

MAHINDRA FORGINGS LIMITED

Registered Office: Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018, Maharashtra. Tel.: +91 22 2490 1441 and Fax: +91 22 2490 5890

Open offer (“Offer”) for the acquisition of **24,502,193** equity shares of Mahindra Forgings Limited (“Target Company”) from the Shareholders of the Target Company by Participaciones Internacionales Autometal Dos, S.L., (“Acquirer”) along with Autometal S.A., (“AUTOMETAL”), and CIE Automotive S.A., (“CIE”), hereinafter referred to as persons acting in concert with the Acquirer (“PACs”)

This Detailed Public Statement (“DPS”) is being issued by Kotak Mahindra Capital Company Limited (“Manager to the Offer”) on behalf of the Acquirer and its PACs pursuant to and in accordance with, among others, Regulation 13(4) and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto upto the date of this DPS (“SEBI (SAST) Regulations”) as well as pursuant to the Public Announcement (“PA”) filed on June 15, 2013 with the BSE Limited (“BSE”) and The National Stock Exchange of India (“NSE”), and on June 17, 2013 with the Securities and Exchange Board of India (“SEBI”) and the Target Company at its registered office in terms of Regulation 3(1) and 4 of the SEBI (SAST) Regulations.

Definitions

For the purposes of this DPS, save as defined elsewhere, the following terms have the meanings assigned to them below:

Term	Definition
Act	The (Indian) Companies Act, 1913 or (Indian) Companies Act, 1956, as applicable
Berriz	CIE Berriz, S.L., a company incorporated under the laws of Spain
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
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
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
MGTPL	Mahindra Gears and Transmission Private Limited, a private limited company incorporated under the Act
MGTPL Shares	11,586,361 (eleven million five hundred eighty six thousand three hundred sixty one) equity shares of MGTPL representing 76.67% (seventy six point sixty seven percent) of its fully diluted equity share capital
MHIL	Mahindra Hindoday 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
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
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
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 48,529,500 equity shares from M&M representing 51.50% of the Diluted Equity Capital (as defined below) of the Target Company
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

Information About the Acquirer / PAC

Acquirer

- 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.
- 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.
- The shareholding pattern of the Acquirer as of the date of this DPS is as below:

Sl. No.	Name of the Entity	Number of Shares	Percentage Shareholding
1	AUTOMETAL via its wholly owned subsidiary, PIA 1 (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	214,400,000	100.0%

- AUTOMETAL and CIE are PACs with the Acquirer in relation to this Offer. The Acquirer, AUTOMETAL and CIE belong to the CIE Automotive Group.
- As of June 15, 2013, the fully paid-up equity share capital of the Acquirer was EUR 214,400,000 (equivalent to ₹ 16,513,624,000/- using the Reserve Bank of India (“RBI”) reference rate of 1 EUR = ₹ 77.0225 (source: www.rbi.org.in) on June 15, 2013) comprising 214,400,000 common bearer shares, with a par value of EUR 1/- each. The equity shares of the Acquirer are not listed on any stock exchange.
- Since the Acquirer is newly incorporated, it does not have any audited financial statements.
- Presently, the Acquirer, its directors, and its key managerial employees do not have any ownership interest in the Target Company except as contemplated under the SPA - MFL.
- The Acquirer has not been prohibited by SEBI from dealing in securities in terms of directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992 (“SEBI Act”), as amended or under any rules or regulations issued there under.

PAC1 - AUTOMETAL

- 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, Brasil; 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 and belongs to the CIE Automotive Group. AUTOMETAL's name has not been changed since incorporation.
- 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 Reals) R\$921,993,251.75 (equivalent to ₹ 24,738,738,532.31 using the reference rate of 1 R\$ = ₹ 26.8318 (source: Bloomberg) on June 15, 2013) comprising 126,205,862 common bearer shares with no par value.
- The shares of AUTOMETAL are listed on the Brazilian (Sao Paulo) stock market BM & FBOVESPA - Novo Mercado.
- 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%

- AUTOMETAL's principal shareholder is CIE, a Spanish public limited company whose shares are listed for trading on the Madrid and Bilbao stock exchanges. The market price of AUTOMETAL shares as of June 15, 2013 was R\$ 19.63.
- AUTOMETAL indirectly holds 72.0% of the equity share capital of the Acquirer via its wholly owned subsidiary, PIA 1.
- Presently, AUTOMETAL, its directors and its key managerial employees do not have any interest in the Target Company except as contemplated under the SPA - MFL.
- 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 rules or regulations issued there under.

- 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, is as follows:

	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
Total Revenue ⁽¹⁾	1,570	42,117	1,563	41,929	1,613	43,281
Net Income ⁽²⁾	137	3,685	184	4,936	157	4,226
Earnings per Share (In R\$/ INR) ⁽³⁾	1.5	39.0	1.5	39.2	1.3	33.6
Networth/Shareholders Funds	611	16,387	1,181	31,694	1,262	33,871

Notes:

- Total Revenue consists of Income from Operations and Other Income
- Net Income consists of Earnings after Tax (EAT) attributable to owners and is calculated as income from continuing operations plus result from discontinued operations, and includes minority interest
- Earnings per share is calculated as: Net Income post minority interest/shares outstanding at the end of the respective period.
- The above figures have been converted into INR using the Reference rate of 1R\$ = INR 26.8318 (source: Bloomberg) on June 15, 2013

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

PAC 2 - CIE

- CIE isa 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.
- 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.
- As of May 31, 2013, the fully paid-up equity share capital of CIE was EUR 28,500,000 (equivalent to ₹ 2,195,141,250/- 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.
- 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 each.
- As of 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 of 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 Ge stamp, S.L.	29,552,203	25.92%
2	Mr. Antonio María 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:

- purchase of 9.44%* of its equity share capital (11,220,660 treasury stock); and
- 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

- 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.
- Presently, CIE, its directors and its key managerial employees do not have any interest in the Target Company except as contemplated under the SPA - MFL.
- 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 rules or regulations made thereunder.
- 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 is as follows:

	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
Total Revenue ⁽¹⁾	1,643	126,520	1,919	147,828	1,710	131,706
Net Income ⁽²⁾	41	3,189	61	4,666	61	4,701
Earnings per Share (In R\$/INR) ⁽³⁾	0.4	28.0	0.5	40.9	0.5	41.2
Networth/Shareholders Funds	354	27,275	526	40,477	508	39,113

Notes:

- Total Revenue consists of Income from Operations and Other Income (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”)
- Net Income consists of Earnings after Tax (EAT) attributable to owners and is calculated as income from continuing operations plus result from discontinued operations, and includes minority interest
- Earnings per share is calculated as: Net Income post minority interest/shares outstanding at the end of the respective period.
- The above figures have been converted into INR using the Reference rate of 1 EUR = INR 77.0225 (source: www.rbi.org.in) dated June 15, 2013

Source: Financial information presented above has been derived from CIE's audited consolidated financial statements prepared in accordance with International Finance Reporting Standards and audited.

Information About the Seller

- Prior to the sale of shares under the SPA - MFL, M&M holds 4,88,25,609 equity shares of ₹ 10/- each of the Target Company, representing approximately 51.81% of the Diluted Equity Capital (as defined below) as set forth here under:

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%

- 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 Depository 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 listing of its share on the BSE.
- 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.
- The Seller has not been prohibited by SEBI from dealing in securities in terms of any directions issued under Section 11B of the SEBI Act as amended or under any other rules or regulations made thereunder.

Information About the Target Company

- 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.
- As of the date of this DPS, the total paid-up equity share capital of the Target Company is ₹ 921,733,060/- (Rupees Nine Hundred Twenty One Million Seven Hundred Thirty Three Thousand and Sixty only) consisting of 92,173,306 equity shares of face value ₹ 10/- each. There are no partly paid up equity shares in the Target Company. Based on the 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 equity shares outstanding as of the date of this 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

- 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.
- The equity shares of the Target Company are listed on the BSE (scrip code: 532756) and the NSE (symbol: MAHINDFORG)
- The equity shares of the Target Company are frequently traded on the NSE within the meaning of Regulation 2(1)(i) of the SEBI (SAST) Regulations for the period commencing on June 1, 2012 and ending on May 31, 2013.
- The key financial information of the Target Company on a consolidated basis, based on the audited financial statements, is as follows:

(All figures in Rupees Million except for per Share numbers)	Year ended Mar 31, 2011	Year ended Mar 31, 2012	Year ended Mar 31, 2013
	Audited	Audited	Audited
Total Revenue ⁽¹⁾	19,308	24,442	22,202
Net Income	38	512	(1,139)
EPS ⁽²⁾	0.43	5.55	(12.36)
Networth / Shareholders Funds	7,912	8,716	7,544

Notes:

- Total Revenue includes other Income (including interest income, dividend income, and gain on exchange rate fluctuation)
 - Earnings per share is calculated as Net Income/ Total number of equity shares outstanding at the end of fiscal year
- Source: Audited consolidated financial statements of the Target Company

Details About the Offer

- This Offer is a mandatory open offer being made by the Acquirer and its PACs in accordance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations.
- 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) equity shares of the Target Company (“Offer Size”) from the shareholders of the Target Company, representing 26% of the Diluted Equity Capital of the Target Company, at a price of ₹ 81/- (Rupees Eighty One Only) for each equity share of the Target Company (“Offer Price”), to be paid in cash in accordance with the SEBI (SAST) Regulations. There are no partly paid-up equity shares of the Target Company.
- The Offer is being made to all holders of equity shares of the Target Company other than the Seller under the SPA - MFL.
- As on the date of this DPS, there are no outstanding convertible securities, depository receipts, warrants or instruments issued by the Target Company which are convertible into equity shares of the Target Company, except to the extent disclosed in paragraph 33 above.
- This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of SEBI (SAST) Regulations. All equity shares validly tendered in the Offer will be acquired by the Acquirer, in accordance with the terms and conditions set forth in this DPS and the Letter of Offer (as defined below).
- The shareholders who tender their equity shares in response to this Offer shall ensure that such equity shares, when acquired by the Acquirer, will be acquired free and clear from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends, bonus and rights offers declared in relation thereto.
- The Offer Price will be paid in cash, in accordance with the provisions of Regulation 9(1)(a) of the SEBI (SAST) Regulations.
- This Offer is not a competing offer in terms of Regulation 20 of SEBI (SAST) Regulations.
- This Offer and the acquisition of shares under the SPA - MFL (“Underlying Transaction”) are subject to the receipt of the statutory approvals listed under paragraph 46(1) below and the fulfillment of the other approvals and conditions listed under paragraph 46(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.

(f) Statutory Approvals:

- Receipt of approval from the Competition Commission of India (“CCI”) under the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, for the Consolidated Transaction (as defined hereinafter), or the expiry of any statutory time period on the expiry of which such approval is deemed to have been granted.
- 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.
- Receipt of a ‘no objection’ from the RBI for the completion of the Underlying Transaction of purchase of the equity shares of the Target Company at the negotiated price under the SPA - MFL on terms which are not significantly onerous to the parties thereto.
- 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 equity shares of the Target Company that are validly tendered pursuant to this Offer and to complete the Underlying Transaction.

(g) Other Approvals and Conditions:

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

- Receipt of consents from specified lenders for: (i) 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 (ii) repayment of any loans given by the M&M Group to the Target Company and its subsidiaries.
- 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 (as defined below), such resolution to come into effect on the date of closing of the SPA - MFL (“MFL Closing Date”).
- 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:
 - 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;
 - 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;
 - the sale by M&M of the MGTPL Shares to MIPL at the specified price by no later than August 14, 2013;
 - 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;
 - 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;
- 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.
- 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 control of the Acquirer.
- The Acquirer and PACs do not require the approval of any banks or financial institutions for making the Open Offer.
- In terms of Regulation 23 of the SEBI (SAST) Regulations, in the event any of the statutory approvals specified in paragraph 46(1) above are not obtained or waived, or are refused, by the relevant statutory authorities (as applicable), or the conditions mentioned in paragraph 46(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 of the SEBI (SAST) 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 this 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.
- In terms of Regulation 25(2) of the SEBI (SAST) Regulations, as of the date of this 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 of the SEBI (SAST) Regulations.
- 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 inter alia through arrangement/reconstruction, restructuring, merger (including but not limited to merger with itself or any of its subsidiaries) or 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.
- The equity 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 Securities Contract (Regulation) Rules, 1957 (“SCRR”), the Target Company is required to maintain a public shareholding of at least 25% (i.e. equity shares of the Target Company held by the public excluding the equity 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.

Background to the Offer

- This Offer is a mandatory offer in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations pursuant to the execution of the Implementation Agreement (as defined in paragraph 53(i) below), the SPA - MFL and the SHA (as defined in paragraph 53(ii) below) 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.
- The parties have entered into the following key agreements:
 - 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;
 - the SPA-MFL, pursuant to which the Acquirer has agreed to acquire 48,529,500 equity shares representing 51.50% of the Diluted Equity Capital of the Target Company from M&M at a price of ₹ 81/- (Rupees Eighty One only) per sale share, payable in cash.
 - a shareholder's agreement dated June 15, 2013 entered into between the Acquirer, CIE, AUTOMETAL, the Target Company and M&M (“SHA”) defining their mutual rights and obligations in the Target Company and which agreement shall become effective as of the MFL Closing Date.

- The execution of the Implementation Agreement, the SPA – MFL and the SHA has triggered the Offer.
- (v) 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 ₹ 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 ₹ 88.90 (Rupees Eighty Eight and Paise Ninety Only) per sale share, payable in cash.
- (vi) an investment agreement dated June 15, 2013 entered into between CIE, M&M and MOICML (“**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, SPA-MCL and SPA-MHIL, acquire a 13.50% stake (on a fully diluted basis) in CIE in the following manner:
- (a) 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
- (b) 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.
54. 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:

- (a) 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

- (b) 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 of the Target Company to the shareholders of MCL for every 100 shares held by them in MCL.
- (c) 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, RBI, and appropriate lenders).
- (d) 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**”)

55. In terms of the Implementation Agreement, the M&M Group Companies and the CIE Group Companies have agreed to a non-compete with respect to 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.
56. On the completion of the Consolidated Transaction, the final shareholding pattern of MFL 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)	171,677,537	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

57. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of equity shares of the Target Company.
58. A summary of the salient features of agreements triggering the Offer is as follows:

Implementation Agreement and the SPA - MFL:

- a) On the MFL Closing Date, the Seller shall sell 48,529,500 (Forty Eight Million Five Hundred Twenty Nine Thousand and Five Hundred Only) shares to the Acquirer on a spot delivery basis
- b) The purchase price payable shall be ₹ 81/- (Rupees Eighty One) only per share.
- d) The sale and purchase of the shares shall be completed subject to the fulfilment of certain conditions precedent agreed under the SPA-MFL including the receipt of the statutory and other conditions set out in the SPA-MFL and as described in Paragraph 46 above.
- d) Subject to satisfaction or waiver as the case may be of the condition precedents of SPA-MFL, the Underlying Transaction shall occur on the business day immediately on completion of the Open Offer or such other date as the parties may mutually agree in accordance with Regulation 22(2) of the SEBI (SAST) Regulations.
- e) 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.
- f) Within 7 (seven) days of receipt of approval from the CCI for the Consolidated Transaction, M&M shall procure the constitution of a 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.
- g) 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 completion of such acquisitions, 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.
- h) 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 (set out in paragraph 46 above) to the completion of the Underlying Transaction are not satisfied by the Long Stop Date.
- i) 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:

- a) The SHA shall become effective and binding upon the parties to the SHA from the MFL Closing Date.
- b) 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 director to the board of directors of the Target Company.
- c) The quorum for a meeting of the board of directors of the Target Company shall be determined in accordance with the Act provided that (i) so long as M&M has nominated at least 1 (one) director who has been appointed and (ii) 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 (d) below).
- d) The board of directors of the Target Company shall pass resolutions on specified reserved matters only with the affirmative vote of at least one nominee director 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 the 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.
- e) 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.
- f) 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 SEBI (SAST) Regulations), the Acquirer shall have the right but not the obligation to buy all the shares held by M&M in the Target Company.
- g) 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
- h) 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 years from the MFL Closing Date.
- i) From the MFL Closing Date, CIE (including the Acquirer) on the one hand and the 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 from the MFL Closing Date.
- j) 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 equity shares or voting rights in the Target Company in any financial year.
59. The CIE Automotive Group believes that they 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 shall license the right to use their name to MFL and its subsidiaries.

Shareholding and Acquisition Details

60. The current shareholding of the Acquirer and its PACs in the Target Company and the details of its acquisition is as follows:

	Acquirer		PAC			
	PIA 2		AUTOMETAL		CIE	
	No.	%	No.	%	No.	%
Shareholding as on the PA date	NIL	NIL	NIL	NIL	NIL	NIL
Equity shares acquired between the PA date and the DPS date	NIL	NIL	NIL	NIL	NIL	NIL
Post Offer shareholding (On diluted basis, as on tenth (10 th) working day after closure of tendering period)	48,529,500 to 73,031,693 equity shares, depending on the number of equity shares validly tendered and accepted in the Offer - ranging from 0 to 24,502,193 (i.e. 0% to 26.0% of the Diluted Equity Capital of the Target Company).	51.50% to 77.50% equity shares, depending on the number of equity shares validly tendered and accepted in the Offer - ranging from 0 to 24,502,193 (i.e. 0% to 26.0% of the Diluted Equity Capital of the Target Company).	NIL	NIL	NIL	NIL

61. Neither the Acquirer, nor its PACs nor its directors hold any equity shares of the Target Company.

Offer Price

62. The equity 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 equity 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	Total 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

63. The equity shares of the Target Company are frequently traded on the NSE, within the meaning of Regulation 2(1)(j) of the SEBI (SAST) 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 SEBI (SAST) Regulations for frequently traded stocks, as of the date of the PA, the Offer Price of ₹ 81/- (Rupees Eighty One Only) is justified in view of the following:

S.No	Particulars	Price (in ₹ Per Share)
I.	The negotiated price under the SPA - MFL dated June 15, 2013	₹ 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 equity 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 equity shares of the Target Company was recorded during such period, the shares being frequently traded	₹ 54.51

The Offer Price of ₹ 81/- (Rupees Eighty One Only) per equity share of the Target Company being the highest of the above is justified in terms of Regulation 8 of the SEBI (SAST) Regulations.

64. There are no corporate actions of the Target Company requiring the relevant price parameters to be adjusted.
65. In the event of further acquisition of equity 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 SEBI (SAST) Regulations. However, the Acquirer and its PACs shall not be acquiring any equity 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.
66. 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 this DPS has appeared and the revised Offer Price would be paid for all equity shares accepted under the Offer.
67. 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 three (3) working days before the date of commencement of the tendering period and would be notified to the shareholders of the Target Company.

Financial Arrangements

68. 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**”).
69. In accordance with Regulation 17(1) of the SEBI (SAST) 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 ₹ 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 the Regulation 17(3)(a) of the SEBI (SAST) 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.
70. 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 SEBI (SAST) Regulations.
71. 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.
72. 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 SEBI (SAST) Regulations.
73. The source of funds to meet the Acquirer’s and the PAC’s obligations under the Offer is foreign funds.
74. 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 SEBI (SAST) Regulations for a value up to the Maximum Consideration.
75. 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.
- Statutory and Other Approvals**
76. This Offer is subject to the statutory approvals as specified in Details of the Offer, paragraph 46(1) therein, and other conditions specified under paragraph 46(2).
77. As of the date of this DPS, to the best of the knowledge of the Acquirer and its PACs, there are no other statutory approvals (i.e., other than those mentioned above) which are required to acquire the equity shares that are validly tendered pursuant to this Offer.
78. Notwithstanding paragraph 46, if any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer and its PACs will not proceed with the Offer in the event any statutory approval indicated herein is not obtained in terms of Regulation 23 of the SEBI (SAST) Regulations.
79. 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 willful default, failure or neglect on the part of the Acquirer and its 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 of the Target Company as directed by SEBI, in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

80. Where any statutory approval extends to some but not all the shareholders who tender their equity 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.

81. In terms of Regulation 23 of the SEBI (SAST) Regulations, in the event any of the statutory approvals specified in paragraph 46(1) above are not obtained or waived, or are refused, by the relevant statutory authorities (as applicable), or the conditions mentioned in paragraph 46(2) (all of which are conditions outside the reasonable control of the Acquirer) are not fulfilled prior to the Long Stop Date, the Acquirer shall have the right to withdraw the 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 this 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.

Tentative Schedule Of Activity

No.	Activity	Schedule (Day and Date)
1.	Date of the PA	Saturday, June 15, 2013
2.	Date of publication of this DPS in newspapers	Friday, June 21, 2013
3.	Filing of the draft letter of offer with SEBI along with the soft copies of the PA and this DPS	Friday, June 28, 2013
4.	Last date for public announcement of a competing offer(s) being made	Friday, July 12, 2013
5.	Identified Date*	Monday, July 22, 2013
6.	Date by which letter of offer is to be posted to the equity shareholders of the Target Company	Tuesday, July 30, 2013
7.	Last date for upward revision of the Offer Price or any increase in the Offer Size	Wednesday, July 31, 2013
8.	Last date for public announcement by the independent directors committee of the Target Company on their recommendation to the shareholders of the Target Company for this Offer	Thursday, August 1, 2013
9.	Date of publication of Offer opening public announcement in the newspapers where this DPS has been published (with a simultaneous intimation to the SEBI, BSE, NSE and the Target Company)	Friday, August 2, 2013
10.	Date of commencement of the tendering period	Monday, August 5, 2013
11.	Date of closure of the tendering period	Tuesday, August 20, 2013
12.	Last date for communicating the rejection/acceptance; completion of payment of consideration or refund of equity shares to the shareholders of the Target Company	Wednesday, September 4, 2013
13.	Date of publication of post-offer public announcement in the newspapers where this DPS has been published	Wednesday, September 11, 2013
14.	Last date for submission of the final report with SEBI by the Manager to the Offer	Wednesday, September 11, 2013

* “**Identified Date**” is only for the purpose of determining the shareholders of the Target Company as on such date to whom the Letter of Offer (as defined below in paragraph 83) would be mailed. It is clarified that all the shareholders of the Target Company (registered or unregistered) of the equity shares of the Target Company (except the Seller) who own the equity shares of the Target Company are eligible to participate in this Offer at any time before the closure of this Offer.

Procedure for Tendering the Equity Shares in Case of Non Receipt of Letter of Offer

82. All shareholders holding equity shares of the Target Company (except the Seller) whether in dematerialised form or physical form, registered or unregistered, are eligible to participate in this Offer at any time during the tendering period of this Offer.
83. A letter of offer (“**Letter of Offer**”) specifying the detailed terms and conditions of this Offer along with the Form of Acceptance-cum-Acknowledgement (“**Form of Acceptance**”) will be mailed to all the shareholders of the Target Company, except the parties to the SPA - MFL, whose names appear on the register of members of the Target Company at the close of business hours on the Identified Date, being registered equity shareholders as per the records of the National Securities Depository Ltd. (“**NSDL**”) and the Central Depository Services (India) Limited (“**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.
84. This Offer is made to all shareholders of the Target Company (other than the Seller under the SPA - MFL) as on the Identified Date, and also to persons who acquire equity shares of the Target Company before the closure of the Offer and tender these equity shares into the Offer in accordance with this DPS, save and except for the parties to the SPA - MFL. Persons who have acquired equity shares of the Target Company (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.
85. The shareholders of the Target Company who wish to tender their Shares pursuant to this Offer will be required to communicate their acceptance in the form and manner specified in the Letter of Offer to Karvy Computershare Private Limited acting as the Registrar to the Offer (“**Registrar to the Offer**”) in accordance with the instructions contained in the Letter of Offer and Form of Acceptance. Applicants who cannot hand deliver their documents at the collection centers, as will be mentioned in the Letter of Offer, may send such documents by registered post or by courier, at their own risk and cost, to the Registrar to the Offer at its address mentioned in paragraph 92. In case of non-receipt of the Letter of Offer, the eligible shareholders may (i) download the same from the SEBI website, (<http://www.sebi.gov.in>) (ii) obtain a copy of the same by writing to the Manager to the Offer or the Registrar to the Offer, or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, 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 Open Offer, 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 Offer, i.e., no later than August 20, 2013.
- a. In respect of dematerialised shares shareholders of the Target Company must ensure that the credit for the equity shares tendered is received in 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 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 equity shares of the Target Company in the depository account above, prior to the closure of the Offer.

- b. Shareholders of the Target Company who are holding the equity shares of the Target Company in physical form and who wish to tender their equity 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.
86. Shareholders of the Target Company who have acquired equity 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 Offer 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 shareholders of the Target Company holding equity shares in dematerialized form, then, the name, address, number of equity shares held, number of equity shares offered, Depository (“**DP**”) Participant name, 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 special depository account, as per instructions mentioned above.
- b. In case of shareholders holding equity shares in physical form, then, 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 equity shares were acquired wherever applicable.

87. No indemnity would be required from unregistered shareholders of the Target Company regarding their respective title to the equity shares.
88. **Equity shares of the Target Company should not be submitted/ tendered to the Manager to the Offer, the Acquirer, the PACs or the Target Company.**
89. A copy of the Letter of Offer (including the 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.

The detailed procedure for tendering equity shares of the Target Company in this Offer will be available in the Letter of Offer.

Other Information

90. For the purpose of disclosures in this DPS relating to the Target Company and the Seller, the Acquirer and its PACs have relied on the information provided by the Target Company and/or the Seller and have not independently verified the accuracy of details of the Target Company and/ or the Seller. The Acquirer and its PACs and their respective directors accept the responsibility for the information contained in the PA and this DPS, and for the obligations of acquirers laid down in the SEBI (SAST) Regulations and subsequent amendments made thereof in respect of this Offer.
91. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirer/PACs have appointed Kotak Mahindra Capital Company Limited (Address: Bakhtawar 1st Floor, 229 Nariman Point, Mumbai - 400 021; Tel: +91 22 6634 1100; Fax No: +91 22 2284 0492; email: project.mflopenoffer@kotak.com; Contact Person: Ganesh Rane) as the Manager to the Offer.
92. The Acquirer/PACs have appointed Karvy Computershare Private Limited, as the Registrar to the Offer (Address: Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081; Tel: +91 40 4465 5000; Fax: +91 40 2343 1551; email: mrurali.m@karvy.com; Contact Person: Mr. M. Muralikrishna/Mr. R. Williams)
93. This DPS is expected to be available on the SEBI website at <http://www.sebi.gov.in>.

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



Kotak Mahindra Capital Company Limited