (October 27, 2010)	N/A
Addvalia Capital, S.A. represented by Mrs. Maite Salegui	She is serving as member of the board of directors of CIE; representing Addvalia Capital, S.A., and possess vast experience in the management of family offices.	University Degree in Economy. (October 27, 2010)	N/A
Austral, B.V. represented by Mr. Bernardino Díaz-Andreu Garcia	He is serving as member of the board of directors of CIE, representing Austral B.V., since October 27, 2010. From April 28, 2004 until October 27, 2010, he represented Saltec Participadas S.L.U., in the board of directors of CIE. He acts as member of the Audit and Compliance Committee of CIE.	University Degree in Business Administration and MBA at Harvard Business School. (October 27, 2010)	N/A
Mr. Ángel Ochoa Crespo	He serves as independent member of the board of directors of CIE. He has been on CIE's board since October 27, 2010. He is Chairman of the Audit and Compliance Committee of the CIE. He is member of the board of directors of Islopan S.A. He has over 16 years of experience in the financial sector. He has been director of Banco Sabadell Atlantico for Basque Country and Cantabria, Senior Vice President of Banque Privee Edmond de Rothschild Europe, Accounts Manager and Deputy Director of Corporate Banking of Lloyds Bank and Accounts Executive and Manager of the Multinationals Department of Barclays Bank.	University Degree in Economy and MBA by United States International University (U.S.I.U.) San Diego, CA. USA (October 27, 2010)	N/A
QMC Directorships, S.L. represented by Mr. Jacobo Llanza Figueroa	He is serving as member of the board of directors of CIE, representing QMC Directorships, S.L. He was the former Managing Director at Dresdner Kleinwort Wasserstein and Founder of AB Asesores Moneda.	University Degree in Business Administration & Economy in Sorbonne (Paris) University. (October 27, 2010)	N/A

71. Presently, CIE, its directors and its key managerial employees do not have any interest in the Target Company except as contemplated as a part of SPA - MFL.

72. The key financial information of CIE for the years ended December 31, 2010, December 31, 2011, and December 31, 2012, as derived from its audited consolidated financial statements are as follows:

Profit & Loss Statement	Year ended Dec 31, 2010		Year ended Dec 31, 2011		Year ended Dec 31, 2012	
	EUR mn	INR mn	EUR mn	INR mn	EUR mn	INR mn
Income from operations	1,591.1	122,548	1,839.7	141,696	1,645.7	126,756
Other income ⁽¹⁾	51.6	3,971	79.6	6,132	64.3	4,950
Total income	1,642.6	126,520	1,919.3	147,828	1,710.0	131,706
Total expenditure ⁽²⁾	1,449.3	111,631	1,685.2	129,796	1,485.9	114,449
EBITDA	193.3	14,889	234.1	18,032	224.1	17,258
Depreciation	81.2	6,257	89.2	6,871	82.7	6,368
Interest ⁽³⁾	46.6	3,592	57.1	4,396	44.6	3,436
EBT	65.4	5,040	87.8	6,764	96.8	7,453
Provision for tax	17.3	1,330	7.7	590	-15.7	(1,208)
EAT from continuing operations	48.2	3,709	80.2	6,175	112.5	8,661
EAT from discontinued operations	5.8	444	0.0	(1)	36.5	2,810
EAT attributable to non-controlling interests	1.0	77	19.6	1,510	14.9	1,151
EAT attributable to owners	41.4	3,189	60.6	4,666	61.0	4,701

Note:

1. Includes "Other operating income" (mainly government grants relating to income, transfer to the income statement of grants relating to assets, sale of metal scrap, gains on the sale of assets) and "Change in inventories of finished goods and work in progress".
2. Includes "Consumption of raw materials and secondary materials", "Employee benefit expenses", "Other operating expenses" (mainly utilities, transports, repairs, expenses intrinsic to Biofuel, operating leases, provision for impairments of accounts receivable, provision for impairment of inventory) and "Other net profits/(losses)".
3. Includes "Finance income", "Finance costs", "Net exchange differences", "Gains/losses financial instruments at fair value" and "Share of profit/(loss) of associates".

Balance Sheet	Year ended Dec 31, 2010		Year ended Dec 31, 2011		Year ended Dec 31, 2012	
	EUR mn	INR mn	EUR mn	INR mn	EUR mn	INR mn
Sources of Funds						
Paid up share capital	28.5	2,195	28.5	2,195	28.5	2,195
Reserves and surplus	325.6	25,080	497.0	38,281	479.3	36,918
Networth	354.1	27,275	525.5	40,477	507.8	39,113
Secured loans ⁽¹⁾	746.2	57,474	916.3	70,576	926.4	71,354
Unsecured loans	-	-	-	-	-	-
Total	1,100.3	84,749	1,441.8	111,052	1,434.2	110,467
Uses of Funds						
Net fixed assets ⁽²⁾	1,036.3	79,821	1,080.7	83,241	1,018.8	78,472
Investments ⁽³⁾	-99.3	(7,645)	-63.0	(4,850)	21.7	1,670
Net current assets ⁽⁴⁾	163.2	12,573	424.0	32,661	393.7	30,324
Total miscellaneous expenditure not written off	-	-	-	-	-	-
Total	1,100.3	84,749	1,441.8	111,052	1,434.2	110,467

Note:

- (1) Includes "Non-current borrowings" and "Current borrowings".
- (2) Includes "Property, plant and equipment", "Goodwill" and "Other intangible assets".
- (3) Includes "Non-current financial assets", "Investments in associated companies", "Deferred tax assets", "Other non-current assets" and "Disposible group assets classified as held-for-sale" less "Deferred revenues", "Non-current provisions", "Deferred tax liabilities".
- (4) "Other non-current liabilities" and "Disposible group liabilities classified as held for sale".

Other Financial Data	Year ended Dec 31, 2010		Year ended Dec 31, 2011		Year ended Dec 31, 2012	
	EUR	INR	EUR	INR	EUR	INR
Dividend (%) ⁽¹⁾	0.0%	0.0%	72.0%	72.0%	72.0%	72.0%
Earning Per Share ⁽²⁾	0.4	28.0	0.5	40.9	0.5	41.2
Return on Networth (%) ⁽³⁾	11.7%	11.7%	11.5%	11.5%	12.0%	12.0%
Book Value Per Share ⁽⁴⁾	3.1	239.3	4.6	355.1	4.5	343.1
Price-Earnings Ratio (x) ⁽⁵⁾	13.2	13.2	10.5	10.5	9.7	9.7

Note:

- (1) Calculated as gross dividend per share / par value per share.
- (2) Calculated as "EAT attributable to owners" / total number of shares.
- (3) Calculated as "EAT attributable to owners" / "Networth".
- (4) Calculated as "Networth" / total number of shares.
- (5) Calculated as share price at year end / "Earnings Per Share".

Source: Financial information presented above have been derived from the CIE's audited financial statements prepared in accordance with International Finance Reporting Standards and audited by the statutory auditors.

73. The CIE Automotive Group is committed to the highest standards of corporate governance.
74. In Spain, CIE is subject to the recommendations issued by the Spanish Securities' Commission (*Comisión Nacional del Mercado de Valores*) on good corporate governance (applicable to CIE under the "comply or explain" principle), and issues yearly a report on the way corporate governance is handled in the CIE Automotive Group according to applicable Spanish regulations.
- In addition to the above, CIE Automotive Group has enacted its internal Conduct Code which is applicable to all relevant employees of the Group.
75. The details of the Compliance Officer of CIE are as follows:
- Name: Mr. Roberto Alonso Ruiz
Address: Calle Iparraguirre nº 34, 2º derecha; 48011 Bilbao (Spain)
Tel: +34 94 605 48 35
Fax: +34 94 605 48 37
Email: ralonso@cieautomotive.com
76. CIE has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act as amended or under any other regulations made under the SEBI Act.
77. As per the audited consolidated annual accounts as of December 31, 2012 for CIE and its subsidiaries, there are no material contingent liabilities.

IV. Background of the Target Company

78. The Target Company was incorporated on August 13, 1999 under the Act. The registered office of the Target Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra; Tel: +91 22 2490 1441; Fax: +91 22 2490 5890. There have been no changes in the name of the Target Company during the last three years.
79. The Target Company is in the business of manufacturing and supply of engine and chassis forged components for commercial and passenger vehicles, such as crankshafts, steering knuckles, stabilizer bars, gear blanks, front axle beams, levers, flanges, control arms, camshafts, connecting rods, pitman arms and piston rods and other non-automotive products.
80. As of the date of the DPS, the total paid-up equity share capital of the Target Company is Rs. 921,733,060/- (Rupees Nine Hundred Twenty One Million Seven Hundred Thirty Three Thousand and Sixty only) consisting of 92,173,306 (Ninety Two Million One Hundred and Seventy Three Thousand Three Hundred and Six) Shares of face value Rs. 10/- (Rupees Ten Only) each. There are no partly paid up Shares in the Target Company.

Based on available information, the diluted equity capital as on the tenth (10th) working day after the scheduled closure of the tendering period of the Offer ("**Diluted Equity Capital**") has been calculated as follows:

Particulars	No. of Shares
Total fully paid-up Shares outstanding as of the date of the DPS (A)	92,173,306
Total outstanding employees stock options, which vest by December 31, 2013, and for which equity shares may be issued during the period of the Offer (B)*	2,065,895
Diluted Equity Capital (A + B)	94,239,201

*Source: Target Company

81. Save in respect of the employee stock options already granted by the Target Company, there are no outstanding convertible securities, depository receipts, warrants or instruments issued by the Target Company which are convertible into Shares of the Target Company.
82. The capital structure of the Target Company as of the date of this Letter of Offer is:

Paid up Equity Shares of Target Company	No. of Shares/voting rights	% of Shares/voting rights
Fully paid up equity shares	92,173,306	100
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	92,173,306	100
Total voting rights in Target Company	92,173,306	100

83. The Shares of the Target Company are listed on the BSE (scrip code: 532756) and the NSE (symbol: MAHINDFORG)
84. The Target Company has complied with the listing requirements and no penal / punitive actions have been taken by the BSE and the NSE. There has not been any non-listing of any shares of the Target Company on the stock exchanges.

85. The Shares of the Target Company are frequently traded on the NSE within the meaning of Regulation 2(1)(j) of the Regulations for the period commencing on June 1, 2012 and ending on May 31, 2013.

86. As on the date of this Letter of Offer, the composition of the board of directors of the Target Company is as follows:

Sl. No	Name	Designation & Date of appointment	Qualification	Experience	DIN
1.	Mr. Hemant Luthra	Chairman (24/03/2005)	Graduate of the Indian Institute of Technology, Delhi (1970). Alumni of the Advanced Management Program of the Harvard Business School (AMP115, 1994)	Over 35 years of industry experience	00231420
2.	Mr. Zhooben Bhiwandiwalla	Director (28/04/2006)	Chartered Accountant	Over 25 years of experience	00110373
3.	Mr. Nikhilesh Natvarlal Panchal	Director (18/08/2005)	Master's Degree in Law	Over 15 years of experience	00041080
4.	Mr. Virendra Kumar Chanana	Director (28/04/2006)	Retired IAS officer	Over 3 decades of industry experience	00069599
5.	Mr. Fali Mama	Director (28/04/2006)	Graduate in Science and Law and Diploma holder in Accountancy	Over 5 decades of industry experience	00012636
6.	Mr. Mohit Burman	Director (19/05/2006)	Graduated from Richmond College London, in Bachelor of Arts, Business Administration and Economics in May 1989 (Double major: Marketing and General Management). And Master of Business Administration degree, in Finance from Babson College, Massachusetts, U.S.A	Over 2 decades of industry experience	00021963
7.	Mr. Harald Korte	Director (26/04/2007)	Engineer of the Technical High school, Hagen	Over 5 decades of industry experience	02252521
8.	Mr. Oliver Scholz	Director (09/05/2008)	Diplom-Betriebswirt (BA).	Over 2 decades of industry experience	02472642
9.	Mr. Daljit Mirchandani	Director (29/07/2008)	Graduate Engineer from Birla Institute of Technology	Over three decades of industry experience	00022951
10.	Mr. K. Ramaswami	Managing Director (04/10/2011)	Graduate in Mechanical Engineering from the College of Engineering, Guindy with an MBA from Milton Keynes University, UK	Over 35 years of industry experience	00517598

87. There has been no merger/de-merger, spin off during last 3 years involving the Target Company.

88. The Target Company has not undergone any change of name since incorporation.

89. The brief audited financial statements of the Target Company for the three financial years ended on March 31, 2011, March 31, 2012 and March 31, 2013, are as set forth below:

	Year ended March 31, 2011 (Rs. in million)	Year ended March 31, 2012 (Rs. in million)	Year ended March 31, 2013 (Rs. in million)
Profit & Loss Statement			
Income from operations	19,245	24,403	22,164
Other Income	63	40	38
Total Income	19,308	24,442	22,202
Total Expenditure (excluding exceptional items)	17,494	22,319	21,734
Profit Before Depreciation, Interest and Tax	1,814	2,123	468
Depreciation & Amortization	1,200	1,129	1,104
Interest	488	431	493
Exceptional Items	80	16	11
Profit Before Tax	46	548	(1,140)
Provision for Tax	8	36	(1)
Profit After Tax	38	512	(1,139)

Balance Sheet Statement	Year ended March 31, 2011 (Rs. in million)	Year ended March 31, 2012 (Rs. in million)	Year ended March 31, 2013 (Rs. in million)
Sources of funds			
Paid up share capital	879	922	922
Money received against warrants	147	-	-
Reserves and Surplus (excluding revaluation reserves)	6,886	7,794	6,622
Net worth	7,912	8,716	7,544
Secured loans ¹	6,080	5,100	5,400
Unsecured loans	890	961	984
Other Non – Current Liabilities ²	1,211	1,280	1,662
Total	16,093	16,057	15,590
Uses of funds			
Net fixed assets	11,984	12,446	12,103
Investments	23	23	413
Other Non-Current Assets ³	610	646	658
Net current assets	3,476	2,942	2,416
Total miscellaneous expenses not written off	-	-	-
Total	16,093	16,057	15,590

Other Financial Data	Year ended March 31, 2011 (Rs. in million)	Year ended March 31, 2012 (Rs. in million)	Year ended March 31, 2013 (Rs. in million)
Dividend (%)	0%	0%	0%
Earnings per Equity Share ⁵	0.43	5.55	(12.36)
Return on Networth ⁷ (%)	0.5%	5.9%	-15.1%
Book Value per Equity Share ⁶	90.04	94.57	81.85

Source: Annual Reports; BSE filings

Note:

- 1) Includes current portion of secured long term borrowings
- 2) Includes other long term liabilities and other long term provisions
- 3) Includes deferred tax assets and long term loans and advances
- 4) Earnings per share calculated as Profit After Tax/ Number of equity shares outstanding at the end of the fiscal year
- 5) Return on Networth calculated as Profit After Tax/ Networth
- 6) Book Value per share calculated as Networth/ Number of equity shares outstanding at the end of the fiscal year

90. The pre and post-Offer shareholding pattern of the Target Company, taking into account acquisition of the Sale Shares under the SPA-MFL, and based on the shareholding pattern of the Target Company as on date of this Letter of Offer, shall be as follows:

Scenario I: Assuming full acceptance in Offer:

	Shareholding & voting rights prior to the agreement /acquisition and offer		Shares/voting rights agreed to be acquired/ which triggered off the Regulations		Shares/ voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding / voting rights after the acquisition and Offer (assuming full acceptances)	
	No	%*	No	%*	No	%*	No	%*
(1) Promoter Group								
Parties to the SPA-MFL:								
(a) M&M	48,825,609	51.81%	NIL	0.0%	NIL	0.0%	296,109	0.31%
(b) Promoters other than (a)	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
(2) (a) Acquirer	NIL	0.0%	48,529,500	51.50%	24,502,193	26.00%	73,031,693	77.50% [#]
(b) PAC1	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
(c) PAC2	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
Total 2(a)+2(b)+2(c)	NIL	0.0%	48,529,500	51.50%	24,502,193	26.00%	73,031,693	77.50% [#]
(3) Parties to agreement other than (1)(a) & (2)	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
(4) Public (other than parties to agreement, acquirers, and PACs)								
(a) FIs/MFs/FIIs/Banks, SFIs	13,653,146	14.49%	NIL	0.0%	NIL	0.0%	20,911,399 [^]	22.19%
(b) Others	31,760,446 [^]	33.70%	NIL	0.0%	NIL	0.0%		
Total 4(a) + 4(b)	45,413,592	48.19%	NIL	0.0%	NIL	0.0%	20,911,399[^]	22.19%
Grand Total (1+2+3+4)	94,239,201	100.00%	48,529,500	51.50%	24,502,193	26.00%	94,239,201	100.00%

Note: * based on Diluted Equity Capital; ^ including 2,065,895 employee stock options which vest by Dec 31, 2013 and for which equity shares may be issued by the Target Company [#] On and from MFL Closing Date, the shareholding of the Acquirer will be disclosed as promoter shareholding of the Target Company.

Scenario II: Assuming NIL acceptance in Offer:

	Shareholding & voting rights prior to the agreement /acquisition and offer		Shares/voting rights agreed to be acquired/ which triggered off the Regulations		Shares/ voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding / voting rights after the acquisition and Offer (assuming full acceptances)	
	No	%*	No	%*	No	%*	No	%*
(1) Promoter Group								
Parties to the SPA								
(a) M&M	48,825,609	51.81%	NIL	0.0%	NIL	0.0%	296,109	0.31%
(b) Promoters other than (a)	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
(2) (a) Acquirer	NIL	0.0%	48,529,500	51.50%	NIL	0.0%	48,529,500	51.50% [#]
(b) PAC1	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
(c) PAC2	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
Total 2(a)+2(b)+2(c)	NIL	0.0%	48,529,500	51.50%	NIL	0.0%	48,529,500	51.50% [#]
(3) Parties to agreement other than (1)(a) & (2)	NIL	0.0%	NIL	0.0%	NIL	0.0%	NIL	0.0%
(4) Public (other than parties to agreement, acquirers, and PACs)								
(a) FIs/MFs/FIIs/Banks, SFIs	13,653,146	14.49%	NIL	0.0%	NIL	0.0%	45,413,592 [^]	48.19%
(b) Others	31,760,446 [^]	33.70%	NIL	0.0%	NIL	0.0%		
Total 4(a) + 4(b)	45,413,592	48.19%	NIL	0.0%	NIL	0.0%	45,413,592	48.19%
Grand Total (1+2+3+4)	94,239,201	100.00%	48,529,500	51.50%	NIL	0.0%	94,239,201	100.00%

Note: * based on Diluted Equity Capital; ^ including 2,065,895 employee stock options which vest by Dec 31, 2013 and for which equity shares may be issued by the Target Company. [#] On and from MFL Closing Date, the shareholding of the Acquirer will be disclosed as promoter shareholding of the Target Company.

V. Offer Price and Financial Arrangements

Justification of Offer Price

91. The Shares of the Target Company are listed and traded on the BSE and the NSE. The annualised trading turnover based on the trading volume in the Shares of the Target Company on the BSE and NSE during June 1, 2012 to May 31, 2013 (12 (twelve) calendar months preceding the month in which the PA is issued) is as under:

Stock Exchange	Number of Equity Shares Traded during the 12 (twelve) Calendar Months Prior to the Month in which the PA is Issued	Total Number of Listed Equity Shares during this Period	Annualized Trading Turnover (as a % of Total Listed Equity Shares)
BSE	8,490,692	92,173,306	9.2%
NSE	12,563,538	92,173,306	13.6%

Source: BSE and NSE website

92. The Shares of the Target Company are frequently traded on the NSE, within the meaning of regulation 2(1)(j) of the Regulations, during the 12 calendar months preceding the calendar month in which the PA has been issued. Based on the parameters set out in regulation 8(2) of the Regulations for frequently traded stocks, as of the date of the PA, the Offer Price of Rs. 81/- per Share (Rupees Eighty One Only) is justified in view of the following:

S.No	Particulars	Price (in Rs. Per Share)
I.	The negotiated price under the SPA - MFL dated June 15, 2013	Rs. 81/-
II.	The volume-weighted average price paid or payable for acquisitions whether by the Acquirer or by any PACs during the 52 weeks immediately preceding the date of the PA	Not Applicable
III.	The highest price paid or payable for any acquisition, whether by the Acquirer or by any PACs during the 26 weeks immediately preceding the date of the PA	Not Applicable
IV.	The volume-weighted average market price of the Shares of the Target Company for a period of sixty trading days immediately preceding the date of the PA as traded on the NSE, being the stock exchange where the maximum volume of trading in the Shares of the Target Company was recorded during such period, the Shares being frequently traded	Rs. 54.51

The Offer Price of Rs. 81/- (Rupees Eighty One Only) per Share of the Target Company, being the highest of the parameters stated above, is justified in terms of regulation 8 of the Regulations.

93. Calculation of the volume-weighted average market price of such Shares for a period of sixty trading days immediately preceding the date of PA as traded on NSE (as the maximum volume of trading in the Shares of the Target Company was recorded on NSE during such period as stated in paragraph 91) as per regulation 8(2) (d) of the Regulations is as follows:

S. No.	Date	Total traded shares	Total turnover (in Rs. lakhs)	Volume weighted average price (in Rs.)
1	19-Mar-13	6,141	2.61	42.50
2	20-Mar-13	18,957	7.79	41.09
3	21-Mar-13	53,673	21.56	40.17
4	22-Mar-13	14,382	5.66	39.35
5	25-Mar-13	43,891	17.39	39.62
6	26-Mar-13	15,322	5.96	38.90
7	28-Mar-13	35,153	13.27	37.75
8	1-Apr-13	20,071	7.62	37.97
9	2-Apr-13	59,665	22.81	38.23
10	3-Apr-13	85,323	31.67	37.12
11	4-Apr-13	14,904	5.45	36.57
12	5-Apr-13	5,517	2.02	36.61
13	8-Apr-13	5,896	2.14	36.30
14	9-Apr-13	7,930	2.87	36.19
15	10-Apr-13	17,767	6.47	36.42
16	11-Apr-13	3,553	1.30	36.59

S. No.	Date	Total traded shares	Total turnover (in Rs. lakhs)	Volume weighted average price (in Rs.)
17	12-Apr-13	23,321	8.32	35.68
18	15-Apr-13	22,447	8.39	37.38
19	16-Apr-13	18,859	7.09	37.59
20	17-Apr-13	9,793	3.71	37.88
21	18-Apr-13	9,214	3.49	37.88
22	22-Apr-13	48,820	18.90	38.71
23	23-Apr-13	18,761	7.40	39.44
24	25-Apr-13	27,904	10.71	38.38
25	26-Apr-13	15,412	5.72	37.11
26	29-Apr-13	6,692	2.47	36.91
27	30-Apr-13	6,977	2.57	36.84
28	2-May-13	8,097	3.00	37.05
29	3-May-13	26,829	9.72	36.23
30	6-May-13	23,059	8.33	36.12
31	7-May-13	37,455	13.53	36.12
32	8-May-13	40,627	14.64	36.04
33	9-May-13	35,905	13.01	36.23
34	10-May-13	55,460	20.00	36.06
35	11-May-13	17,060	6.35	37.22
36	13-May-13	161,107	63.52	39.43
37	14-May-13	20,882	8.17	39.12
38	15-May-13	39,993	15.78	39.46
39	16-May-13	76,570	31.39	41.00
40	17-May-13	307,318	137.07	44.60
41	20-May-13	164,671	76.62	46.53
42	21-May-13	151,975	71.10	46.78
43	22-May-13	117,894	50.51	42.84
44	23-May-13	39,363	16.02	40.70
45	24-May-13	20,008	8.14	40.68
46	27-May-13	18,714	7.65	40.88
47	28-May-13	12,926	5.32	41.16
48	29-May-13	48,400	20.45	42.25
49	30-May-13	24,185	10.44	43.17
50	31-May-13	105,914	47.02	44.39
51	3-Jun-13	73,917	33.35	45.12
52	4-Jun-13	325,591	155.13	47.65
53	5-Jun-13	806,404	432.20	53.60
54	6-Jun-13	1,112,656	640.21	57.54
55	7-Jun-13	1,458,793	878.40	60.21
56	10-Jun-13	564,566	338.42	59.94
57	11-Jun-13	307,038	171.60	55.89
58	12-Jun-13	112,341	64.21	57.16
59	13-Jun-13	407,919	239.79	58.78
60	14-Jun-13	1,454,713	947.93	65.16
Total		8,794,695	4,794.38	
Volume weighted average market price (Total turnover divided by the total number of Shares traded)				54.51

Source: www.nseindia.com

94. There are no corporate actions of the Target Company requiring the relevant price parameters to be adjusted.

95. In the event of further acquisition of Shares of the Target Company by the Acquirer / PACs during the offer period, whether by way of subscription or purchase, at a price higher than the Offer Price, the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of regulation 8(8) of the Regulations. However, the Acquirer and its PACs shall not be acquiring any Shares of the Target Company after the third working day prior to the commencement of the tendering period and until the expiry of the tendering period.
96. In the event of such a revision in the Offer Price on account of future purchases / competing offers, in addition to intimations to the BSE, NSE, SEBI and the Target Company, an announcement would be made in the same newspapers in which the DPS has appeared and the revised Offer Price would be paid for all Shares accepted under the Offer.
97. If there is any revision in the Offer Price on account of future purchases / competing offers, it will be done only up to the period prior to 3 (three) working days before the date of commencement of the tendering period and would be notified to the Eligible Shareholders of the Target Company.
98. If the Acquirer and/or the PACs acquire Shares during the period of twenty six weeks after the closure of the tendering period at a price higher than the Offer Price, then the Acquirer and the PACs shall pay the difference between the highest acquisition price and the Offer Price, to all Eligible Shareholders whose Shares have been accepted in this Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the Regulations, or pursuant to the SEBI (Delisting of Equity Shares) Regulations, 2009 or open market purchases made in the ordinary course on the stock exchanges, not being negotiated acquisition of Shares in any form.

Financial Arrangements

99. The maximum consideration payable under this Offer, assuming full acceptance, is Rs. 1,984,677,633/- (Rupees One Billion Nine Hundred Eighty Four Million Six Hundred Seventy Seven Thousand Six Hundred Thirty Three Only) ("**Maximum Consideration**").
100. In accordance with regulation 17(1) of the Regulations, the Acquirer has opened a "**Cash Escrow Account**" in the name "Escrow Account – Mahindra Forgings Limited – Open Offer" bearing Account No. 2411311850 with Kotak Mahindra Bank Limited ("**Escrow Bank**"), Branch: Mittal Court, Nariman Point, Mumbai and made a cash deposit of Rs 1,985,094,621/- (Rupees One Billion Nine Hundred Eighty Five Million Ninety Four Thousand Six Hundred Twenty One Only) in the account in accordance with regulation 17(3)(a) of the Regulations, which is more than 100% of the total consideration payable to the Shareholders of the Target Company under the Offer. The cash deposit has been confirmed vide a confirmation letter dated June 12, 2013 issued by Kotak Mahindra Bank Limited.
101. The Manager to the Offer has been solely authorised by the Acquirer to operate and realise the value of the Cash Escrow Account in terms of the Regulations.
102. The Cash Escrow Account represents more than 100% of the cash required to fund the entirety of the Offer. The funds in the Cash Escrow Account will be used solely towards fulfilling the obligations of the Acquirer for the Offer and shall be released only upon instructions received from the Manager to the Offer.
103. In case of any upward revision in the Offer Price or the Offer Size, the value of the escrow amount shall be computed on the revised consideration calculated at such revised offer price or offer size and any additional amounts required will be funded in the Cash Escrow Account by the Acquirer and the PACs prior to effecting such revision, in terms of regulation 17(2) of the Regulations.
104. The source of funds to meet the Acquirer's and the PAC's obligations under the Offer is foreign funds.
105. MZSK & Associates, having its office at The Ruby Level 9, North West Wing, Senapati Bapat Marg, Dadar (W), Mumbai - 400026, Tel: +91 22 2439 3700, Fax: +91 22 2439 3700 (Rajesh Thakkar, Membership No:103085), (the "**Accountant**") has confirmed by the certificate dated June 14, 2013 that the Acquirer and the PACs have adequate financial resources through verifiable means available for meeting their obligations under the Regulations for a value up to the Maximum Consideration.
106. On the basis of the aforesaid financial arrangements and the Accountant's certificate, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer.

VI. Terms and Conditions of the Offer

107. The Offer is not conditional and is not subject to any minimum level of acceptance.
108. This Letter Of Offer, specifying the detailed terms and conditions of this Offer along with the Form of Acceptance-cum-Acknowledgement, will be mailed to all Eligible Shareholders, whose names appear on the register of members of the Target Company at the close of business hours on July 22, 2013 i.e. Identified Date, being registered equity shareholders as per the records of NSDL and CDSL, and registered Shareholders holding Shares in physical form as per the records of the Target Company, as on the Identified Date. Accidental omission to dispatch this Letter of Offer to any person to whom the Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate the Offer in any way. The last date by which the individual Letter of Offer would be dispatched to each of the Shareholders of the Target Company is July 30, 2013

There shall be no discrimination in the acceptance of locked-in and non locked-in Shares in the Offer. The Shares to be acquired under the Offer must be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.
109. This Offer is made to all Eligible Shareholders as on the Identified Date, and also to persons who acquire Shares before the closure of the tendering period and tender these Shares into the Offer in accordance with this Letter of

Offer. Persons who have acquired Shares (irrespective of the date of purchase) but whose names do not appear on the register of members of the Target Company on the Identified Date are also eligible to participate in this Offer.

110. The Acquirer reserves the right to revise the Offer Price and/or the Offer Size upwards up to 3 (three) working days prior to the commencement of the tendering period, i.e., upto July 31, 2013 in accordance with the Regulations and the revision, if any, in the Offer Price and/or the Offer Size would be announced in the same newspapers where the DPS was published. The Acquirer would pay such revised price for all the Shares validly tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the DPS and the Letter of Offer.
111. Eligible Shareholders to whom the Offer is being made are free to offer their Shares in the Target Company in whole or in part while accepting the Offer. The acceptance must be unconditional and should be absolute and unqualified.
112. Eligible Shareholders who hold Shares in **physical form** and who wish to tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in Section VII of this Letter of Offer entitled "Procedure for Acceptance and Settlement of the Offer", to the Registrar to the Offer at any of its collection centers, mentioned under paragraph 125 of this Letter of Offer so that the same are received by the Registrar to the Offer no later than the date of closure of the tendering period (i.e. August 20, 2013).
113. In respect of **dematerialized** Shares, Eligible Shareholders must ensure that the credit for the Shares tendered must be received in the Special Depository Account (as specified in paragraph 127) no later than August 20, 2013. If the Eligible Shareholders hold their Shares through CDSL, their depository participant instruction will have to take the form of an inter-depository delivery instruction from CDSL for the purpose of crediting their Shares in favour of the Special Depository Account with NSDL as mentioned in paragraph 127 below.
114. Eligible Shareholders who have acquired Shares of the Target Company but whose names do not appear in the register of members of the Target Company on the Identified Date or those who have not received the Letter of Offer, may also participate in this Offer by submitting an application on a plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer, so as to reach the Registrar to the Offer on or before the closure of the tendering period i.e., no later than August 20, 2013. This is to be sent to the Registrar to the Offer together with:
 - a. In case of Eligible Shareholders holding Shares in dematerialized form, the name, address, number of Shares held, number of Shares offered, name of the Depository Participant ("**DP**"), DP ID number, beneficiary account number along with a photocopy of the Delivery instruction in "off-market" mode, duly acknowledged by the DP in favour of KARVY-ESCROW A/C- MAHINDRA FORGINGS LIMITED OPEN OFFER, as per instructions mentioned below; and
 - b. In case of Eligible Shareholders holding Shares in physical form, the relevant share certificate(s) and transfer deeds, and the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired wherever applicable.
115. No indemnity would be required from unregistered shareholders regarding the title to the Shares.
116. The Acquirer and the PACs shall not be responsible in any manner for any loss of share certificate(s) and other documents during transit and the Eligible Shareholders are advised to adequately safeguard their interests in this regard.
117. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute an integral part of this Letter of Offer.

Statutory Approvals

118. The Offer is subject to the statutory approvals as specified in Part II - Details of the Offer - paragraph 12(1) therein. The status of these statutory approvals is outlined in Part II - Details of the Offer - paragraph 15 therein.
119. As of the date of this Letter of Offer, to the best knowledge of the Acquirer and the PACs, except for any additional statutory approvals which could become applicable as a result of any change in applicable law and/or any change in the underlying factual position, there are no other statutory approvals (i.e. other than those mentioned above) required to acquire the Shares that are validly tendered pursuant to this Offer. Notwithstanding anything in this paragraph 118, if any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals.
120. The Acquirer and the PACs will not proceed with the Offer in the event any statutory approval indicated herein is denied in terms of regulation 23 of the Regulations.
121. In case of delay/ non-receipt of any statutory approval, SEBI may, if satisfied that non-receipt of the requisite approvals was not attributable to any wilful default, failure or neglect on the part of the Acquirer and the PACs to diligently pursue such approval, grant extension of time for the purpose of paying the consideration payable under this Offer, subject to the Acquirer agreeing to pay interest to the Shareholders as directed by SEBI, in terms of regulation 18(11) of the Regulations.
122. Where any statutory approval extends to some but not all the Shareholders who tender their Shares under this Offer, the Acquirer shall have the option to make payment to such Shareholders in respect of whom no such statutory approvals are required to complete this Offer.

123. In terms of regulation 23 of the Regulations, if prior to the Long Stop Date, the statutory approvals listed in paragraph 12(1) are not received or waived, or are refused, or the other conditions specified under paragraph 12(2) are not fulfilled for reasons beyond the reasonable control of the Acquirer, the Acquirer shall have the right to withdraw this Offer. In the event of withdrawal, a public announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be sent to SEBI, the BSE, the NSE and the registered office of the Target Company.
124. The acquisition of Shares tendered by NRIs and OCBs in the Offer is subject to receipt of approval from the RBI for the same.

VII. Procedure for Acceptance and Settlement of the Offer

125. A tender of Shares pursuant to any of the procedures described in this Letter of Offer will constitute a binding agreement between the Acquirer and the tendering shareholder, including the tendering shareholder's acceptance of the terms and conditions of the Letter of Offer.

Shareholders of the Target Company who wish to accept the Offer and tender their Shares can also send/deliver the Form of Acceptance-cum-Acknowledgment duly signed along with all the relevant documents at any of the collection centers of the Registrar to the Offer mentioned below during the working hours on or before the date of closure of the tendering period, i.e., no later than August 20, 2013, in accordance with the procedure as set out in the Letter of Offer.

Collection Centre	Name and Address of the Collection Centre	Contact Person	Mode of delivery	Working Days and Timing	Phone / Fax / Email
Mumbai	Karvy Computershare. Pvt Ltd., 24-B, Rajabahadur Mansion, Gr Floor, 6 Ambalal Doshi Marg, Behind BSE Ltd, Fort Mumbai-400001	Ms. Nutan Shirke	Hand Delivery	Monday to Friday 10.00 a m to 3.30 p m	Tel: +91-22-66235454 / 66235412 / 66235427 Fax: +91-22-66331135 Email: ircfort@karvy.com nutan.shirke@karvy.com
New Delhi	Karvy Computershare. Pvt Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi - 110 001	Mr. Rakesh Kr Jamwal / Vinod Singh Negi	Hand Delivery		Tel: +91-11-43681700 / 1798 Fax: +91-11-41036370 Email : rakeshj@karvy.com jmathew@karvy.com
Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203, Shail, Opp: Madhusudhan House, Behind Girish Cold Drinks Off C G Road Ahmedabad - 380 006	Mr. Aditya Gupta / Robert Joeboy /Ms. Jagruthi	Hand Delivery		Tel: +91-79-66614772/ 26400527 Email: ahmedabad@karvy.com; robert.joeboy@karvy.com
Chennai	Karvy Computershare. Pvt Ltd. No.F11 First Floor, Akshya Plaza, New no.108, Adhithanar Salai Egmore Chennai 600 002	Mr. K. Gunasekhar	Hand Delivery		Tel: +91-44-28587781 42028513 Email : chennaiirc@karvy.com
Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Mr. Bhakta Singh/Mr. Ravi	Hand Delivery / Regd Post / Courier		Tel: +91-40-44655000/ 23420818-23 Fax: +91-40-23431551 Email : ircmadhapur@karvy.com
Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029	Mr. Sujit Kundu / Mr. Debnath	Hand Delivery		Tel: +91-33-24644891 Fax: +91-33-24644866 Email : sujitkundu@karvy.com nilkanta@karvy.com
Bangalore	Karvy Computershare. Pvt Ltd. No.59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004	Mr. S K Sharma / Mr. Mahadev	Hand Delivery		Tel: +91-80-26621192/ 26606125 Fax: +91-80-26621169 Email: ircbangalore@karvy.com
Pune	Karvy Computershare Pvt Ltd. Shrinath Plaza, C wing, Office No.58&59, 3rd Floor, Dyaneshwar paduka chowk, Sln.184/4. Off-FC Road. Pune, 411004	Ms. Sandhya	Hand Delivery		Tel: +91-20-25533795/ 25532078/ 25533592 Fax: +91-20-25533742 Email : rispune@karvy.com

126. Shares should not be submitted/ tendered to the Manager to the Offer, the Acquirer, the PACs or the Target Company.
127. Applicants who cannot hand deliver their documents at the collection centers referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address, Karvy Computershare Private Limited, Address: Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081; Tel: +91 40 4465 5000; Fax: +91 40 2343 1551; email: murali.m@karvy.com; Contact Person: Mr. M Muralikrishna/ Mr. R Williams
- (i) In respect of dematerialised Shares, shareholders of the Target Company must ensure that the credit for the Shares tendered is received in the special depository account (the "Special Depository Account") as specified below on or before August 20, 2013. If the shareholders of the Target Company hold their shares through CDSL, their depository participant instruction slip will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their shares in favour of the Special Depository Account with NSDL as mentioned below.

Depository Name	National Securities Depository Ltd. (NSDL)
Account Name	KARVY-ESCROW A/C- MAHINDRA FORGINGS LIMITED OPEN OFFER
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Beneficiary Account Number	20008369
ISIN	INE536H01010
Market	Off-Market
Date of Credit	On or before August 20, 2013

It is the sole responsibility of the shareholders of the Target Company to ensure credit of their Shares in the Special Depository Account prior to the closure of the tendering period under the Offer.

- (ii) Shareholders of the Target Company who are holding the Shares of the Target Company in physical form and who wish to tender their Shares of the Target Company in the Offer are required to submit the Form of Acceptance-cum-Acknowledgment together with the original share certificate(s), valid transfer deed(s), and such other documents as may be specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgment, duly signed and addressed to the Registrar to the Offer, either by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e., no later than August 20, 2013 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgment.

128. Documents to be delivered by all Eligible Shareholders:

- (i) For Shares held in the DEMATERIALIZED FORM:
- (a) Form of Acceptance-cum-Acknowledgement, duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the DP; and
- (b) Photocopy of the delivery instruction slip in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP.

Please also note the following:

- (I) For each delivery instruction slip, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgment.
- (II) The Registrar to the Offer is not bound to accept those documents, for which corresponding Shares have not been credited to the Special Depository Account or for Shares that are credited in the Special Depository Account but the corresponding Form of Acceptance-cum-Acknowledgment has not been received on or before the date of closure of the tendering period.
- (ii) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:
- (a) Form of Acceptance-cum-Acknowledgement should be duly completed and signed, in accordance with the instructions contained therein, by all shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
- (b) Original equity share certificate(s); and
- (c) Valid equity share transfer form(s) duly signed by transferor (by all the shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

129. **Procedure for acceptance of the offer by unregistered shareholders, owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer:**

- (i) In case of non-receipt of the Letter of Offer, Eligible Shareholders holding Shares in dematerialized form may (a) download the same from the SEBI website, (<http://www.sebi.gov.in>), (b) obtain a copy of the same by writing to the Manager to the Offer or the Registrar to the Offer, or (c) make an application to the Registrar to the Offer, on a plain paper stating their name and address, number of Shares held, distinctive numbers, folio number, number of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the close of the tendering period, i.e., no later than August 20, 2013, or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar to the Offer, on or before the close of the tendering period, i.e., no later than August 20, 2013.

- (ii) In case of non-receipt of the Letter of Offer, Eligible Shareholders holding Shares in physical form may send their consent on plain paper stating their name and address, number of Shares held, distinctive numbers, certificate numbers and the number of Shares offered along with the share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the date of closure of the tendering period i.e. no later than August 20, 2013. Also, alternatively, the eligible shareholders may download the Letter of Offer from the SEBI website (www.sebi.gov.in).
 - (iii) In case the share certificate(s) and transfer deeds are lodged with Target Company /its share transfer agent for transfer and have not been received back, then the acceptance shall be accompanied by (a) a copy of share transfer deed(s) and (b) the acknowledgement of the lodgment with, or receipt issued by, the Target Company/its share transfer agent, for the share certificate(s) so lodged. Where the transfer deeds are signed by a constituted attorney, a certified copy of the power of attorney shall also be lodged. In the case of body corporate/limited company, a certified copy of the memorandum and articles of association together with a certified true copy of the resolution along with the specimen signatures of the authorized signatories duly certified, shall also be sent.
 - (iv) Documents to be delivered by all Eligible Shareholders in case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:
 - (a) Form of Acceptance-cum-Acknowledgement, duly completed and signed in accordance with the instructions contained therein;
 - (b) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and
 - (c) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.
 - (d) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its share transfer agents, of the share certificate(s) and the transfer deed(s).
 - (v) No indemnity regarding title is required from persons not registered as shareholders.
130. Non-resident Shareholders should, in addition to the above, enclose copy(ies) of permission(s), received from RBI or any other regulatory authority to acquire Shares held by them in the Target Company.
131. Shareholders who have sent the Shares held by them for dematerialization need to ensure that the process of getting the Shares held by them dematerialized is completed in time for the credit in the Special Depository Account, to be received on or before the closure of the tendering period, i.e., no later than August 20, 2013, or else their application will be rejected.
132. Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer. Applications in respect of Shares of the Target Company that are subject matter of litigation, wherein the shareholders of the Target Company may be prohibited from transferring such Shares during the pendency of the said litigation, are liable to be rejected if the directions/orders regarding such Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.
133. Eligible Shareholders should also provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:
- (i) Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder) if the original shareholder has expired;
 - (ii) Duly attested power of attorney if any person apart from the shareholder has signed the acceptance form and / or transfer deed(s);
 - (iii) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance;
 - (iv) In case of companies, the necessary corporate authorization (including certified copy of board and/or general meeting resolution(s)); and
 - (v) Any other relevant documents
134. In case the number of Shares validly tendered in the Offer by the Eligible Shareholders are more than the Shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be on a proportionate basis in such a way that the acquisition from any Eligible Shareholder shall not be less than the minimum marketable lot, or the entire holding, if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE/NSE, the minimum marketable lot for the Shares is 1 (one).
135. Subject to the approvals and other conditions mentioned in paragraph 12, the Acquirer and the PACs intend to complete all formalities, including the payment of consideration, within a period of 10 (ten) working days from the closure of the tendering period, (i.e., September 4, 2013) and for this purpose open a special escrow account as provided under regulation 21(1) of the Regulations, provided that where the Acquirer/ PACs are unable to make the payment to the Eligible Shareholders who have accepted the Offer before the said period of 10 (ten) working days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default, failure or neglect on the part of the Acquirer/ PACs to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer/ PACs agreeing to pay interest to the Eligible Shareholders for delay beyond such 10 (ten) working days period, at such rate as may be specified by SEBI from time to time.

136. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders' sole risk. Unaccepted Shares held in dematerialised form will be credited back to the beneficial owners' depository account with the respective depository participant as per details received from their depository participant. It will be the responsibility of the shareholders to ensure that the unaccepted Shares are accepted by their respective depository participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.
137. The Registrar to the Offer will hold in trust the Form of Acceptance, Shares, share certificates, transfer deed(s) and/or other documents on behalf of the shareholders of the Target Company who have accepted this Offer, until the warrants/ cheques/ drafts for the consideration are dispatched, or the consideration paid by electronic transfer, and unaccepted share certificate/Shares, if any, are dispatched/ returned to the relevant shareholders.
138. Payment to those shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer/ PACs, will be by way of a crossed account payee cheque/ demand draft/ pay order/ through Direct Credit ("DC")/ National Electronic Clearance System ("NECS")/ Electronic Clearing Services ("ECS")/ National Electronic Funds Transfer ("NEFT")/ Real Time Gross Settlement ("RTGS"). So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder as provided in the Form of Acceptance-cum-Acknowledgment and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in dematerialised form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the payment shall be processed with the said bank particulars, and not any details provided in the Form of Acceptance-cum-Acknowledgment. In case of shareholder(s) holding Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at their own risk). The decision regarding (i) the acquisition (in part or full), of the Shares tendered pursuant to the Offer, or (ii) rejection of the Shares tendered pursuant to the Offer along with (a) any corresponding payment for the acquired Shares and/or (b) return of share certificates for any rejected Shares or Shares withdrawn or Shares accepted in part, will be dispatched to the Shareholders by registered post, at the shareholder's sole risk. Shares held in dematerialized form to the extent not acquired will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgment.
139. For shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/ not credited through DC/NECS/ECS/NEFT/RTGS, due to technical errors or incomplete/incorrect bank account details, consideration will be dispatched through registered post at the shareholder's sole risk.
140. All cheques / demand drafts / pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note.
141. A copy of the Letter of Offer (including Form of Acceptance-cum-Acknowledgment) is expected to be available on SEBI's website (<http://www.sebi.gov.in>) during the period the Offer is open and may also be downloaded from the site.
142. Tax Provisions:
- a) **General**
- (i) As per the provisions of section 195(1) of the I-T Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable to non-resident Shareholders for Shares under the Offer would be chargeable to tax in India either as capital gains under Section 45 of the I-T Act or as business profits, depending on the facts and circumstances of the case Acquirer/PACs are required to deduct taxes at source at the applicable rate (including surcharge and education cess), as per the I-T Act on such capital gains/ business profits. In addition, the Acquirer/PACs will also be obliged to deduct tax at source on interest, if any, to be made to non-resident Shareholders due to delay in payment of Offer consideration at the applicable rate as per the I-T Act on such interest.
- (ii) Section 194A of the I-T Act provides that payment of interest, if any, (for delay in payment of Offer consideration) by Acquirer/PACs to a resident Shareholder may be chargeable to tax, as income from other sources under Section 56 of the I-T Act. The Acquirer/PACs is required to deduct tax at source at the applicable rate (including surcharge and education cess) as per the I-T Act on such interest.

- (iii) All shareholders whether resident or non-resident (including FIIs and FII sub-accounts) as per the I-T Act are required to submit their Permanent Account Number ("PAN") for income-tax purposes. In case the PAN is not submitted (including where such PAN has been applied for but not obtained), or is invalid or does not belong to the shareholder, Acquirer/PACs will arrange to deduct tax at the rate of 20% (twenty percent) (as provided in section 206AA of the Income Tax Act) or at the rates, as may be applicable, to the category of the Shareholder under the I-T Act, whichever is higher.
- (iv) Each Shareholder shall certify its tax residency status (i.e. whether resident or non-resident) and its tax status (i.e. whether individual, firm, company, association of persons/ body of individuals, trust, any other, etc.) by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer/PACs, it would be assumed that the shareholder is a non-resident shareholder and taxes shall be deducted treating the Shareholder as a nonresident and at the rate as may be applicable to the relevant category to which the shareholder belongs under the I-T Act, on the gross consideration towards acquisition of Shares and interest, if any, payable to such shareholder under the Offer.
- (v) Any Shareholder claiming a benefit under any Double Taxation Avoidance Agreement ("DTAA") between India and any other foreign country should furnish a valid 'Tax Residence Certificate' provided to him/it by the Income Tax Authority of such other foreign country of which he / it claims to be a tax resident and such other documents and information as may be prescribed in terms of Section 90(5) of the I-T Act.
- (vi) The Acquirer will not accept any request from any Shareholder, under any circumstances, for non-deduction of tax at source or deduction of tax at a lower rate, on the basis of any self computation/computation by any tax consultant, of capital gain and/or interest, if any and tax payable thereon.
- (vii) Securities transaction tax will not be applicable to the Shares accepted in this Offer.
- (viii) The provisions contained under sub-paragraphs (iii) to (v) above are subject to anything contrary contained in paragraphs 143(b) to 143(f) below.

b) Withholding tax implications for Non-resident Shareholders (other than FIIs and FII sub-accounts)

- (i) While tendering Shares under the Offer, all non-resident shareholders (other than FIIs and FII sub-accounts) including NRIs/OCBs/foreign shareholders shall be required to submit a valid certificate for deduction of tax at a nil/lower rate ("Certificate for Deduction of Tax at Nil/Lower Rate") issued by the Income-tax Authorities under the I-T Act along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirer/PACs before remitting the consideration. The Acquirer/PACs will arrange to deduct taxes at source in accordance with such Certificate for Deduction of Tax at Nil/Lower Rate only if it has been submitted along with the Form of Acceptance-cum-Acknowledgement and the same is valid and effective as of the date on which tax is required to be deducted at source.
- (ii) In case the such Certificate for Deduction of Tax at Nil/Lower Rate is not submitted as aforesaid or is otherwise not valid and effective as of the date on which tax is required to be deducted at source, the Acquirer/PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs under the I-T Act, on the gross consideration towards acquisition of Shares, payable to such shareholder under the Offer.
- (iii) NRIs, OCBs and other nonresident Shareholders (excluding FIIs and FII sub-accounts) holding Shares under Capital Account will be required to certify the period of its holding (i.e. whether Shares are held for more than 12 months) of Shares in the Target Company by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement.
- (iv) For the purpose of determining the period of holding the NRIs, OCBs and other nonresident Shareholders (excluding FIIs and FII sub-account) should also submit a certificate from a Chartered Accountant certifying the period of holding of Shares in the Target Company (along with proof such as demat account statement or brokers note).
- (v) In case the certificate from a Chartered Accountant is not submitted, the Acquirer/PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act on the gross consideration towards acquisition of Shares, payable to such Shareholder.
- (vi) Interest Payments: For interest payments by the Acquirer/ PACs for delay in payment of Offer Price, if any, NRIs, OCBs, and other non-resident Shareholders (excluding FIIs and FII sub-accounts) will be required to submit a Certificate for Deduction of Tax at Nil/Lower Rate indicating the amount of tax to be deducted by the Acquirer/ PACs before remitting the consideration. The Acquirer/ PACs will arrange to deduct taxes at source in accordance with such Certificate for Deduction of Tax at Nil/Lower Rate.

- (vii) In case the Certificate for Deduction of Tax at Nil/Lower Rate is not submitted, the Acquirer/PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act on the gross consideration payable as interest to such Shareholder.
- (viii) All NRIs, OCBs and other non-resident Shareholders (excluding FIIs and FII sub-accounts) are required to submit their PAN for income tax purposes. In case the PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer/PACs will arrange to deduct tax at the rate of 20% (as provided in Section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the I-T Act, whichever is higher, on the gross consideration amount payable to such Shareholder.
- (ix) Treaty Benefits: Any NRIs, OCBs and other non-resident Shareholders (excluding FIIs and FII sub-accounts) claiming benefit under any DTAA between India and any other foreign country should furnish the 'Tax Residence Certificate' provided to him / it by the Income Tax Authority of such other foreign country of which it claims to be a tax resident and a self declaration stating that the Shareholder is eligible for claiming benefit under the DTAA entered between India and the country of its tax residence. Further, the Shareholder will be required to furnish such other documents and information as may be prescribed in terms of Section 90(5) of the Income Tax Act. In the absence of such Tax Residence Certificate / certificates / declarations/ information/ documents, the Acquirer/PACs will arrange to deduct tax in accordance with the provisions of the I-T Act and without having regard to the provisions of any DTAA.

c) Withholding tax implications for FIIs and FII sub-accounts

- (i) As per the provisions of section 196D(2) of the I-T Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in section 115AD of the I-T Act to an FII/FII sub-account, as defined in section 115AD of the I-T Act subject to the following conditions:
 - FIIs/FII sub-accounts are required to certify the nature of their holding (i.e. whether held on Capital Account as Investment or on Trade Account) of the Shares in the Target Company by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. The benefits under Section 196D (2) are applicable in case the Shares are held on Capital Account;
 - FIIs/FII sub-accounts shall also certify the nature of its income (i.e. whether capital gains or business income) on the sale of Shares in the Target Company by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. The benefits under Section 196D (2) are applicable in case the nature of the FII's/FII sub-accounts' income is capital gains; and
 - FIIs are required to furnish a copy of the SEBI registration certificate (including for sub-account of FII, if any).
- (ii) In the absence of certificates/ declarations as contemplated in clause (i) above (as applicable), notwithstanding anything contained in clause (i) above, the Acquirer/PACs shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the I-T Act, on the gross consideration amount payable to such Shareholder (i.e. FIIs/FII sub-accounts).
- (iii) In case it is certified by the FII/FII sub-accounts that Shares held by such FII/FII sub-accounts in the Target Company are held on Trade Account no deduction of tax at source shall be made if such FII/FII sub-accounts furnishes a Tax Residence Certificate and the FII/FII sub-accounts furnishes a self declaration stating that it does not have a business connection in India as defined in Section 9(1)(i) of the Income Tax Act or a permanent establishment in India, in terms of the DTAA and the FII/FII sub-accounts is eligible for claiming benefit under the DTAA entered between India and the country of its tax residence. Further the FII/FII sub-accounts will also be required to furnish such other documents and information as may be prescribed in terms of Section 90(5) of the Income Tax Act. In the absence of such Tax Residence Certificate / certificates / declarations/ information/documents, the Acquirers/PACs shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the gross consideration amount payable to such Shareholder (i.e. FII/FII sub-accounts).
- (iv) Notwithstanding anything contained in clause (i) to (iii) above, in case an FII/FII sub-accounts furnishes a Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer/PACs will arrange to deduct taxes at source in accordance with such Certificate for Deduction of Tax at Nil/Lower Rate only if it has been submitted along with the Form of Acceptance-cum-Acknowledgement and the same is valid and effective as of the date on which tax is required to be deducted at source.
- (v) In respect of interest income, should the FII / FII sub-account submit a Certificate for Deduction of Tax at Nil/Lower Rate from the income-tax authorities indicating the amount of tax to be deducted by the Acquirer/PACs under the I-T Act, the Acquirer/PACs will deduct tax in accordance with the Certificate for Deduction of Tax at Nil/Lower Rate so submitted only if it has been submitted along with the Form of Acceptance-cum-Acknowledgement and the same is valid and effective as of the date on which tax is required to be deducted at source. In absence of such Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer/PACs will arrange to deduct tax at the maximum marginal rate applicable to the category to which such FII / FII sub-account belongs.
- (vi) All FIIs/FII sub-accounts shall submit their PAN for income tax purposes. In case PAN is not

submitted or is invalid or does not belong to the Shareholder, Acquirer/PACs will arrange to deduct tax at the rate of 20% (as provided in Section 206-AA of the I-T Act) or the rate, as may be applicable to the category of the Shareholder under the I-T Act, whichever is higher, on the gross consideration amount payable to such Shareholder (i.e. FII/FII sub-accounts).

- (vii) Treaty Benefits: Any FII/FII sub-account claiming benefit under any DTAA between India and any other foreign country should furnish a "Tax Residence Certificate" provided to it by the income tax authority of such other foreign country of which it claims to be a tax resident and a self declaration stating that the FII/FII sub-account does not have a business connection in India as defined in Section 9(1)(i) of the I-T Act or a permanent establishment in India, in terms of the DTAA and the FII/FII sub account is eligible for claiming benefit under the DTAA entered between India and the country of its tax residence. Further, the FII/FII sub-account will also be required to furnish such other documents and information as may be prescribed in terms of section 90(5) of the I-T Act. In the absence of such Tax Residence Certificate / certificates / declarations/ information/ documents, the Acquirer/PACs will arrange to deduct tax in accordance with the provisions of the I-T Act and without having regard to the provisions of any DTAA.

d) Withholding tax implications for resident Shareholders

- (i) In absence of any specific provision under the I-T Act, Acquirer/PACs will not deduct tax on the consideration payable to resident shareholders for acquisition of Shares under this Offer.
- (ii) For interest payments by the Acquirer/PACs for delay in payment of Offer Price, if any, the Acquirer/PACs will arrange to deduct the tax at the rate of 10% (as provided in Section 194A the I-T Act).
- (iii) All resident Shareholders shall submit their PAN for income tax purposes. In case the PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer/PACs will arrange to deduct tax at the rate of 20% (as provided in Section 206-AA of the Income Tax Act).
- (iv) Notwithstanding anything contained in clause (ii) to (iii) above, no deduction of tax shall be made at source by the Acquirer/PACs where the total amount of interest payable to a resident Shareholder does not exceed INR 5,000 or a Certificate for Deduction of Tax at Nil/Lower Rate from the income-tax authorities indicating the amount of tax to be deducted by the Acquirer/PACs or, in the case of resident shareholder not being a company or firm, a self-declaration in Form 15G or Form 15H as may be applicable (as provided in the Income Tax Rules, 1962), has been furnished by a resident Shareholder. The self-declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Shareholder has furnished its PAN in such declaration and the same should be submitted along with the Form of Acceptance-cum-Acknowledgement. Also, no tax is to be deducted on interest amount in the case of resident shareholder being an entity specified under Section 194A(3)(iii) of the I-T Act if it submits a self-attested copy of the relevant registration, or notification along with the Form of Acceptance-cum-Acknowledgement.

e) Issue of tax deduction at source certificate

The Acquirer/PACs will issue a certificate in the prescribed form to the shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax on the same, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of the I-T Act read with the Income-tax Rules, 1962 made thereunder.

f) Tax implications in respect of overseas jurisdictions

- (i) Apart from the above, the Acquirer/PACs are entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident shareholder is a resident for tax purposes ("Overseas tax") provided the non-resident shareholder has represented in the Form of Acceptance-cum-Acknowledgement the quantum of the Overseas tax to be withheld as per the relevant tax laws of the country in which the non-resident shareholder is a tax resident and the Acquirer/PACs will be entitled to rely on this representation at their/its sole discretion.
- (ii) Notwithstanding the details given above, all payments will be made to Shareholders subject to compliance with prevailing tax laws.

- 143. Shareholders who wish to tender their Shares must submit the information / documents, as applicable, all at once along with the Form of Acceptance-cum-Acknowledgement and those that may be additionally requested for by the Acquirer/PACs. The documents submitted by the shareholders along with the Form of Acceptance-cum-Acknowledgement will be considered as final. Any further / delayed submission of additional documents, unless specifically requested by the Acquirer/PACs may not be accepted.
- 144. Based on the documents and information submitted by the Shareholder, the final decision to deduct tax or not, or the quantum of taxes to be deducted rests solely with the Acquirer/PACs.
- 145. Taxes once deducted will not be refunded by the Acquirer/PACs under any circumstances.

146. The Acquirer/PACs shall deduct tax (if required) as per the information provided and representation made by the Shareholders. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholders, such Shareholders will be responsible to pay such income tax demand (including interest, penalty, etc.) and provide the Acquirer/PACs with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.
147. The tax deducted by the Acquirer/PACs while making the payment to a Shareholder under this Offer may not be the final liability of such shareholders and shall in no way discharge the obligation of the shareholders to appropriately disclose the amount received by it, pursuant to this Offer, before the income tax authorities. The rate at which tax is required to be deducted is based on the tax laws prevailing as on the date of this letter of offer. If there is any change in the tax laws with regards to withholding tax rates as on the date of deduction of tax, the tax will be deducted at the rates applicable at the time of deduction of tax.
148. All shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer/PACs and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.

VIII. DOCUMENTS FOR INSPECTION

149. Copies of the following documents will be available for inspection by the shareholders at the office of the Manager to the Offer at 1st floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 a.m. to 1:00 p.m. from the date of opening of the Offer until the closure of this Offer:
- Certified true copies of the Certificate of Incorporation and Memorandum and Articles of Association of the Acquirer
 - Certified true copies of the Certificate of Incorporation and Memorandum and Articles of Association of the PACs
 - Certified true copies of the Certificate of Incorporation and Memorandum and Articles of Association of the Target Company
 - Audited financial statements of the PACs for the periods January 01, 2010 – December 31, 2011, January 01, 2011 – December 31, 2011 and January 01, 2012 - December 31, 2012
 - Annual reports and audited financial statements of the Target Company for the last completed three financial years
 - Certificate from MZSK & Associates, dated June 14, 2013, certifying the adequacy of financial resources with Acquirer and the PACs to fulfill the Offer obligations
 - Escrow Agreement between the Acquirer, Escrow Bank. and the Manager to the Offer, dated June 10, 2013
 - Copy of the agreement between the Acquirer, the Registrar to the Offer, the Depository Participant and the Manager to the Offer for opening the Special Depository Account for the purpose of the Offer
 - Letter from Escrow Bank, confirming the deposit of Rs 1,985,094,621/- (Rupees One Billion Nine Hundred Eighty Five Million Ninety Four Thousand Six Hundred Twenty One Only) in the Escrow Account
 - A copy of the SPA – MFL, SHA and Implementation Agreement
 - Published copy of the Public Announcement dated June 15, 2013
 - Published copy of the Detailed Public Statement dated June 21, 2013
 - Published copy of the Issue opening Public Announcement dated [●]
 - Copy of the recommendation of the committee of independent directors of the Target Company's board of directors
 - SEBI's observation letter dated [●]

Manager to the Offer, for and on behalf of the Acquirer and the PACs



IX. DECLARATION BY THE ACQUIRER AND THE PACS

150. The Acquirer and, the PACs accept full responsibility for the information contained in this Letter of Offer and also accept responsibility for the obligations of the Acquirer and the PACs as laid down in the Regulations. The Acquirer and the PACs shall be severally and jointly responsible for ensuring compliance with the Regulations.

Signed by

Sd-

For and on behalf of the Acquirer

Name :
Designation : Authorized Signatory
Date :
Place :

For and on behalf of PAC 1

Name :
Designation : Authorized Signatory
Date :
Place :

For and on behalf of PAC 2

Name :
Designation : Authorized Signatory
Date :
Place :