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RED HERRING PROSPECTUS
Dated July 12, 2007
Please read Section 60B of the Companies Act, 1956
(The Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Issue

IVR PRIME

IVR PRIME URBAN DEVELOPERS LIMITED

(Our Company was incorporated as "IVR Realtors Limited" on June 28, 1996 by our Promoters Mr. E. Sudhir Reddy and Mr. E. Sunil Reddy. The name of our Company was changed from "IVR Realtors Limited" to "IVR-Prime Urban Developers Limited" and a fresh certificate of incorporation consequent on change of name was granted to our Company on January 16, 2001 by the RoC. The name of our Company was again changed from "IVR-Prime Urban Developers Limited" to "IVR Prime Urban Developers Limited" pursuant to which we received the fresh certificate of incorporation from the RoC on June 12, 2006.)

Registered Office: M-22/3RT, Vijayanagar Colony, Hyderabad 500 057, Andhra Pradesh, India
Company Secretary and Compliance Officer: Mr. S. Srinivasa Rao
Tel: (91 40) 2349 5000, **Fax:** (91 40) 2349 5215, **Email:** investors@ivrprime.com, **Website:** www.ivrprime.com

PUBLIC ISSUE OF 14,150,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] MILLION (THE "ISSUE") BY IVR PRIME URBAN DEVELOPERS LIMITED (THE "COMPANY OR "THE ISSUER"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF 14,000,000 SHARES OF RS. [●] EACH (THE "NET ISSUE") AND A RESERVATION OF 150,000 SHARES OF RS. [●] EACH FOR THE PERMANENT EMPLOYEES OF THE COMPANY (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE WOULD CONSTITUTE 22.06% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET ISSUE WILL CONSTITUTE 21.82% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. 510 TO RS. 600 PER EQUITY SHARE OF FACE VALUE RS. 10.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 AND THE FLOOR PRICE IS 51 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 60 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

In terms of Rule 19 (2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, 150,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [—] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing. **We have not opted for a grading of this Issue from a credit rating agency.**

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING ARRANGEMENT

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from NSE and BSE for the listing of our Equity Shares pursuant to letters dated February 20, 2007 and March 1, 2007, respectively. For purposes of this Issue, the Designated Stock Exchange is National Stock Exchange of India Limited.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ENAM **Enam Financial Consultants Private Limited** 801, Dalamal Towers Nariman Point, Mumbai 400 021, India Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: pudl.ipo@enam.com Website: www.enam.com Contact Person: Ms. Kinjal Palan	kotak Investment Banking **Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar 229, Nariman Point, Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email: pudl.ipo@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** Karvy House, 46 Avenue 4, Street No. 1 Banjara Hills, Hyderabad 500 034, India Tel: (91 40) 2343 1553 Fax: (91 40) 2343 1551 Email: ivrprime.ipo@karvy.com Website: www.karvy.com Contact Person: Mr. M. Murali Krishna

BID / ISSUE PROGRAMME	
BID/ISSUE OPENS ON : July 23, 2007	**BID/ISSUE CLOSES ON : July 26, 2007**

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SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"We", "us", "our", "Issuer", "the Company" and "our Company".	Unless the context otherwise indicates or implies, refers to IVR Prime Urban Developers Limited on an unconsolidated/stand alone basis.

Company Related Terms

Term	Description
Articles	Articles of Association of our Company
Auditors	The statutory auditors of our Company, Deloitte Haskins & Sells
Board / Board of Directors	Board of Directors of our Company
Developable Area	Total area that can be developed by us on each project
Directors	Directors of IVR Prime Urban Developers Limited, unless otherwise specified
ESOP 2006	IVR PUDL – ESOP 2006
Gachibowli Village Project	The residential complex that has been developed by us at Gachibowli, Hyderabad for the athletes and officials of the 32nd National Games.
HDO	Hindustan Dorr-Oliver Limited
Individual Promoters	Mr. E. Sudhir Reddy and Mr. E. Sunil Reddy
IVRCL Group	IVRCL Infrastructures & Projects Limited, Subsidiaries of IVRCL and Joint Ventures of IVRCL
Joint Ventures	SPCL-IVRCL (JV), UAN Raju – IVRCL Construction (JV), IVRCL-Harsha (JV), IVRCL SEW & Prasad (JV), Navayuga IVRCL & SEW (JV), IVRCL Navayuga & SEW (JV) and IVRCL JL (JV)
Land Reserves	Lands to which our Company or our Subsidiaries have title, or our proportionate interest in lands from which the Company can derive the economic benefit through a documented framework (such as with third party individuals or corporate entities), or where the Company has executed a joint development agreement or an agreement to sell or an MoU or an agreement to transfer the development rights to it.
Loan Agreement	Loan Agreement dated August 1, 2006 between our Company and our Parent Company, as amended from time to time.
Master Agreement	Master Agreement dated October 3, 2006 between our Company and our Parent Company
Memorandum	Memorandum of Association of our Company
Parent Company or IVRCL or Corporate Promoters	IVRCL Infrastructures & Projects Limited
Promoters	Mr. E. Sudhir Reddy, Mr. E. Sunil Reddy and IVRCL
Registered Office of the Company	M-22/3RT, Vijayanagar Colony, Hyderabad 500 057, Andhra Pradesh, India
Saleable Area	That part of the Developable Area relating to our economic interests in such project
Subsidiaries of IVRCL	Hindustan Dorr-Oliver Limited, IVR Enviro Projects Private Limited, IVRCL PSC Pipes Private Limited, Geo IVRCL Engineering Limited, IVRCL Steel Construction & Services Limited, IVRCL Water Infrastructures Limited, IVRCL Road Toll Holdings Limited, Salem Tollways Limited, Kumarapalyam Tollways Limited, Jalandhar Amritsar Tollways Limited, First STP Private Limited and Chennai Water Desalination Limited
Subsidiaries of our Company	IVR Hotels & Resorts Limited, IVRCL Megamalls Limited, Agaram Developers Private Limited, Papankuzhi Developers Private Limited, Mummidi Developers Private Limited, Samatteri Developers Private Limited, Velursantha Developers Private Limited, Annupampattu Developers Private Limited, Kunnam Developers Private Limited, Tirumani Developers Private Limited, M.M. Kuppum Developers Private Limited, Ilavampedu Developers Private Limited, Vedurwada Developers Private Limited, Rudravaram Developers Private Limited, Haripuram Developers Private Limited, Chodavaram Developers Private Limited, ETA Developers Private Limited, Iota Developers Private Limited, Lamda Developers Private Limited, Annavaram Developers Private Limited, Gajuwaka Developers Private Limited, Kappa Developers Private Limited, Simhachalam Prime Developers

	Private Limited.

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued
Banker(s) to the Issue	HDFC Bank Limited, ICICI Bank Limited, Indian Overseas Bank, Karnataka Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank and Yes Bank Limited
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper with wide circulation
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the Red Herring Prospectus and the Bid cum Application Form
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
BRLMs	Book Running Lead Managers to the Issue, in this case being Enam Financial Consultants Private Limited and Kotak Mahindra Capital Company Limited
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLMs
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock Exchange	National Stock Exchange of India Limited
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
ECS	Electronic Clearing Service
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue
Eligible Employee	A permanent employee of the Company as on the day prior to the Bid / Issue Opening Date and based working and present in India as on the date of submission of the Bid cum Application Form. A director of the Company, whether a whole time director except any Promoters or members of the promoter group, part time director or otherwise as on the day prior to the Bid / Issue Opening Date and based and present in India as on the date of submission of the Bid cum Application Form. The Employee(s) may also be referred to as "Eligible Employee under the Employee Reservation Portion" in this Red Herring Prospectus
Employee Reservation Portion	The portion of the Issue being 150,000 Equity Shares available for allocation to Eligible Employees.
ENAM	Enam Financial Consultants Private Limited having its registered office at 113 Stock Exchange Towers , Dalal Street , Fort , Mumbai 400 001, India
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified in the context thereof

Term	Description
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into by our Company, the Registrar, BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being HDFC Bank Limited, ICICI Bank Limited, Indian Overseas Bank, Karnataka Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank and Yes Bank Limited
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, above which the Issue Price will be finalized and below which no Bids will be accepted
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
Issue	The issue of 14,150,000 Equity Shares of Rs. 10 each at a price of [●] each for cash, aggregating [●] by the Company under the RHP and the Prospectus. The Issue comprises a Net Issue to the Public of 14,000,000 Equity Shares and the Employees Reservation Portion of 150,000 Equity Shares.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
KMCC	Kotak Mahindra Capital Company Limited having its registered office at 3rd Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021, India
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Monitoring Agency	Karnataka State Financial Corporation
Mutual Fund Portion	5% of the QIB Portion or 420,000 Equity Shares (assuming the QIB Portion is for 60% of the Net Issue) available for allocation to Mutual Funds only, out of the QIB Portion
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000 (but not including NRIs other than eligible NRIs)
Non Institutional Portion	The portion of the Issue being up to 1,400,000 Equity Shares of Rs. 10 each available for allocation to Non Institutional Bidders
Net Issue	The Issue less the Employee Reservation Portion
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and (b) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. 510 and the maximum price (cap of the price band) of Rs. 600 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Promoters	Mr. E. Sunil Reddy, Mr. E. Sudhir Reddy and IVRCL Infrastructures & Projects Limited
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Net Issue being 8,400,000 Equity Shares of Rs. 10 each to be allotted to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, certain venture capital funds registered with SEBI, state industrial development corporations,

Term	Description
	insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
RTGS	Real Time Gross Settlement
Refund Banker	HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited having its registered office as indicated on the cover page.
Retail Individual Bidder(s)	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 1,00,000 in any of the bidding options in the Issue (including HUF applying through their Karta and eligible NRIs)
Retail Portion	The portion of the Net Issue being up to 4,200,000 Equity Shares of Rs. 10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least 3 days before the Bid/ Issue Opening Date
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate and the Company in relation to the collection of Bids in this Issue
Syndicate Members	Enam Securities Private Limited and Kotak Securities Limited
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement between the members of the Syndicate and our Company to be entered into on or after the Pricing Date

Conventional and General Terms/ Abbreviations

Term	Description
AAI	Airport Authority of India
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
APIIC	Andhra Pradesh Industrial Infrastructure Corporation Limited
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BPO	Business Process Outsourcing
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CRIS INFAC	CRIS INFAC Industry Information Service, a brand of CRISIL Research & Information Services Limited
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
DIPP	Department of Industrial Policy and Promotion
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
Easements Act	The Easements Act, 1882
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
Fellow Subsidiary	Refers to the subsidiary of our Parent Company, other than our Company
FII(s)	Foreign Institutional Investors (as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India

Term	Description
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
ITES	Information Technology Enabled Services
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Mn / mn	Million
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NOC	No Objection Certificate
Noida	New Okhla Industrial Development Authority
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
Registration Act	Registration Act, 1908
RoC	Registrar of Companies
RONW	Return on Net Worth
Rs.	Indian Rupees
SAAP	Sports Authority of Andhra Pradesh
SAI	Sports Authority of India
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
Sec.	Section
SEZ	Special Economic Zone
SIA	Secretariat for Industrial Assistance

Term	Description
Stamp Act	The Indian Stamp Act, 1899
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
T.P. Act	Transfer of Property Act, 1882
Urban Land Ceiling Act	The Urban Land (Ceiling and Regulation) Act, 1976
US / USA	United States of America

Industry Related Terms

Term	Description
Acre	Equals 43,560 sq. ft
FSI	Floor Space Index
Gunta	Equals 1089 sq. ft
RMC	Ready Mix Concrete
SBA	Super Built up Area
Sq. ft.	Square Feet

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

In this Red Herring Prospectus, lands referred to as "our Lands" or "our Land Reserves" are lands the title to which is with our Company or our Subsidiaries have title, or our proportionate interest in lands from which our Company can derive economic benefit through a documented framework (such as with third party individuals or corporate entities), or where the Company has executed a joint development agreement or an agreement to sell or an MoU or an agreement to transfer the development rights to it.

Unless stated otherwise the financial data in this Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines, which are included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year. So all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

All the numbers on the document have been presented in million or in whole numbers where the numbers have been too small to present in millions.

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

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Market and industry data used in this Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable however, they have not been verified by any independent sources. We have also used in this Red Herring Prospectus data from CRIS INFAC, Central Statistical Organisation and National Council for Applied Economic Research.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the real estate industry in India and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

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

Important factors that could cause actual results and property valuations to differ materially from our expectations include, but are not limited to, the following:

- the performance of the real estate market and the availability of real estate financing in India;
- the extent to which sale proceeds differ from our land valuations;
- our ability to manage our growth effectively;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to replenish our Land Reserves and identify suitable projects;
- our ability to acquire lands for which we have entered into MoUs;
- the extent to which our projects qualify for percentage of completion revenue recognition;
- impairment of our title to land;
- our ability to compete effectively, particularly in new markets and businesses;
- our ability to anticipate trends in and suitably expand our current business lines;
- the extent to which we can develop our new business segments;
- the continued availability of applicable tax benefits;
- our dependence on key personnel;
- conflicts of interest with affiliated companies, the promoter group and other related parties;
- the outcome of legal or regulatory proceedings that we are or might become involved in;
- contingent liabilities, environmental problems and uninsured losses;
- government approvals;
- changes in government policies and regulatory actions that apply to or affect our business; and
- developments affecting the Indian economy.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management's Discussion of Financial Condition and Results of Operations" on pages ix and 202. Neither our Company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II- RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 54 and 202 of this Red Herring Prospectus as well as the other financial and statistical information contained in the Red Herring Prospectus. If any one or some combination of the following risks were to occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

Risks in Relation to our Business or Internal Risks

1. ***Our Company, and one of our Promoter Directors, Mr. E. Sudhir Reddy, are involved in certain civil, criminal and taxation proceedings. Four criminal complaints have been filed against one of our Promoter Directors, Mr. E. Sudhir Reddy and we received a notice under section 138 of the Negotiable Instruments Act for dishonour of a cheque.***

We are involved in certain legal proceedings and claims in relation to certain civil, criminal and taxation matters. These legal proceedings are pending at different levels of adjudication before various courts and tribunals in India. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. Furthermore, we may not be able to quantify all the claims in which we, any of the IVRCL Group entities or our Promoters are involved. Any adverse decision may have a significant effect on our business and results of operations.

There are four civil suits initiated against our Company involving a sum of Rs. 153,750. We have received a notice under section 138 of the Negotiable Instruments Act for dishonour of a cheque. Rs. 12.80 million is being claimed from the Company. We have filed a criminal complaint against certain individuals with respect to the said matter. Additionally, we have initiated one civil suit in relation to the sale of certain apartments in the Gachibowli Village project. For details, see "*Outstanding Litigation and Defaults- Cases against the Company*" on page 216 and "*Outstanding Litigation and Defaults- Cases filed by the Company*" on page 217.

There are also four criminal complaints filed against our Promoter Director, Mr. E. Sudhir Reddy. Two of these complaints have been filed under the Child Labour (Prohibition and Regulation) Act, 1996 alleging that Mr. E. Sudhir Reddy had employed certain child labourers, directly and indirectly, in his establishment. Mr. E. Sudhir Reddy has filed writ petitions before the High Court of Bombay, Aurangabad Bench, seeking to quash/stay the aforesaid criminal complaints. Accordingly the High Court of Bombay, Aurangabad Bench has granted a stay order on all further proceedings in the above matters until further orders. For details see "*Outstanding Litigation and Defaults- Cases filed by or against E. Sudhir Reddy*" on page 234.

In addition, a criminal complaint has been filed against IVRCL and Mr. E. Sudhir Reddy under Section 138 of the Negotiable Instruments Act, 1881, before the Court of Additional Chief Metropolitan Magistrate at Patiala House, Delhi, for dishonour of a cheque for a sum of Rs 5,272,000. IVRCL and Mr. E. Sudhir Reddy and others have filed a joint petition for quashing the proceedings before the High Court of Delhi. All of the defendants in the said matter have been granted exemption from personal appearance until further orders. For details see "*Outstanding Litigation and Defaults- Cases filed against IVRCL- Criminal Complaints*" on page 228. Further, the State Government of Andhra Pradesh has filed a complaint against IVRCL and Mr. Sudhir Reddy under the Inter-State Migrant Workers Act. For details of the said case, please see "Outstanding Litigation and Material Defaults- *Cases filed by or against E. Sudhir Reddy*" on page 234.

2. ***Our business operations are subject to the performance of the real estate market and the financing of real estate in the regions in which we plan to do business in India.***

Our operations are subject to the performance of the real estate market in India generally and more particularly the market in which our projects are currently located and will be located in the future. The development of a real estate project takes a substantial amount of time and our business could be adversely impacted if there is a decline in prices over the timeframe of sale and development. Changes in government policies, local economic conditions (which may differ from countrywide economic conditions), demographic trends, employment and income levels and interest rates, among other factors, may affect the real estate market and affect the demand for and valuation of our projects under implementation and our future projects. Low interest rates on housing loans and favourable tax treatment of these loans have helped boost the recent growth of the Indian real estate market. Interest rates in India, however, are on a rising trend that could discourage consumers from taking loans for acquiring real estate and thereby weaken the real estate market. Rising interest rates also increase the costs of our borrowings. Various provisions and norms imposed by the RBI in relation to housing loans by banks and housing finance companies could reduce the attractiveness of the property, and the RBI or the GoI may take further steps to reduce directly or indirectly the amount of credit extended to the real estate sector, which could adversely affect the availability of housing loans at attractive rates. The use of home loans for residential properties has also become attractive due to income tax benefits. In the event of a change in fiscal, monetary or other policy and a consequent withdrawal of such income tax benefits use of home loans may be reduced, which could adversely affect our operating results and financial condition. These factors can negatively affect the demand for and valuation of our projects under development and our planned projects. Our business, financial condition and results of operations could be adversely affected if real estate market conditions deteriorate.

3. ***Limited supply of land, increasing competition and applicable regulations are likely to result in land price escalation and a further shortage of developable land.***

We are in the business of real estate development. Due to increased demand for land for development of residential and commercial properties, we are experiencing increasing competition in acquiring land in various geographies where we operate or propose to operate. In addition, the unavailability or shortage of suitable parcels of land for development leads to an escalation in land prices. Any escalation in the price of developable land could materially and adversely affect our business, prospects, financial condition and results of operations.

Additionally, the availability of land, its use and development, are subject to regulations by various local authorities. For example, if a specific parcel of land has been delineated as agricultural land, no commercial or residential development is permitted without the prior approval of the local authorities. Further, in the event that any land which we purchase or propose to acquire is designated as 'green belt' by the relevant state government, then only certain activities are allowed to be carried out in such green belt areas. These activities include construction of places of worship, hospitals, libraries, sports clubs and cultural buildings. For further details, see "Regulations and Policies" on page 78.

Significant parcels of land, either acquired or proposed to be acquired by certain individuals and corporate entities who shall hold these lands on our behalf or through arrangements for development, are currently delineated as land on which development is not permitted without prior permission of the local authorities. If we do not receive permissions in a timely manner or in a manner acceptable to us, or at all, we may not be able to develop these properties that could adversely affect our business, prospects, financial condition and results of operations.

4. ***Our Land Reserves and projects portfolio are relatively concentrated in and around Chennai.***

Our Land Reserves and projects portfolios are concentrated in and around Chennai. We have Land Reserves of approximately, 1,352.82 acres in and around Chennai, which constitutes approximately 54.57% of our total Land Reserves. For further details see "*Our Business- Our Land Reserves- Location-wise summary of our Land Reserves*" on page 71. In the event of a regional slowdown in construction activity in Chennai or its surrounding areas, or any developments that make projects in Chennai less economically beneficial, our business, financial condition and results of operations could be adversely affected.

5. ***Fluctuations in market conditions may affect our ability to sell our projects at the prices we anticipated, which could adversely affect our revenues and earnings.***

We are subject to potentially significant fluctuations in the market value of our land and constructed inventories. We need to regularly identify and acquire new land to support and sustain our business. The risk of owning undeveloped land can be substantial and the market value of the same can fluctuate significantly as a result of changing economic and market conditions.

There is often a significant lag between the time we acquire land or development rights and the time that we can construct and develop such project. Further, the actual timing of the completion of a project may be different from its forecasted schedule for a number of reasons, including the need to obtain governmental approvals and building permits. In addition, real estate investments, in land, are relatively illiquid, which may limit our ability to vary our exposure in the real estate business promptly in response to changes in economic or other conditions.

We could be adversely affected if market conditions deteriorate or if we purchase land at higher prices during stronger economic periods and the value of the land subsequently declines during weaker economic periods.

6. We are yet to make the applications or receive approvals, in eleven of our forthcoming projects.

We have various forthcoming projects which are at initial stages of development. We are in the process of making the applications in relation to these projects. These projects are still in the initial stages and therefore may be subject to further changes, as may be decided by the management of the Company keeping in mind various factors including the economic conditions and the prevailing preferences of the consumers. We cannot assure you that we will make these applications on time, or whether we shall receive these approvals at all. In the event that we do not receive these approvals, this may affect our business, prospects, financial condition and results of operations.

7. We rely on our Parent Company with respect to certain aspects of our business.

We undertake certain business activities with our Parent Company. For instance, we intend to jointly bid for certain projects on a mutually agreeable basis for achieving the prescribed pre-qualification requirements of such projects. As per the business arrangement agreement dated October 3, 2006 ("**Master Agreement**") that we have entered into with our Parent Company, we are required to execute separate agreements with our Parent Company with respect to each project that we bid on jointly with our Parent Company, each of which set out the terms of understanding including commercial as well as other terms and conditions to suit the requirements of the relevant project. All such transactions are subject to prior approval of our board of directors and the board of directors of our Parent Company. Our Parent Company has the right to charge us appropriate fees whenever its qualifications are extended to our Company for obtaining any development contract. See "*Our Business- Master Agreement with our Parent Company*" on page 73 for details on the provisions of the Master Agreement and also see the risk factor titled "*Certain aspects of our relationship with our Parent Company are subject to an agreement, which may be changed*" on page xvi. We also carry out various development activities for the lands that have been allotted to our Parent Company, owing to their ability to satisfy the prequalification requirements. Our association with our Parent Company and its established past record, facilitates us to market and sell our projects in an efficient manner.

8. From time to time, a portion of the Land Reserves may not be included in the Master Plan for a particular city.

We constantly acquire lands in various locations across India. For details on our Land Reserves, please see "*Our Business- Land Reserves*" on page 62. These lands are subject to the various building regulations, in effect in their respective cities. Each of the cities in which we have acquired/ intend to acquire lands and carry on development activities are subject to development/master plans. These development/master plans specify the nature of use of the lands falling within their relevant jurisdictions. Such specifications could result in limitations on the residential and/or commercial use of our lands in these cities. Depending on the location of the lands acquired by us, we may or may not fall within the development/master plan in a particular city. Further, if a particular development/master plan is changed, the lands on which we may be carrying out development activities may no longer meet specifications set forth in such development/master plan. This may require us to change our development plans, which could adversely affect our financial condition and results of operations.

9. We may not be able to acquire or register the lands for which we have entered into certain agreements to sell or MoUs.

We enter into agreements to sell or MOUs with third parties prior to acquiring any property. We cannot assure you that we will be successful in acquiring or registering these lands pursuant to these agreements to sell or MOUs. As on June 21, 2007 we have entered into agreements to sell or MoU to acquire 531.67 acres, representing 21.45% of the Land Reserves. For further details please see "*Our Business- Our Land Reserves- Memorandum of Understanding/Agreements to Acquire/Letters of Acceptance to which Company and/or its Subsidiaries and/or its group companies are parties, of which:- Land subject to private acquisition*" on page 67. Further, some of the lands that we propose to acquire may not be in our name. There are also certain lands for which we have not made any payments. We also cannot assure you that the lands as identified will be acquired at competitive prices. In the event that the prices are increased by the land owners, we may not at all be able to acquire these lands.

10. The agreements that IVRCL has entered into with NOIDA contain revocation clauses.

Our Parent Company has been allotted lands by Noida pursuant to certain allotment letters. The allotment letters in relation to these lands specify that the allotment made in relation to these lands located in Sectors 118, 119, 121 and 144 are liable to cancelled upon the occurrence of certain events. For further details, see "*Our Business- Our Land Reserves-Revocation Clauses*" on page 72.

11. We may not be successful in identifying and acquiring suitable parcels of land for development.

Identifying suitable parcels of land for development and subsequent sale is an important process for our business. Our decision to acquire a parcel of land involves taking into account the preferences of potential customers, the proximity of the land to civic amenities and urban infrastructure, the willingness of landowners to sell the land to us, the ability to enter into an agreement to buy land from multiple owners, the availability and cost of financing such acquisition, encumbrances on targeted land, government directives on land use, and obtaining permits and approvals for land acquisition and development.

Any failure to identify and acquire suitable parcels of land for development in a timely manner may reduce the number of development projects that can be undertaken by us and thereby affect our business prospects, financial condition and results of operations.

12. We may not be successful in acquiring contiguous parcels of land, which could affect our future development activities.

We acquire parcels of land at various locations, over a period of time, for future development. These parcels of land are subsequently consolidated to form a contiguous landmass, upon which we undertake development. In the past, we have not experienced difficulties in acquiring such parcels of land and consolidating them. However, we may not be able to acquire such parcels of land, at all or on terms that are acceptable to us, which may affect our ability to consolidate parcels of land into a contiguous mass. Failure to acquire such parcels of land may cause delay or force us to abandon or modify the development of the land at a location, which in turn may result in a failure to realise our investment for acquiring such parcels of land. Accordingly, our inability to acquire contiguous parcels of land may adversely affect our business prospects, financial conditions and results of operations.

In the event we are not successful in acquiring these lands, this could cause us to change, delay or abandon entire projects, which in turn could cause our business to suffer. In addition, land acquisition in India has been subject to regulatory restrictions on foreign investment. These restrictions are gradually being relaxed, and taken together with the aggressive growth strategies and financing plans of Indian real estate development companies and real estate investment funds, are likely to make suitable land increasingly expensive. If we are unable to compete effectively in the acquisition of suitable land in the areas in which we propose to build projects, our business and prospects may be adversely affected.

13. We also acquire lands from individuals who hold a power of attorney, on behalf of the land owners. We cannot assure you that we will be successful in acquiring these lands.

We also acquire lands from individuals who hold powers of attorney from the owners of the land. These power of attorney holders are allowed to transfer these lands in the interests of the owners of the land. As on June 21, 2007 we have 342.58 acres, representing 13.82% of the Land Reserves, forming part of this category. For further details please see "*Our Business- Our Land Reserves- Memorandum of Understanding/Agreements to Acquire/ Letters of Acceptance to which Company and/or its Subsidiaries and/or its group companies are parties, of which: Land subject to private acquisition*" on page 67. We cannot assure that these power of attorney holders will transfer the lands in our favour. Further, in the event that a land owner executes another power of attorney, our interests in acquiring the lands may be affected and we may be unable to acquire the lands.

14. Some of our immovable properties may be subject to irregularities in title and some of our agreements may be inadequately stamped, as a result of which our operations may be impaired.

We conduct due diligence and assessment exercises prior to acquisition of land for undertaking development, but we may not be able to assess or identify certain risks and liabilities associated with irregularities of title. As a result, some of our immovable properties for our projects, which we have development rights on may have one or more irregularities of title, including non-execution of conveyance deeds for transfer of property, inadequate stamping and/or non-registration of deeds and agreements. If we do not have, or are unable to obtain clear title to these lands, and are unable to develop such lands for this reason, our financial position and results of operations may be adversely affected. Currently, to the best of our knowledge we are not aware of any irregularities in title in relation to any of our immovable properties.

15. We may undertake projects jointly with third parties, which entail certain risks.

Certain of our projects may also consist of joint ventures or may be undertaken in collaboration with third parties, including our Parent Company. In projects of such nature, the title to the land may be owned by one or more of these third parties and we, by virtue of the development or collaboration agreements, acquire development rights to the land. Most of these collaboration agreements confer rights on us to construct, develop, market and sell the built-up area to third party buyers. Such collaboration agreements do not convey any interest in the immovable property (the land or the building) to us and only the development right is transferred to us. For further details please see "*Our Business- Our Land Reserves- Land under which joint development agreements have been entered into by: the Company directly*" on page 69.

Investments through joint ventures also involve risks, including the possibility that our joint venture partners may fail to meet their financial obligations, causing the whole project to suffer. In relation to any project which involves collaboration with third parties, we cannot assure you that these projects will be completed as scheduled or that our relations with these parties will be successful. Further, our joint venture partners may have business interests or goals that are inconsistent with our business interests or goals. Disputes that may arise between us and our joint venture partners may cause delay in completion, suspension or complete abandonment of the project. This may have a serious impact on our business prospects, financial condition or results of operations.

16. We are required to pay a refundable and/or a non-refundable deposit on a per acre basis, in relation to our joint development agreements.

We enter into joint development agreements with various third parties that require us to obtain consents from the relevant statutory bodies to pursue the underlying projects. Under these agreements, we are required to complete the construction within a specified time frame. Further, we are required to provide the owners of the land with a refundable deposit and a non refundable deposit per acre of the land. Under the joint venture agreement, we are also required to indemnify such parties with whom we have joint development agreements with respect to the area developed by us.

We cannot always confirm on a timely basis that these third parties with whom we enter into joint development agreements have clear and valid title. In the event that the title to such lands are not clear and valid, we may not be able to develop such lands. We may also not be able to recover the refundable deposits made by us to the owners of the land. This could have a material adverse impact on our business prospects, financial condition or results of operations. As of June 21, 2007 we have paid Rs. 396.31 million in deposits to the owners of the land. For further details please see "*Our Business- Our Land Reserves- Land under which joint development agreements have been entered into by: the Company directly*" on page 69.

17. We are dependent on various sub-contractors or specialist agencies to construct and develop our projects.

We are dependant on the skills and labor provided by our sub-contractors, including our Parent Company and its sub-contractors. The payments received by us from our customers depend upon the timely and satisfactory performance of the sub-contractors. Since all our construction contracts are outsourced, delays on the part of a sub-contractor to complete the projects on time or failure to complete the projects to the specified quality level, for any reason, could result in delayed payments to us, as well as cause damage to our market reputation. Additionally, our operations may also be affected by circumstances beyond our control that may be due to work stoppages, labour disputes, shortage of qualified skilled labour or lack of availability of adequate infrastructure services.

We rely on manufacturers and other suppliers to provide us with many products over which we do not have direct control over the quality. We are exposed to risks relating to the quality of such products. If some of these third parties do not satisfactorily complete our orders, our reputation and financial condition could be adversely affected.

18. ***We may undertake only a few large projects at one time and therefore significant amount of our resources may be devoted to one large project.***

We expect to undertake only a few large projects at one time. For example, our proposed 19.34 million sq. ft. for the construction of residential apartments in Prime Pacific project at Chennai, constitutes approximately 25.67% of the aggregate proposed square footage of our forthcoming projects. For further details, please see "*Our Business- Our Proposed Projects*" on page 59. The Chennai region's economic vitality is dependent significantly upon the success of the Indian auto and auto parts industry as well as on telecommunications and IT/ITES sectors and their ancillary businesses. In addition, a number of SEZs are being established around Chennai. Any significant slowdown in these key industries or in their rate of growth, which has been substantial in recent years, could adversely affect demand for our Chennai project.

If one or more of the large projects in which we have concentrated a significant portion of our resources proves ultimately to be unprofitable, it could have a material adverse affect on our financial condition or result of operations.

19. ***Our growth strategy may be affected by an economic slowdown in the regions where we propose to develop our projects.***

Our business strategy is to acquire low cost land for development in areas experiencing significant growth in economic activity. The principal cities in which we have currently planned projects are Hyderabad, Chennai and its surrounding areas, Pune, Bangalore, Noida and Visakhapatnam. If the growth slows in manufacturing, IT, ITES, auto and auto ancillary businesses in these regions in which we are developing or may propose to develop our projects, this could materially adversely affect the sales and prospects of our projects. Any resulting decline in returns could have a material adverse affect on our financial condition or result of operations.

20. ***In the event that some of our agreements with various third parties for the acquisition of land expire or are invalid, we may lose the right to acquire these lands.***

As part of our land acquisition process, we enter into agreements to sell with third parties prior to the transfer or conveyance of title of the land. We currently propose to acquire 531.67 acres, or approximately 21.45% of our Land Reserves, pursuant to agreements to sell. For further details, please see "*Our Business- Our Land Reserves- Memorandum of Understanding/ Agreements to Acquire/ Letters of Acceptance to which Company and/or its Subsidiaries and/or its group companies are parties, of which: Land subject to private acquisition*" on page 67. We enter into these agreements to sell to ensure that the sellers of the land satisfy certain conditions within the stipulated time frame specified under these agreements. Under the agreements, the owners of the land may be required to provide all of the original deeds and documents in relation to the land.

Further, under these agreements, we may be required to pay these landowners certain advances towards the land. These agreements also provide that the lands must be conveyed in our favour within a prescribed period of time. In the event that we are not able to acquire lands which we have covered by these agreements to sell, then we may not be able to recover all or part of the advance monies, which we may have paid, in relation to that land.

Further, in the event that these agreements are either invalid or have expired, we may lose the right to acquire these lands and also may not be able to recover the advances, we may have made in relation to the land. Also, any indecisiveness on our part to perform our obligations or any delay in performing our obligations under these agreements may lead to our inability to acquire these lands as the agreements may also expire. Further, any failure to renew these agreements on similar terms or recover the advance monies, we may have paid, from the relevant counterparties could adversely affect our business, financial condition and results of operations. As on June 21, 2007, we have paid Rs. 573.69 million under these agreements to sell. For further details, please see "Our Business- Our *Land Reserves- Memorandum of Understanding/ Agreements to Acquire/ Letters of Acceptance to which Company and/or its Subsidiaries and/or its group companies are parties, of which: Land subject to private acquisition*" on page 67.

21. Our Company owns lands in its own name, through IVRCL (one of our Promoters), our Subsidiaries and companies forming part of our Promoter group which aggregate to a total of 947.09 acres, constituting 38.21% of our total Land Reserves.

As on June 21, 2007, our Company owns in its own name a total of 46.47 acres aggregating to 1.88%, of our total Land Reserves. Our Company also holds lands through IVRCL, our Subsidiaries and companies forming part of our promoter group. This, along with the lands to which we own the title, aggregates to a total of 947.09 acres, constituting 38.21% of the 2,478.85 acres of our total Land Reserves as on June 21, 2007. The remaining 61.79% of the lands in our Land Reserves that are not currently owned in name by us, IVRCL, our Subsidiaries or companies forming part of our Promoter group include (1) lands over which our Company has sole development rights either directly or through its Subsidiaries, (2) lands owned by third parties for which MOUs, agreements to acquire or letters of acceptance have been entered into by us, our Subsidiaries or companies forming part of our Promoter group, and (3) lands for which our Company, our Subsidiaries or companies forming part of our Promoter group have entered into joint development agreements with third parties. For details in relation to the lands held in the names of our Company, through IVRCL, our Subsidiaries and companies forming part of our Promoter group and for details on the lands constituting the remaining 61.79% of our Land Reserves, please see '*Our Business- Land Reserves*' on page 62.

22. We conduct a due diligence exercise prior to acquisition of land and/or we may also obtain assistance from third parties.

We have an internal assessment process for land selection and acquisition. Prior to acquisition of any land, we conduct due diligence on such land or, alternatively, we outsource the assessment process to third parties on whose assistance we rely from time to time. Through the internal assessment process we analyze information about the land that is available to us. However, there can be no assurance that such information is accurate, complete or current. Therefore, any acquisition decision made by us in reliance on our assessment of such information, or the assessment of such information by a third party, is subject to risks and liabilities arising from the inaccuracy of such information. If such information later proves to be materially inaccurate this may adversely affect our business, financial condition and results of operations. As on the date of filing this Red Herring Prospectus, based on the due diligence conducted by our Company prior to the acquisition of the lands, we believe that 100% of the lands owned by our Company in its own name or registered in the name of our subsidiaries are held under clear title.

23. As long as our Parent Company owns a majority of our Equity Shares, it will be able to exercise substantial control over us and the influence of our other shareholders over significant corporate actions will be limited.

Our Parent Company prior to this Issue, and upon completion of the Issue, will be our majority shareholder. Upon the closing of this Issue, our Parent Company will own approximately 62.35% of our Equity Shares. As a result, our Parent Company will continue to have the ability to nominate and elect our directors. Our Parent Company will also have substantial control over our decisions to enter into significant corporate transactions and, in its capacity as our majority shareholder, will have the ability to prevent any transactions that it does not believe are in its best interest. As a result, our Parent Company will be able to control, directly or indirectly and subject to applicable law, all matters affecting us.

The interests of our Parent Company as our majority shareholder could also conflict with our interests or the interests of our other shareholders. As a result, our Parent Company may take actions with respect to our business that may conflict with our interests or the interests of our other investors. These actions could materially adversely affect our business, results of operations and financial condition.

24. All of our Directors may have interests that diverge from ours and favor our Parent Company because of their existing relationships with our Parent Company.

All of our directors may have conflicts of interest with respect to decisions involving business opportunities and similar matters that may arise in the ordinary course of our business or the business of our Parent Company and its affiliates. All of our directors are also directors or senior officers of our Parent Company. These relationships with our Parent Company and the financial interest in our Parent Company of these persons may present conflicts of interest that could materially adversely affect our business, financial results or financial condition. For example, these decisions could be materially related to:

- the nature, quality and cost of services, including construction services, rendered to us by our Parent Company;
- the desirability of corporate opportunities, such as the entry into new businesses or pursuit of potential acquisitions, particularly those that might allow us to compete with our Parent Company; and
- employee retention or recruiting.

25. Certain aspects of our relationship with our Parent Company are subject to an agreement, which may be changed.

We have entered into a business arrangement agreement with our Parent Company dated October 3, 2006, (referred to as "**Master Agreement**"). The Master Agreement provides for certain areas of cooperation and divisions of responsibility between ourselves and our Parent Company and provides, among other things, for facilitation and the enhancement of our Project execution capabilities including land acquisition and developmental abilities, principles of transacting the business, in particular, bidding for Projects, implementation and execution of these Projects, between us and our Parent Company. Pursuant to the terms of the agreement, our Parent Company has agreed that we shall be a preferred customer subject to the condition that any arrangements between our Parent Company and us shall be on prevailing commercial and market terms and at a cost that either Party would incur as if the contract was awarded to a third party in an arms' length transaction. In cases where we and our Parent Company may jointly bid for any Project, which shall be done on mutually agreeable basis, whether for achieving the prescribed pre-qualification requirements of such a Project or otherwise, such joint associations between us and our Parent Company shall be governed by agreements, to be executed between us and our Parent Company (on a project-wise basis), setting out the terms of understanding between us and our Parent Company, and the commercial as well as other terms and conditions to suit the requirements of the relevant Project. All such inter se transactions/ arrangements between us and our Parent Company shall be subject to the prior approval of the boards of directors and independent directors of us and our Parent Company and in the event of any conflict on any issue it shall be resolved by a separate committee of our or our Parent Company's board of directors in the manner that would not adversely have an impact on the interests of either party. Our Parent Company shall have the right to charge us appropriate fees whenever its qualifications are extended to the Company for getting any development contract.

The provisions of the Master Agreement are complex and subject to differing interpretations. There can be no assurance that every transaction subject to the Master Agreement will be undertaken in the best interests of the Company. Similarly, our Parent Company is not obliged to assist us with any project. The Master Agreement may also be amended by mutual consent by either us or our Parent Company, at any time in writing without consent of holders of our Equity Shares. The Master Agreement is solely for the benefit of us and our Parent Company. It may not be relied on or enforced by any other party, including holders of Equity Shares. For details, see "*Our Business- Master Agreement with our Parent Company*" on page 73.

26. Services provided to us by our Parent Company may not always be on the same terms as such services available from independent third parties.

Under the terms of the Master Agreement, it is contemplated that our Parent Company may provide important services to us in connection with our business, including without limitation, resources, expertise, construction services, intellectual property, office space and employees. Except as otherwise specifically provided in the Master Agreement, there can be no assurance that such services will always be on terms equivalent to that obtainable from independent third parties. Our Parent Company and its affiliates are engaged in a diverse range of infrastructure projects and are under no obligation to share any future business opportunities available to it with us, other than those with respect to specific business projects as set forth in the Master Agreement. Our Parent Company is engaged in similar lines of business as us and we cannot assure you that we will not be in competition with our Parent Company, or that our Parent Company will not favour its own interests over our interests. Any competition directly with our Parent Company or its affiliates could materially adversely impact our business, financial results or financial condition. For details, see "Our Business- Master Agreement with our Parent Company" on page 73.

27. ***We have issued Equity Shares in the 12 months preceding the date of filing our Draft Red Herring Prospectus to our Promoters and one of our Promoter Group entities at a price that may be less than the Issue Price.***

On March 31, 2006 we issued 10,000,000 Equity Shares to our Parent Company at a face value of Rs. 10, which will be less than the Issue Price. These are in the nature further allotment. For further details please refer to "*Capital Structure- Notes to Capital Structure- Equity Share Capital History of our Company*" on page 20. Further, on September 29, 2006, we have allotted 10,000,000 Equity Shares to Soma Hotels & Resorts Limited, one of our promoter group entities, at a face value of Rs. 10, pursuant to the conversion of equity warrants issued on preferential basis. For further details please refer to "*Capital Structure- Notes to Capital Structure- Equity Share Capital History of our Company*" on page 20.

28. ***Our individual promoters and our directors are also on the board of directors of our corporate Promoter, IVRCL.***

The individual Promoters of our Company, Mr. E. Sunil Reddy and Mr. E. Sudhir Reddy, are also the promoters of our Parent Company. Further, two of our individual Promoters and all our other Directors are also on the board of directors of our Parent Company. Although our Directors are required to act in the interests of the Company in their capacity as directors of the Company, we cannot assure you that there will be no conflict of interest between the Company and our Parent Company. In the event that any such conflict of interest arises in the future, it may have a material impact on our business prospects, financial condition or results of operations.

29. ***Our Parent Company`s financing activity could adversely affect the financing resources available to us.***

Our ability to obtain financing may be adversely affected by financing activity undertaken by our Parent Company and its other subsidiaries (excluding us). The capital raised by or committed to our Parent Company and its subsidiaries may reduce the funds available to us as a result of increased leverage of our Parent Company on a consolidated basis or reluctance in the market to incur additional credit exposure to our Parent Company on a consolidated basis. In addition, our ability to undertake significant financing activities may be constrained by the competing needs of our Parent Company and its other businesses.

30. ***Our revenues and profits are difficult to predict and can vary significantly from period to period, which could cause the price of our Equity Shares to fluctuate.***

Sales revenues are dependent on various factors such as the size of our developments and the extent to which they qualify for percentage of completion treatment under our revenue recognition policies and general market conditions. In addition, the anticipated completion dates for our projects, including those set forth in this Red Herring Prospectus, are estimates based on current expectations and could change significantly, thereby affecting our timing of sales. For example, to date all of our revenues have been from the Gachibowli Village Project. A substantial majority of those units have now been sold. As sales from that project wind down our revenues, profits and cash flows are expected to decline until we begin to receive revenues from our forthcoming projects. The combination of these factors may result in significant fluctuations in our revenues and profits. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance. If in the future our results of operations are below market expectations, the price of our Equity Shares could be affected.

31. ***As on date, we have completed only one major real estate development project.***

We began operations as a real estate developer in 2001 with the Gachibowli Village Project. To date we have developed residential apartments and villas as part of the Gachibowli Village Project, aggregating 1.95 million sq. ft. We have forthcoming projects which are in various stages of planning and implementation. Our relatively limited experience as a real estate developer could put us at a competitive disadvantage.

32. ***If we are not able to manage our growth, our business and financial results could be adversely affected.***

We are embarking on a growth strategy, which involves substantial expansion of our current business as well as diversification. In furtherance of this strategy, we have recently acquired or entered into agreements to acquire large areas of land. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we scale-up and diversify our operations, we may not be able to execute our projects efficiently, which could result in delays, increased costs and diminished quality and may adversely affect our reputation. Such expansion also increases the challenges involved in preserving a uniform culture, values and work environment across our projects, developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems; recruiting, training and retaining sufficient skilled management, technical and marketing personnel; maintaining high levels of customer satisfaction; and adhering to health, safety, and environmental standards. Our failure to manage our growth could have an adverse effect on our business, financial condition and results of operations.

33. We anticipate developing or participating in the development of SEZs, which involve various risks.

As part of our real estate development business, we may plan to develop SEZs. Our success in the development of SEZs can depend on, among other things, our ability to obtain approvals and attract manufacturing or industrial units or IT units that conduct business within the SEZs as well as on the continued availability of fiscal incentives under the SEZ regime. We do not have approvals for some of our proposed SEZ projects. We cannot assure you that we would be able to get these approvals or attract manufacturing or industrial or IT units in the future. Also, the possibility of withdrawal of the applicable benefits and concessions in the future may adversely affect the attractiveness of SEZs for the manufacturing, industrial or service units, which creates a risk for our current and planned investment in SEZ developments.

34. We expect competition from new SEZ developments and this may adversely affect our growth plans.

Owing to the relaxation of the regulatory framework and availability of fiscal and other benefits for setting up operations in SEZs, a large number of companies have expressed interest in developing SEZs in anticipation of demand for space in the SEZs. We realise that many approvals have been granted in and around Hyderabad, Chennai, Pune, Bangalore and National Capital Region, regions where our proposed developments are likely to take place. This is likely to result in increased competition in SEZ development. We may also face competition arising from SEZs being developed in neighbouring areas as well as from our potential customers who may set up their own SEZs. This increased competition could adversely affect our growth plans based on future SEZ developments.

35. Uncertainties, differences and/or changes in governmental policies relating to SEZs may slow down the progress of development.

The SEZ Act is a new enactment and the GoI and several state governments have extended fiscal and other incentives to SEZ promoters and customers located within SEZs. The SEZ policy framework is evolving and there could be changes in the SEZ regulations, including changes in norms for land acquisitions and associated compensation mechanisms, land use and development. Additionally, the selection procedure for grant of SEZ licenses is open to challenge. Changes and/or uncertainties in the GoI or state government policies or regulatory frameworks may slow down and adversely impact the demand for SEZs and thereby adversely affect our SEZ development plans.

36. For the development and progress of SEZ projects, we are dependant on state governments for land acquisition.

We would depend extensively upon state governments for the acquisition of large contiguous portions of land for developing SEZs. We may carry out these ventures as joint ventures with various partners. Any inability on our part to enter into a joint venture arrangement with any such party or inability to acquire these lands at the appropriate time is likely to delay the process. Further, political instability or local resistance in states where our SEZ projects are located may also delay the process of land acquisition in spite of state government participation in our project.

37. The government has the power to acquire lands.

The Land Acquisition Act, 1894 allows the central and state governments to exercise rights of compulsory purchase which, if used in respect of our land, could require us to mandatorily relinquish land with minimal compensation and no right of appeal. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, airports and railways. Any such action in respect of one or more of our major current or proposed developments could adversely affect our business.

38. We have not entered into any definitive agreements to utilize the net proceeds of the Issue and the requirement of funds has not been appraised.

We intend to use the net proceeds of the Issue for the purposes described in the section titled "Objects of the Issue" on page 27. The objects of the Issue have not been appraised by any bank or financial institution. We have not entered into any definitive agreements to utilize the net proceeds of the Issue. The deployment of funds as stated in the section titled "Objects of the Issue" on page 27 is entirely at the discretion of our Board. All the figures included under the section titled "Objects of the Issue" are based on our own estimates.

39. We intend to utilize [•]% of the Net Proceeds of the Issue to repay our corporate Promoter in relation to the repayment of certain loans we have borrowed from our Promoters and also pay certain amounts which have been paid by Promoters, in relation to lands for which we hold development rights.

We intend to utilize [●]% of the proceeds raised from the Issue towards repaying our Parent Company.. We have entered into loan agreement dated August 1, 2006 with our Parent Company, under which we are allowed to borrow up to Rs. 1,500 million from our Parent Company which was subsequently increased to Rs. 2,500 million and Rs. 4,000 million through amendment agreements dated February 1, 2007 and May 29, 2007, respectively. [●]% of the Net Proceeds of the Issue shall be used to repay our Parent Company, with respect to the loan borrowed from them. We also intend to pay [●]% of the Net Proceeds of the Issue to our Parent Company with respect to lands the payments for which have been made by our Parent Company and for which we hold development rights. We cannot assure that we will not continue to undertake financial obligations from our Parent Company in the future or that they will not impose restrictive conditions in relation to the amounts that has already been borrowed or is to be borrowed in the future. Please see "Objects of the Issue" on page 27.

40. Our growth requires additional capital, which may not be available on terms acceptable to us.

The real estate development industry is capital intensive and requires significant expenditure for land acquisition and development. As we intend to pursue a strategy of continued investment in our developmental activities, we will incur additional expenditure in the current and next fiscal years. We propose to fund such expenditure through a combination of debt, equity and internal accruals. Our ability to borrow and the terms of our borrowings will depend on our financial condition, the stability of our cash flows and our capacity to service debt in a rising interest rate environment. We may also not be successful in obtaining additional funds in a timely manner, or on favourable terms or at all.

41. Our growth strategy to expand into new geographic areas poses risks.

We may face significant competition from other real estate developers, many of which undertake similar projects within the same regional markets as us. Given the fragmented nature of the real estate development business, we may not have adequate information about the projects our competitors are developing and accordingly, we may run the risk of underestimating supply in the market. As we seek to diversify our regional focus across India, we may face the risk that our competitors may be better known in other markets, enjoy better relationships with landowners and international joint venture partners, gain early access to information regarding attractive parcels of land and be better placed to acquire such land.

Increasing competition could result in price and supply volatility, which could cause our business to suffer. In addition, we are also in the process of embarking on new businesses, in which we may not have the required amount of experience and therefore we may not be able to compete effectively with established and new competitors in these businesses.

Our expansion into new geographies and undertaking of new projects also exposes us to additional risks associated with such diversification arising due to low level of familiarity with the development, ownership and management of properties in the new geographies, or if we undertake a project of different size or style than those currently being developed, including adjusting our construction methods to different geographies; obtaining the necessary construction materials and labour in sufficient amounts, numbers and on acceptable terms; obtaining necessary governmental approvals and the building permits under unfamiliar regulatory regimes; attracting potential customers in a market in which we do not have significant experience; and cost of hiring new employees and increased infrastructure costs.

42. We recognise revenue on the percentage of completion method of accounting on the basis of our management's estimates of the project cost. Our revenues may fluctuate significantly from period to period.

We recognize the revenue generated from our residential and commercial projects on the Percentage of Completion Method of accounting. Under this method sale revenue is recognized on the basis of the percentage of the actual cost incurred against the total estimated revenues from the project based on the binding contract for sale obtained by the Company. We cannot assure you that these estimates will match either the actual cost incurred or revenue received with respect to these projects. The effect of such changes to estimates is recognised in the financial statements of the period in which such changes are determined. This may lead to significant fluctuations in revenues. Amounts received from customers for projects, which either do not qualify for revenue recognition under this method or such amounts as are paid by customers in surplus of the amounts recognized under the method described above, are accounted for as advances from customers as part of the current liabilities. Currently, we follow Accounting Standard 9 ("**AS 9**") and the percentage completion method, which is based on Accounting Standard 7 ("**AS 7**").

43. Depending on market conditions, we may elect to lease rather than sell certain of our projects, which could affect our cash flows and results of operations.

Currently, the Company's strategy is to build and sell its real estate development projects. However, in the future the Company may elect to lease rather than sell certain projects or types of projects such as mall projects. A decision to lease rather than sell any project would reduce cash flows in the short term and increase the number of periods over which cash would be recovered from such project. Decisions to lease rather than sell any project could thus significantly affect our results of operations and the timing of our cash flows with respect to that project.

44. We may be subject to penalty clauses under agreements of sale entered into with our customers for any delay in the completion and handover of the project.

The agreements of sale that we enter into with our customers generally provide for a penalty clause wherein we are liable to pay a penalty for any delay in the completion and handover of the project to the customers. In terms of the agreements of sale the penalty is payable by us at a fixed rate on a monthly basis. Accordingly, in large projects the aggregate of all penalties in the event of delays may adversely impact the overall profitability of the project and, therefore, adversely affect our results of operations.

We have in the past incurred certain expenditure in relation to such penalty clauses. Our obligations under the contractual arrangements to pay these penalties require us to complete these constructions on time. We cannot assure you that we will always finish the construction on time. Any such inability of ours to complete these constructions in a timely manner could adversely affect our business, financial condition and results of operations.

Additionally, our operations may also be affected by circumstances beyond our control which may be due to work stoppages, labour disputes and or shortage of qualified skilled labour and lack of availability of adequate infrastructure services.

45. There could be unscheduled delays and cost overruns in relation to forthcoming projects.

There could be unscheduled delays and cost overruns in relation to forthcoming projects. We cannot assure you that we will be able to complete our projects, including those that may be undertaken in future, within the stipulated budget and time schedule. This could adversely affect our results of operations and financial condition. As on date of this Red Herring Prospectus, we have not experienced any unscheduled delays and cost overruns.

46. We are subject to restrictive covenants in certain debt facilities provided to us.

There are certain restrictive covenants in the arrangements we and/or our Parent Company have entered into with a certain bank for secured loans. We are prohibited from opening accounts with any other banks or credit institutions for any purpose until our liabilities to such bank terminate. Additional restrictive covenants require us, among other things, to maintain in favor of the bank a margin between the value of mortgaged property and the balance due to the bank, as the bank may stipulate from time to time, and to keep the mortgaged properties insured for full market value against certain risks. Further, the loan agreements provide that the Company cannot create any further charge/ encumbrance over the mortgaged property and that it may not part with the hypothecated property or any part thereof without the prior written consent of the lending bank. Furthermore, our arrangements with this bank permit it to withdraw or recall the said loans or debit the installments/ interest payable from any of the Company's accounts maintained with the bank at its sole absolute discretion without any further reference to the Company or impose an overdue interest at the specified rate in the event of any default or vary the interest rates, periodicity of rests without giving prior notice to the Company. These restrictive covenants may affect some of the rights of our shareholders, including receiving dividends.

Any additional financing that we require to fund our capital expenditures, if met by way of additional debt financing, may place restrictions on us which may, among other things, increase our vulnerability to general adverse economic and industry conditions; limit our ability to pursue our growth plans; require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes; and limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise.

47. Significant increases in prices or shortage of building materials could harm our results of operations and financial condition.

Our business is affected by the availability, cost and quality of the raw materials we need to construct and develop our properties. Our principal raw materials include steel, cement, RMC, wood and aluminium. The prices and supply of these and other raw materials depend on factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties. If, for any reason, our primary suppliers of raw materials should curtail or discontinue their delivery of such materials to us in the quantities we need and at prices that are competitive, our ability to meet our material requirements for our projects could be impaired, our construction schedules could be disrupted, and we may not be able to complete our projects as per schedule. We may also not be able to pass on any increase in the prices of these building materials to our customers. This could affect our results of operations and impact our financial condition.

48. Delays or disruptions in supply of raw materials could affect our business.

The timely completion of our projects is dependent on a steady supply of raw materials, including critical ones such as steel and cement. These raw materials are transported to our project sites by rail, land and sea transport. Transport of these raw materials is subject to various bottlenecks and hazards beyond our control, including poor roads and other transport infrastructure impediments, accidents, adverse weather conditions, strikes and civil unrest. Either an increase in the price of transportation or interruptions in transportation of our raw materials could delay the progress of the implementation of our projects, which in turn may have an adverse effect on our business, financial condition and results of operations. We do not currently maintain any insurance to mitigate the risk of delay and disruption to our supply of raw materials.

49. We receive certain tax benefits under the provisions of the Income Tax Act, which if withdrawn, may adversely affect our financial condition and results of operations.

Our business may be benefited by various tax benefits under the Income Tax Act, and is also expected to benefit from SEZ related tax benefits. The provisions of section 80-IB of the Income Tax Act provide for 100% deduction of the profits derived from development and building of housing projects approved before March 31, 2007, by a local authority, provided that certain specified conditions are met including the requirement that the area of each dwelling unit is not more than 1,000 sq. ft. of built up area within the radius of 25 kilometres of the municipal limits of metropolitan cities of New Delhi and Mumbai and 1,500 sq. ft. of built up area in the rest of India. For all the projects, for which approvals have not been obtainedprior to March 31, 2007, the benefits under section 80-IB of the Income Tax Act, are not available. In the event that these benefits are no longer available to us due to any change in law or a change in the nature of our projects whereby we are not eligible to avail the benefits of various provisions of the Income Tax Act and SEZ related tax benefits, the effective tax rates payable by us may increase and consequently our financial condition may be adversely affected. For details, see the section titled "*Statement of Tax Benefits*" on page 37.

50. We have not obtained any third party appraisals for our projects.

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Based on the competitive nature of the environment, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our management estimates for the projects may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project expenditure and may have an adverse impact on our business, financial condition and results of operations.

51. Our statements as to areas under development are based on management estimates and have not been independently appraised.

The acreage and square footage data presented in this Red Herring Prospectus is based on management estimates and has not been independently appraised. Further, the acreage and square foot to be developed may differ from the numbers presented herein, based on various factors such as market conditions, change in design specifications, defective title and any inability to obtain required regulatory approvals.

52. The payments made by our Parent Company to Noida with respect to the lands situated at sector 118 have not been accepted by the banks.

We have the rights to develop land in relation to our Land Reserves at Sector 118, Noida aggregating to 33.05 acres (1.33% of the total Land Reserves) pursuant to allotment of leasehold rights in such lands to our Parent Company by Noida and the subsequent agreement between our Parent Company and us. IVRCL is required to make the necessary payments to Noida with respect to which IVRCL have issued a pay order to the banks within the stipulated time. However, the banks have refused to accept the payments on behalf of Noida. We cannot assure you that Noida will not take any other action in relation to these lands or in relation to our obligations or that we will be able to develop these lands.

53. Given the long-term nature of the real estate development projects we undertake, we face various kinds of implementation risks.

The real estate development projects we undertake are by their nature, long term and accordingly our exposure to a variety of implementation risks, including regulatory delays, construction delays, material shortages, unanticipated cost increases, cost overruns, inability to negotiate satisfactory arrangements with foreign partners, and tensions with our joint venture partners, is enhanced. While we believe we have successfully managed the implementation risks we have faced in the past, there can be no assurance that we will be able to continue to effectively manage any future implementation risks, which may or may not be of a nature familiar to us. Our future results of operations may be materially and adversely affected if we are unable to effectively manage the implementation risks we may face in the future.

54. Our Parent Company has given a corporate guarantee in relation to certain debt facilities provided to us by our lenders, which may not be provided in the future.

The debt facilities that have been provided to our Company have been secured by a corporate guarantee provided by our Parent Company. There can be no assurance that such a Parent Company guarantee will be provided in the future or that the Company could obtain credit on acceptable terms without a Parent Company guarantee.

55. We have entered into, and will continue to enter into, related party transactions.

We have in the course of our business entered into transactions with related parties that include our Promoters, companies forming part of our promoter group and certain key management personnel. We have also acquired selected assets and liabilities from certain of our promoter group companies.See below for details for percentage of our related party transactions as on March 31, 2007 , as a percentage

(In Rs. Million)

	Expenditure	Unsecured Loan	Interest Expense	Corporate Guarantee	Retention Money	Subscription towards Share Capital
Related Party (Holding company, entity holding 20% of our share capital and key management personal / relatives	469.23	2,027.55	105.77	980.00	16.29	400.00
Total for our Company	**1,024.95**	**2,527.86**	**171.73**	**980.00**	**16.29**	**500.00**
Related party transasction as a % of total category	45.78%	80.21%	61.59%	100%	100%	80%

For more information regarding our related party transactions, see “Related Party Transactions” on page 159 and page 184 contained in our restated financial statements included in this Red Herring Prospectus. Further, our business is expected to involve transactions with such related parties in the future.

56. The success of our residential property business is dependent on our ability to anticipate and respond to consumer requirements and expectations.

We depend on our ability to understand the preferences of our customers and accordingly develop projects that suit their tastes and preferences. As customers continue to seek better housing and better amenities as part of their residential needs, we are required to continue our focus on the development of quality-centric residential accommodation with various amenities. Therefore our ability to anticipate and understand the demands of the prospective customers is critical to the success of our residential property business. The growing disposable income of India’s middle and upper income classes has led to a change in lifestyle, resulting in a substantial change in the nature of their demands. Our inability to provide these customers with the amenities as per their preference or our failure to anticipate and respond to customer needs accordingly will affect our business and prospects. This could also lead to loss of potential customers to our competitors who may offer better amenities.

The success of our mass housing projects targeted at the blue-collar workforce will depend on our ability to meet the price expectations of our customers. Failure to achieve these price expectations could adversely affect sales volumes and our results of operations and financial condition.

57. Our large housing projects targeted at lower income purchasers may present different risk profiles.

One of our forthcoming projects, Prime Auburn located in Chennai, which is one of our largest housing projects, targets lower income purchasers. The viability of such projects can be dependent on the economic vitality of the area in which they are built. If large manufacturers or other employers determine to close or relocate their facilities, or not to open a facility as previously planned, or if they elect to build their own worker housing facility, the financial viability of a project in that area could be materially adversely affected and we may not be able to generate the revenues as contemplated by us.

58. We are in the process of diversifying our business and expanding our portfolio of projects and product offerings, which exposes us to unknown risks to which we have not been previously exposed.

As part of our growth strategy, we intend to diversify the portfolio of projects undertaken by us by developing hotels, special economic zones, IT Parks, integrated townships, malls, multiplexes, and shopping complexes and by undertaking plot development. However, due to our relative inexperience in developing these types of projects and product offerings, such undertakings by us may not be successful, and this could significantly hamper our growth prospects and could also adversely affect our reputation and financial results and condition.

59. Environmental problems could adversely affect our projects.

We are required to conduct an environmental assessment for our projects before receiving regulatory approval for these projects. These environmental assessments may reveal material environmental problems, which could result in our not obtaining the required approvals. Additionally, if environmental problems are discovered during or after the development of a project, we may incur substantial liabilities relating to clean up and other remedial measures and the value of the relevant properties could be adversely affected.

Environmental laws and regulations in India are not as extensive as they are in developed countries. They have, however, been increasing in stringency and it is possible that they will become significantly more stringent in the future. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on us or result in the need for additional investment in pollution control equipment, either of which could affect our business, financial condition or prospects. If any of our facilities or the projects executed through such facilities are shut down or suspended, we will continue to incur costs in complying with regulations, appealing any decision to terminate or suspend such works and paying labor and other costs which accrue even if the operations are terminated or suspended. As a result, our overall operating expenses may increase, adversely affecting our business and results of operations.

60. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect us.

Our performance depends largely on the efforts and abilities of our senior management and other key personnel, including our present officers. The loss of the services of such persons could have a material adverse impact on our business. We are dependent on other members of our senior management team, including some who have been with us for more than a decade and the loss of the services of some of these individuals could adversely affect us. Our performance also depends on our ability to identify, attract and retain talent such as engineers, architects, project managers, chartered accountants, management graduates, marketing personnel and lawyers, and if we are unable to attract or retain such persons as required, our business could be adversely affected.

61. We require certain approvals or licences in the ordinary course of business, and the failure to obtain them in a timely manner or at all, may adversely affect our operations.

We require certain approvals, licences, registrations and permissions for operating our business and also for the development of each of our residential and commercial projects, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For details, see "Government Approvals" on page 251. If we fail to obtain any of these approvals or licences, or renewals thereof, in a timely manner, or at all, our business and our residential projects could be adversely affected.

62. Our operations and our work force are exposed to various hazards.

We conduct various site studies prior to the acquisition of any parcel of land and its construction and development. However, there are certain unanticipated or unforeseen risks that may arise due to adverse weather and geological conditions such as storm, tempest, hurricane, lightning, flood, landslide, rockslide and earthquake, specification changes and other reasons. Additionally, our operations are subject to hazards inherent in providing or hiring sub-contractors for architectural and construction services, such as risk of equipment failure, impact from falling objects, collision, work accidents, fire, or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Although we have taken insurance coverage to reduce the damage or losses (if any) from such circumstances, we cannot assure you that we will not bear any liability as a result of these hazards. There can also be no assurance that the contractors and sub-contractors hired by us for various activities have sufficient insurance coverage to cover all material mishaps which may arise while carrying on activities on our behalf.

63. Our insurance coverage may not adequately protect us against all material hazards.

We have insured against a majority of the risks associated with our business, either directly or through our contractors, including our Parent Company. Our most significant insurance policy is a standard fire and special perils policy for dwellings and the construction of buildings at our Gachibowli Village Project. In addition, we have obtained separate insurance coverage for our employee related risks. Under certain of our contracts with sub-contractors, our sub-contractors are required to obtain insurance for portions of the projects undertaken by us. In other cases we may be required to obtain insurance on behalf of our sub-contractors. While we believe that the insurance coverage which we maintain directly or through our contractors, would be reasonably adequate to cover the normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses. Currently, we do not have insurance for future projects, but may obtain insurance in the future based on our own assessment of risks associated with such projects. For details see "Our Business-Insurance" on page 76. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.

64. Our registered office and other premises from which we operate are not owned by us.

We do not own the premises on which our registered office and other offices are located. All our offices operate from rented and leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations. For further details, see the section titled "Our Business- Properties" on page 76.

65. If our employees unionize, we may be subject to industrial unrest, slowdowns and increased wage costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and our business may be adversely affected.

66. As on date of filing the Red Herring Prospectus, we do not have intellectual property rights to our corporate logo.

We have made an application to the Registrar of the Trade Marks, Office of the Trade Marks Registry, Chennai on June 7, 2007 for registration of our corporate logo. Our corporate logo is therefore not yet registered. As we do not have a registered trademark in our corporate logo, we do not enjoy the statutory protections accorded to a registered trademark and cannot prohibit the unauthorised use of such logo by third parties.

67. Certain entities forming part of our promoter group have incurred losses in the past.

The following entities forming part of our promoter group have incurred losses in the past:

(In rupees millions)

	Profit/(Loss) after Tax		
Name of the Company	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
IVR Enviro Projects Private Limited	(1.40)	(1.19)	(0.83)
IVRCL Road Toll Holdings Limited	(0.04)	(2.74)	Not Applicable
IVRCL Water Infrastructures Limited	0	(1.31)	Not Applicable
Telcon Ecoroad Resurfaces Private Limited	(60.59)	(27.86)	(7.35)
Bhanu IVRCL Associates	(0.04)	(0.03)	(0.14)

68. Our Parent Company is involved in various litigation proceedings.

The matters which are pending against our Parent Company include two arbitration claims aggregating to a principal amount of approximately Rs. 44.33 million; five money recovery claims aggregating to a principal amount of approximately Rs. 22.11 million; 10 workmen's compensation claims aggregating to a principal amount of approximately Rs. 1.76 million; 17 motor vehicle accident claims aggregating to a principal amount of approximately Rs. 4.47 million; seven miscellaneous matters aggregating to approximately Rs. 0.30 million; four legal notices, one criminal complaint, 14 taxation matters aggregating to Rs. 148.21 million and 11 claims with claims below Rs. One million aggregating to Rs. 0.38 million. See "*Outstanding Litigation and Defaults- Cases filed against IVRCL*" on page 221 for details of these cases.

In addition, our Parent Company has also initiated six arbitration claims aggregating to approximately Rs. 101.59 million, one arbitration petition aggregating to Rs. 8.62 million and three money recovery claims aggregating to approximately Rs. 36.02 million. IVRCL is also contesting an assessment order passed by the Commissioner of Customs, Excise and Service Tax Appellate Tribunal, New Delhi, denying IVRCL the benefit of a certain duty exemption and further levying a penalty of approximately Rs. 0.10 million on IVRCL. In addition, IVRCL has initiated seven miscellaneous cases aggregating to approximately Rs. 26.34 million. For details see "*Outstanding Litigation and Defaults- Cases filed by IVRCL*" on page 231.

69. Certain companies forming part of our promoter group are party to a number of legal proceedings.

Certain of our promoter group companies namely, IVR Enviro Projects Private Limited, IVR PSC Pipes Private Limited, Salem Tollways Limited, IVRCL Sew & Prasad and Hindustan Dorr-Oliver Limited are also involved in certain legal proceedings. For details see "*Outstanding Litigation and Defaults- cases involving the entities forming part of our Promoter group*" on page 235.

A winding up petition has been filed against HDO and alleged that HDO is liable to pay approximately Rs. 42.70 million. One summary suit has been filed against HDO for Rs. 3.97 million. Two arbitration petitions have been made against HDO for Rs. 12.16 million. Seven money recovery claims have been filed against HDO for an aggregate principal amount of approximately Rs. 1,555.73 million. In addition, seven labour disputes for Rs. 1.57 million, two counter claims for Rs. 22.63 million and four miscellaneous cases for Rs. 29.00 million have been made against HDO. In addition HDO currently has 12 income tax departmentmental proceedinsg pending before the Income Tax Appellate Tribunal for an aggregate of Rs. 103.46 million. For details see "*Outstanding Litigation and Defaults- Cases filed against Hindustan Dorr-Oliver Limited*" on page 237. HDO has also initiated the following proceedings: Two arbitration claims for an aggregate principal amount of approximately Rs. 9.42 million; one money recovery claim for an aggregate principal amount of approximately Rs. 0.51 million; nine civil matters for an aggregate amount of approximately Rs. 72.12 million; two employee matters, two miscellaneous claims, five tax appeals for Rs. 13.17 million and onecounter claim for Rs. 0.73 million and ten departmental claims pending before the Income Tax Appellate Tribunal for an aggregate of Rs. 158.16 million.. For details, see "Outstanding *Litigation and Defaults- Cases filed by Hindustan Dorr-Oliver Limited*" on page 241.

70. Our Promoters also manage and operate other companies, which includes one of our Promoters, i.e., our Parent Company.

Our Promoters, Mr. E. Sunil Reddy and Mr. E. Sudhir Reddy, are actively involved in the management of the business of our Parent Company. They are also involved in other business operations carried on by companies forming part of our promoter group. Attention to the other promoter group companies may distract or dilute management attention from our business, which could adversely affect our results of operations and financial condition.

External Risks

1. We are subject to fluctuations in the market value of real estate that we develop.

Recently, the prices of real estate have been experiencing significant gains. We cannot assure you that such gains will continue or that the prices of real estate in the areas where we operate and India in general will not adversely fluctuate. We are subject to adverse fluctuations in the market value of the land due to the inherent nature of our business and also due to the stock of land we are developing for future projects.

We may be adversely affected if market rates deteriorate between the time of our purchase, commencement of construction and the development and the sale of our projects or if we purchase land or construct projects at higher prices during stronger economic periods and the value of the land or the constructed projects subsequently decline during weaker economic periods. In such times we may also be unable to dispose of land previously acquired by us to reduce losses. Any adverse increase may also affect our ability to purchase real estate.

Further, the real estate business is significantly affected by changes in government policies, economic conditions, such as economic slowdown or recession, rising interest rates, demographic trends, employment levels, availability of financing or declining demand for real estate, or the public perception that any of these events may occur. These factors can negatively affect the demand for and pricing of the developed and undeveloped land and constructed inventories and, as a result, could materially and adversely affect our business, prospects, financial condition and results of operations.

2. Our ability to sell our products will be affected by the availability of financing to potential customers, especially buyers of residential properties.

A large number of our customers, especially buyers of residential properties finance their purchases through third-party mortgage financing. The interest rate has substantially reduced from the 1990's when it ranged between 16% to 18% to a range of 8% to 12% in the past three years. As a result, the amount of housing loans disbursed in India has been increasing consistently. Use of home loans for residential properties has become particularly attractive due to income tax benefits and high disposable income. In the event there is a change in the policy of the government and such income tax benefits are withdrawn or the interest rates on such loans are increased or there is decrease in the availability of home loans, availing of home loans may be reduced which may adversely affect our operating results and financial condition.

3. The industry in which we operate is competitive, highly fragmented, with low entry barriers resulting in increased competition that may adversely affect our results.

The housing and real estate development is highly fragmented. Less or low fixed capital requirements have led to low entry barriers resulting in a large number of players in the industry. Moreover, due to the lesser requirements of technical expertise in the housing and real estate sector as opposed to the industrial/infrastructure construction sector, the housing and real estate sector has a larger number of new entrants and existing players from whom we face competition.

These new and existing players undertake projects similar to ours in the same regional markets in which our projects are located. In the event we are unable to compete successfully in our industry with the new entrants or the existing players, our business prospects and financial condition may be adversely affected.

We compete for land and sale of projects with other developers. Some of our competitors may have greater resources (including financial, land resources, and other types of infrastructure) to take advantage of efficiencies created by size. Additionally, they may have access to capital at lower costs and have better brand recognition. Our success in the future will depend significantly on our ability to maintain and increase market share in the face of such competition, particularly if we expand into new localities where we do not have any current market share. In the event we are unable to compete successfully with the existing players in the industry, our business prospects and financial condition may be adversely affected.

4. Our business is subject to statutory or governmental regulations.

Acquisition of land and development rights in relation to immovable properties are governed by certain statutory and governmental regulations, which govern various aspects of our business, including requirement of transaction document, payment of stamp duty, registration of property documents, purchase of property for benefits of others and limitation on land acquisition by an individual entity. Some of these approvals are required to be obtained before and after the commencement of construction in relation to the project.

We are subject to local, state and central laws and regulations that govern the acquisition, construction and development of land, including laws and regulations related to zoning, permitted land uses, proportion and use of open spaces, building designs, fire safety standards, height of the buildings, access to water and other utilities and water and waste disposal.

In addition, we and our subcontractors are subject to laws and regulations relating to, among other things, environmental approvals in respect of the project, minimum wages, working hours, health and safety of labourers and requirements of registration for contract labour.

Although we believe that our projects are significantly in compliance with such laws and regulations, statutory authorities may allege non-compliance and we cannot assure you that we will not be subjected to any such regulatory action in the future, including penalties, seizure of land and other civil or criminal proceedings. Further, though we have been able to obtain the necessary approvals in the past, we cannot assure you that we will be able to obtain approvals in relation to our new projects, at such times or in such form as we may require, or at all. See "*Regulations and Policies*" on page 78.

The laws and regulations under which we and our subcontractors operate, and our and their obligations to comply with them, may result in delays in construction and development, cause us to incur substantial compliance and other increased costs, and prohibit or severely restrict our real estate and construction businesses. If we are unable to continue to acquire, construct and develop land and deliver products as a result of these restrictions or if our compliance costs increase substantially, our revenues and earnings may be reduced and we may not be able to continue our current level of growth.

5. ***Restrictions on foreign direct investment in the real estate development may hamper the ability to raise additional capital.***

The Government of India has permitted foreign direct investment of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects ("Real Estate Sector"), subject to the conditions enumerated in Press Note No. 2 (2005 series). In the event the Company is unable to raise additional capital as a result of these or other restrictions, it could materially and adversely affect the Company's business, prospects, financial condition and results of operations. For further details of these restrictions, see the section titled "Regulations and Policies" beginning on page 78.

6. ***Our business could be adversely impacted by economic, political and social developments in India and particularly in the regional markets that we construct, develop and sell projects.***

Our performance and growth are dependent on the health of the Indian economy and in particular the economies of the regional markets we serve. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect our prospective customers, which in turn would adversely affect our business and financial performance and the price of our Equity Shares.

7. ***Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.***

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

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

Any future equity issuances by us, including in a primary offering or pursuant to a preferential allotment, may lead to the dilution of investors' shareholdings in our Company. We may also issue and allot our Equity Shares to investors after filing of this Red Herring Prospectus such that the number of our Equity Shares available for the Issue shall stand reduced. Any future equity issuances by us or sale of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Upon completion of the Issue, 20% of our post-Issue paid-up equity capital on a fully diluted basis held by our Promoters, will be locked up for a period of three years from the date of allotment of Equity Shares in the Issue. All other remaining Equity Shares that are outstanding prior to the Offer will be locked up for a period of one year from the date of allotment of Equity Shares in the Issue.

9. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact its financial condition.***

According to a report released by RBI, India's foreign exchange reserves totalled over US$151.62 billion as of March 31, 2006 and rose to US$209.55 billion at June 8, 2007 according to the RBI weekly statistical supplement. Any future declines in foreign exchange reserves could adversely impact the valuation of the rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial performance and the market price of the Equity Shares.

10. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

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

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

11. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years.

The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural sector recorded a negative growth of 5.2%. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

12. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Following the offering, we will be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

13. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a delay in listing the Equity Shares on the BSE and the NSE. Any delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

14. After this Issue, the price of Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.

The prices of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors, and the perception in the market about investments in the real estate sector; adverse media reports about us or the Indian real estate sector; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

15. There is no existing market for the Equity Shares, and we do not know if one will develop to provide you with adequate liquidity. Our stock price may fluctuate after the issue and as a result, you could lose a significant part or all of your investment.

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the real estate sector in India, and volatility in the Indian Stock Exchanges and securities markets elsewhere in the world.

16. You will not be able to sell immediately any of the Equity Shares you purchase in this Issue on the NSE and the BSE.

The Equity Shares will be listed on NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity shares can be listed and trading may commence. Investors' book entry or demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval of the NSE and BSE, trading in the Equity Shares, is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within the time periods specified above. We shall pay interest at a rate of 15% per annum for any delay beyond the 15 days from the Bid/Issue Closing Date, if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 days from the Bid/Issue Closing Date.

Notes to Risk Factors

- Public Issue of 14,150,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•] million. The Issue would constitute 22.06% of the fully diluted post issue paid-up capital of the Company. The Issue comprises a Net Issue to the public of 14, 000,000 shares of Rs. [•] each and a reservation of 150,000 shares of Rs. [•] each for the permanent employees of the Company.
- In terms of Rule 19 (2)(b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Further 150,000 shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

- The net worth of the Company was Rs. 798.91 million as of March 31, 2007 as per our restated financial statements included in this Red Herring Prospectus.
- The net asset value per Equity Share of Rs. 10 each was Rs. 17.74 as of March 31, 2007, as per our restated financial statements included in this Red Herring Prospectus.
- The average cost of acquisition of our Equity Shares by our Promoters is Rs. 10 per Equity Share. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by us.
- For details of our related party transactions, please refer to the section titled "Related Party Transactions" on page 159
- Our Promoters, Directors and Key Managerial Personnel are interested in our Company by virtue of their shareholding, if any, in our Company. See "*Capital Structure*" and "*Our Management*" on page 19 and page 120, respectively.
- Other ventures promoted by our Promoters are interested to the extent of their shareholding in the Company. See "*Capital Structure*" on page 19.
- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Member for any complaints pertaining to the Issue.
- Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders, Retail Bidders and Bidders in the Employee Reservation Portion shall be on a proportionate basis. For more information, please refer to the section titled "*Basis of Allotment*" on page 286.
- Investors are advised to refer to the section titled "*Basis for Issue Price*" on page 35.
- Our Company was incorporated as "IVR Realtors Limited" on June 28, 1996 by our individual Promoters - E. Sunil Reddy and E. Sudhir Reddy in Andhra Pradesh with its registered office at M-22/3RT, Vijayanagar Colony, Hyderabad 500 057 and received its certificate of commencement of business on July 10, 1996. The name of our Company was changed from "IVR Realtors Limited" to "IVR-Prime Urban Developers Limited" and a fresh certificate of incorporation consequent on change of name was granted to our Company on January 16, 2001, by the RoC. The name of our Company was further changed from "IVR-Prime Urban Developers Limited" to "IVR Prime Urban Developers Limited" and the fresh certificate of incorporation for the same was granted to our Company on June 12, 2006 by the RoC.
- One of our Promoter group companies has been in non-compliance in the past with SEBI Guidelines. For details on the same, please see "*Our Promoters and Promoter Group- Hindustan Dorr-Oliver Limited*" on page 146.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

IVR Prime Urban Developers Limited (the "Company" or "IVR PUDL"), a subsidiary of IVRCL, is a growing real estate development company focusing on integrated townships, residential developments, and commercial projects, including hotels, retail malls, IT parks and other projects in various parts of India. As on June 21, 2007, our Land Reserves consisted of approximately 2,478.85 acres, representing approximately 75.45 million sq. ft. of Saleable Area (including 0.1 million sq. ft. in relation to unsold villas and flats in Hill Ridge Project), in the cities of Hyderabad, Visakhapatnam, Chennai, Bangalore, Pune and Noida.

We were incorporated by our Individual Promoters in 1996 and became a subsidiary of IVRCL in 2001. Our Company was selected as a special purpose vehicle to develop the residential complex in Gachibowli, Hyderabad for the athletes and officials of the 32nd National Games held there in December 2002. Gachibowli Village Project, our first project, marked our entry to the real estate market. Gachibowli Village is a fully integrated township near Cyberabad, in Hyderabad, spread over approximately 38 acres. We have completed development of a built-up area of approximately 2 million sq. ft. consisting of 17 high rise towers with 664 apartments and 125 independent villas. We are currently developing approximately 0.87 million sq. ft. retail mall with a multiplex cinema, which will include apparel stores, restaurant outlets and entertainment centres, as well as an IT park consisting of approximately 0.70 million sq. ft. office tower above the retail mall. In addition, we plan to develop a business hotel of approximately 0.50 million sq. ft.

Our forthcoming projects, for which we have completed or are in the process of completing land acquisition and for which we have commenced project planning, include:

- an aggregate Saleable Area of approximately 2.99 million sq. ft. in Hyderabad, consisting of a high-rise residential and commercial development at Hi-tech City and a retail mall, IT park and hotel development at Gachibowli Village and unsold villas and apartments in the Hill Ridge Project;
- an aggregate Saleable Area of approximately 47.62 million sq. ft. in Chennai, including mass housing, an IT park, hotel, golf course and convention centre;
- an aggregate Saleable Area of approximately 4.40 million sq. ft. in Bangalore, consisting of residential apartments and villas and commercial developments;
- an aggregate Saleable Area of approximately 9.00 million sq. ft. in Pune, consisting of residential apartments and villas and commercial developments; and
- an aggregate Saleable Area of approximately 6.73 million sq. ft. in Noida, including high-rise residential development and commercial development as part of a SEZ.
- an aggregate Saleable Area of approximately 4.71 million sq. ft. in Visakhapatnam, including middle income homes and plots.

The above forthcoming projects, aggregate approximately 7.84 million sq. ft of Saleable Area, which are being developed on a joint development basis.

For fiscal 2007 and fiscal 2006, the Company had unconsolidated restated total income of Rs. 1,478.27million and Rs. 1,364.25 million, respectively, and unconsolidated restated profit after tax of Rs. 206.79 million and Rs. 117.04 million, respectively.

Our Parent Company, IVRCL is an integrated construction and development company with 3,851 employees (as on June 21, 2007), which is involved in a wide variety of projects ranging from commercial buildings and industrial structures to infrastructure construction, including construction of water supply facilities and environmental projects, roads, bridges, and power and transmission facilities. As on March 31, 2007, IVRCL has constructed approximately 15.40 million sq. ft. of residential and commercial projects. For fiscal 2007 and fiscal 2006, our Parent Company had unconsolidated total income of approximately Rs. 23,464.57 million and Rs. 15,214.23 million, respectively, and unconsolidated profit after tax of approximately Rs. 1,414.62 million and Rs. 929.55 million, respectively.

Our strengths

We believe that the following are our principal strengths, which have contributed to our current competitive position in the real estate development sector:

We have extensive Land Reserves

As of June 21, 2007, our Land Reserves consists of approximately 2,478.85 acres, representing approximately approximately 74.45 million sq. ft. of Saleable Area (including 0.1 million sq. ft. in relation to unsold villas and flats in Hill Ridge Project), in the cities of Hyderabad, Visakhapatnam, Chennai, Bangalore, Pune and Noida.. Therefore, our Land Reserves enable us to undertake projects at various locations across these cities.

We have an ability to identify emerging local markets and potential areas of development

An important element of our success is our ability to identify areas in which our customers demand residential or commercial projects or in areas in which we foresee development in the future. The IVRCL Group's market intelligence is an important asset in identifying these opportunities.

We can potentially gain the early mover advantage from the IVRCL Group's experience and the ability of our management to evaluate potential locations that are relatively undeveloped. Further we actively acquire land that may be available for sale in areas in which our customers demand residential or commercial projects or in areas in which we foresee development in the future. We are guided by our joint strategy of focusing on rapidly growing cities such as Hyderabad, Chennai, Noida, Bangalore and Pune and developing large residential and commercial projects within the metropolitan areas of these cities. We believe that the expertise acquired by us in the development of Gachibowli Village Project provides us with an ideal platform to develop other large projects.

We have a qualified and proven senior management team

Our Company's board substantially comprises of the senior management of IVRCL, which has extensively proven its capabilities in implementing high growth business strategies. In fact this team participated earlier in the restructuring and turn around of Hindustan Dorr-Oliver Limited (a subsidiary of IVRCL).

The Company has rapidly recruited key personnel within the industry to fill the senior management positions in the areas of operations, finance, sales and marketing, procurement, legal as well business development and strategic planning. With specific reference to certain common services, the company currently enjoys access to the expertise and contacts of its parent company IVRCL. Recruitment is an ongoing process and shall be in line with our business plans.

We benefit from our Parent Company's execution capabilities

We benefit from our in-house execution expertise and the expertise of our Parent Company. Our Parent Company has a long and successful history in relation to the execution of complex construction projects of every kind and nature. As on March 31, 2007, IVRCL has constructed approximately 15.40 million sq. ft. of residential and commercial projects and is currently constructing 10.06 million sq. ft. of projects.

This ready access to key competencies and resources can help us deliver a project from conceptualization to completion. The successful association of our Parent Company with various other contractors and sub-contractors benefits us in successfully executing our projects.

Our Parent Company is also experienced in satisfying the prequalification requirements that are specified for large government projects. Additionally, we are able to benefit from economic efficiencies resulting from being part of a larger group of companies. As a developer, we can make joint purchases with other group companies associated with our Parent Company, which enables us to purchase important raw materials (such as steel and cement) at volume discounts.

We are able to utilize the brand recognition and network alliances of the IVRCL Group

We believe that we benefit substantially from the "IVRCL" name and brand. We also believe that the IVRCL Group's premium brand positioning and reputation has allowed us to market our projects more effectively.

Our own brand and market reputation were significantly enhanced by the success of our Gachibowli project, which we delivered on time to the Government of Andhra Pradesh. IVRCL was the construction contractor for this project, which was completed in less than one year, with the help of IVR PUDL's project management and development model. We believe that our Gachibowli project has established our reputation as a real estate development company capable of successfully delivering large and complex projects.

The IVRCL Group's wide ranging construction projects and network of contractors and suppliers are important sources of market intelligence for land acquisition opportunities for the Company. In addition, we benefit from access to IVRCL's network of strategic alliances, as well as several discrete alliances with reputable entities such as Bentel Associates Realty Design Consultants Private Limited and Pioneer Property Zone Services Private Limited.

Access to skilled labour

In addition to our own permanent employees, we can access the personnel of the IVRCL Group. This ensures that irrespective of the size of the project, our projects will be adequately staffed with a highly skilled, trained workforce. As of June 21, 2007, we had 306 permanent employees. IVRCL had a highly qualified and well-trained workforce of over 3,851employees at that date. Please find below the location-wise breakdown of IVRCL employees as of June 21, 2007:

S.No	Location	No. of Employees
1.	Pune	820
2.	Andhra Pradesh(including Head Office)	1,035
3.	Bangalore	193
4.	Chennai	775
5.	Delhi	1,028
	TOTAL	**3,851**

We also benefit from construction and project management capabilities, particularly in residential and commercial, real estate development, and our and our Parent Company's working relationships with various sub-contractors and suppliers. These sub-contractors have, over time, provided high-quality work and timely delivery.

Strategy

We intend to pursue the following business strategies to strengthen and develop our market share in the real estate development market in India:

Focused land acquisition strategy in growing cities

We actively seek to identify low cost land in fast growing cities and suburbs which attract increasing economic activity in manufacturing, IT/ITES, telecommunications or other sectors. Accordingly, we have acquired and are also in the process of acquiring land in Hyderabad, Visakhapatnam, Chennai, Bangalore, Pune and Noida. Our residential development activities have been focused on developing large projects on the outskirts of these cities. By identifying low cost land in proximity to areas which have a potential for exponential economic growth, we reduce our business risk and increase the potential for profit.

Entering into joint development agreements

In addition to the construction and development of residential and commercial premises on the lands owned by us, we also enter into joint development agreements with landowners or other third parties in which we retain control of the development role in relation to the lands owned by these parties. Under joint development agreements, we share the market risks of development with the landowners, but not the cost of the land. Accordingly, we pursue projects under a joint development mode, particularly, when the cost of land is high or where landowners do not wish to sell their land. See "Our Land Reserves" on page 62.

Development of a mix of residential and commercial projects

We intend to develop a mix of residential, commercial, retail and hotel projects to realize the full potential of our Land Reserves and prevailing market trends. We also intend to develop lands located in SEZs. This flexible development strategy will allow us to capitalize on the opportunities generated by different sectors of the Indian economy as they come to fruition in different geographic areas of the country. We intend to primarily follow a build and sell model for our properties. We may also evaluate opportunities to get other partners in our projects from time to time.

Mass housing projects in manufacturing centres

We intend to focus on development of large residential projects, which are constructed in manufacturing oriented centres or other areas that attract significant economic activity. These projects will cater to India's rapidly growing blue-collar workforce and will be constructed using the capabilities of our Parent Company in addition to other local construction companies. We intend to provide low cost affordable home to our customers. We believe that with our Parent Company as our partner, we have the ability to tackle larger and more complex residential projects than many of our competitors. Our largest proposed project is the mass housing project in Chennai, which includes other integrated commercial facilities such as an IT Park.

Continue to develop our IVR Prime Urban Brand

We intend to focus on continuing to develop our IVR Prime Urban brand. Our brand and market reputation were significantly enhanced by the success of our Gachibowli Village Project, which we delivered on time to the Government of Andhra Pradesh as a facility for the national games. We plan to continue to invest in our brand through our forthcoming Projects.

Develop our own independent project development capabilities

While we had initially accessed the core competencies of our parent company IVRCL in the areas of land acquisition, legal, finance, project management and marketing, we have already begun recruitment of senior management personnel to head these disciplines to enable develop our own capabilities.

For further details refer to "Our Business" on page 54.

Industry Overview

The Indian Economy

India is the world's largest democracy in terms of population, with a population of approximately 1.095 billion at July 2006. (Source: CIA World Fact Book) India stood as one of the largest economies in the world in the fiscal year ended March 31, 2006, with a GDP estimated at approximately US$575 billion.

In 1991, the Government of India initiated a series of major macroeconomic and structural reforms to promote economic stability and growth. The key reforms were focused on implementing fundamental economic reforms, deregulating industry, accelerating foreign investment and pushing forward a privatisation program for disinvestment in various public sector operations. In part as a result of the reform program, India's economy has recently registered significant growth, with average real GDP (at factor cost) growth of 8.42 per cent over the year ended March 31, 2006 and growth of 275 per cent from the year ended March 31, 1991, as illustrated in the following table:

	As of, and for the year ended March 31,			
	1991	**2004**	**2005**	**2006**
Real GDP at factor cost (Rs. millions)	6,928,710	22,260,410	23,936,710	25,953,339

Source: RBI Bulletin November 2006

The contributions to the GDP by sector have also undergone a change over the years. The services sector, with double-digit growth (10.5 per cent in April-June 2006 on top of 10.1 per cent in April-June 2005), remained the leading sector of the Indian economy. The services sector now accounts for more than 60 per cent of overall GDP. Services sector activity continued to be led by the sub-sector 'trade, hotel, restaurants, transport, storage and communication' which recorded growth of 13.2 per cent in the first quarter of 2006-07, contributing nearly 38 per cent to overall real GDP growth of 8.9 per cent during the quarter.

The Indian Real Estate Sector

The term "real estate" indicates land, including the air above it and the ground below it, and any building or structure that may be constructed upon it. It covers residential housing, commercial offices, trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories, and government buildings. Real estate involves the purchase, sale and development of land and residential and non-residential buildings. The real estate/construction sector plays an important role in the overall development of a country, as it is this sector that defines the country's infrastructure. Real estate is a major employment driver in India, being the second largest employer, next only to agriculture. This is because of the chain of backward and forward linkages that the sector has with other sectors of the economy.

Activities in the real estate sector may broadly be classified into (1) Residential, (2) Commercial and (3) the Retail segment and (4) Hotels. Each of these segments is discussed below.

1. The Residential Segment:

The Residential segment the largest in the real estate sector in India, involves development of properties, for housing and includes apartments, villas, row houses and bungalows. India continues to face an acute shortage of housing units. Based on the 2001 census, the housing shortage is estimated at 12.7 million units. (*Source: 10th Five Year Plan (2002-07)*)

Housing is considered a part of construction activities as per the National Accounts Statistics. Construction forms an important component of the economy, accounting for 5.1 per cent of GDP at constant prices and 6.2 per cent at current prices. Besides, it also ranks high in terms of linkages to the rest of the economy. It has a high employment-generating potential and has a high income-multiplier effect. In India, the share of housing construction as a part of GDP was at 3.13 per cent in 2003-04. This share has risen from a low 2.24 per cent in 1995-96. According to RBI, housing construction has grown from Rs. 437 billion in 1993-94 to Rs. 1,024 billion in 2003-04 at a compounded annual growth rate (CAGR) of 8.06 per cent at constant cost.

Growth in housing manifests itself in three parameters: growth in housing stock, change in average floor space area ("FSA") and change in housing budgets.

2. **The Commercial Segment**

Commercial construction comprises office space construction, hotels, hospitals, schools and stadiums. In India, most of the investment in this segment is driven by office space construction. Within office space construction activity, almost 70-75 per cent of the demand comes from IT/BPO/call centres. The other key demand drivers include banking and financial services, FMCG and telecom. This dependency is expected to continue due to India's emergence as a preferred outsourcing destination. In the last 4 years the IT sector continued to grow at a healthy rate, while ITES showed 48 per cent growth. Going forward revenue from ITES is expected to grow at a CAGR of 30 per cent to reach $19.7 billion in 2009-10 and revenue from the IT service industry's expected to grow at a CAGR of 26 per cent to reach $28.5 billion by 2008-09. Consequently growth in the sector should translate into substantially higher demand for commercial space.

The construction activity which was until recently focused on metropolitan areas is spreading to Tier II and Tier III cities as well. Currently approximately 70 per cent of the new projects have been concentrated in Bangalore, Chennai and Hyderabad. Besides traditional 'infotech cities' such as Bangalore, Mumbai and Delhi, activity is also seen in other cities, notably Pune, Hyderabad, Chennai and Kolkata.

(Cris Infac Construction Annual Review February 2006)

3. The Retail Segment

The strengthening macro-economic scenario and changing demographic profiles have had a major role in the growth and emergence of the retail sector in India. The following factors have served as key catalysts for the retail sector growth:

- Growth in per capita income and household consumption;
- Changing demographics and improved standard of living;
- Changing consumption patterns and accessibility to low-cost consumer credit; and
- Infrastructure improvements and increased availability of retail space.

4. Hotels

Recent growth in the hotel sector in India has been caused primarily by the growing economy, increased business travel and tourism. CRIS INFAC expects that room demand will grow by approximately 10 per cent over the next five years. This is expected to be accompanied by increases in average room rates of 27 per cent and 21 per cent in fiscal 2006 and 2007. It is expected that the growth in occupancy rates will be assisted by factors such as the 10 per cent CAGR in the number of incoming travellers into India over the next five years.

According to HVS International, the majority of segments in the Indian hotel industry have shown robust recent growth in room rates as well as occupancy rates ("Indian Hotel Values – Has the Summit Been Scaled?" (April 26, 2006)). With increased demand and limited availability of quality accommodation, the average room rates in metropolitan markets have shown significant growth in 2006 including 36.7 per cent for Hyderabad, 32.5 per cent for Delhi, 30.5 per cent for Jaipur, 24.7 per cent for Mumbai and 24.0 per cent for Bangalore. Agra, Kolkata, Chennai and Goa experienced a growth range of between 17.0 per cent to 21.0 per cent in 2006 ("Hotels in India – Trends in India"). The general increase in both room rates and occupancy rates is expected to contribute significantly to the demand for new hotel developments.

Housing Finance

The upswing in housing construction activity has also been aided by the easy availability of housing finance. Rising penetration of housing finance will continue to contribute towards robust growth.

From National Sample Survey Organisation it is observed that housing finance has increased the housing budget by 28 per cent in the period 1998-2002. The fall in interest rates, the lengthening of tenure and rising loan to value ratio have further increased the purchasing power of households that use housing finance. The increase in purchasing power due to the above mentioned variables has now risen from 28 per cent to 63 per cent, a growth of 8.3 per cent CAGR between 2001-02 and 2004-05.

Impact of Tax Incentives

Tax incentives to housing finance have been a significant contributor towards the growth of housing finance and the housing sector. Fiscal incentives are provided to the borrowers of housing loans in the form of exemptions and rebates on interest payment and principal repayment. These have a significant impact on the housing budgets of individuals. As a result of the boost to housing spending due to tax, increases in spending power due to housing finance and rising incomes, it is expected that the overall UPNS segment will grow at a CAGR of 7.3 per cent between 2004-05 and 2009-10.

For further details refer to "Industry" page 46.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated financial statements as of and for the years ended March 31, 2007, 2006 and 2005. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are presented in the section titled "Financial Statements" beginning on page 163. The summary financial information presented below should be read in conjunction with our restated consolidated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 202.

Summary of Assets & Liabilities , as Restated

(Rs. In Million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005
Fixed Asset			
Gross Block	86.54	2.87	1.76
Less : Depreciation	4.60	0.58	0.42
Net Block	81.94	2.29	1.34
Capital Work in Progress	8,213.39	43.98	-
Total – A	8,295.33	46.27	1.34
Investments – B	0.99	0.50	-
Deferred Tax Asset-C	0.79	-	3.65
Current Assets, Loans & Advances			
Inventories	594.06	901.04	1,671.45
Sundry Debtors	676.43	600.17	67.08
Cash & Bank Balances	21.20	11.68	2.58
Loans & Advances	1,100.84	63.28	0.36
Total – D	2,392.53	1,576.17	1,741.47
Total Assets(A+B+C+D)=E	10,689.64	1,622.94	1,746.46
Less : Liabilities & Provisions			
Secured Loans	628.05	675.14	858.08
Unsecured Loans	2,527.86	-	237.82
Current Liabilities & Provisions	6,734.82	453.72	369.53
Deferred Tax Liability	-	0.14	-
Total Liabilities-F	9,890.73	1,129.00	1,465.43
NET WORTH (E-F)	798.91	493.94	281.03
REPRESENTED BY			
Share Capital	500.00	400.00	300.00
Share Application Money	-	10.00	-
Reserves & Surplus	314.10	83.94	-
Less:			
Miscellaneous Expenditure	15.19	-	0.13
(To the extent not written off or adjusted)			
Profit & Loss Account (Dr)			18.84
Net Reserves & Surplus	298.91	83.94	(18.97)
NET WORTH	798.91	493.94	281.03

The accompanying significant accounting policies and notes (Annexure-III) are an integral part of this statement.

Statement of Profit & Loss Account, as Restated

(Rs. In Million)

	For the Year ended 31.03.2007	For the Year ended 31.03.2006	For the Year ended 31.03.2005
INCOME			
Income from Sale of Villas & Flats	1,338.85	1,332.60	218.47
Gross Work Bills	138.77	30.96	-
Other Income	0.65	0.69	0.02
Total	1,478.27	1,364.25	218.49
EXPENDITURE			
Construction Expenditure	1,024.95	1,204.66	197.85
Employee Remuneration & Benefits	38.61	8.83	1.05
Administrative and other Expenditure	39.02	14.66	7.39
Total	1,102.58	1,228.15	206.29
Operating Profit Before Finance Cost, Amortisation & Depreciation and Prior Period Expenditure	375.69	136.10	12.20
Finance Charges	56.85	-	-
Depreciation	4.01	0.17	0.13
	60.86	0.17	0.13
Operating Profit Before Prior Period Expenditure	314.83	135.93	12.07
Prior Period Adjustment	(6.33)	(0.75)	0.20
Profit Before Tax and Extraordinary Items	308.50	135.18	12.27
Less : Provision for Income Tax	102.20	14.32	0.94
Deferred Tax	(0.92)	3.78	4.25
Fringe Benefit Tax	0.43	0.04	-
Net Profit After Tax	206.79	117.04	7.08
Impact of material adjustments for restatement in corresponding years	(23.37)	14.26	8.56
Adjusted Profit / (Loss)	230.16	102.78	(1.48)

Summary of Cash Flow as Restated

(Rs. In Million)

		For the year ended 31.03.2007		For the year ended 31.03.2006		For the year ended 31.03.2005
A.CASH FLOW FROM OPERATING ACTIVITIES						
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		**331.87**		**120.93**		**3.72**
Adjustment for:						
Depreciation	4.01		0.17		0.13	
Interest paid (net)	55.88	59.89	(0.69)	(0.52)	(0.02)	0.11
OPERATING PROFIT BEFORE WORKING CAPITAL AND OTHER CHANGES		**391.76**		**120.41**		**3.83**
(Increase)/ Decrease in Inventories	306.98		770.41		(190.73)	
(Increase)/ Decrease in Debtors	(76.26)		(533.09)		(67.08)	
(Increase)/ Decrease in Loans and Advances	(952.14)		(46.52)		44.28	
Increase/ (Decrease) in Current	(61.34)	(782.76)	47.41		(11.68)	(225.21)

		For the year ended 31.03.2007		For the year ended 31.03.2006		For the year ended 31.03.2005
Liablities				238.21		
CASH GENERATED FROM OPERATIONS		**(391.00)**		**358.62**		**(221.38)**
Direct taxes paid		(92.98)		6.01		-
NET CASH GENERATED FROM OPERATIONS		**(483.98)**		**364.63**		**(221.38)**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets	(88.98)		(45.09)		(0.53)	
Development Rights	(1,990.77)					
(Purchase)/ Sale of Investments (including share application money)	(8.49)		(0.50)		-	
Interest Received	0.26		0.69	(44.90)	0.02	(0.51)
NET CASH USED IN INVESTING ACTIVITIES		**(2,087.98)**		**(44.90)**		**(0.51)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of Share Capital	90.00		110.00		150.00	
Proceeds from Long Term Borrowings(net of repayments)	2,530.84		(182.95)		32.30	
Proceeds from ShortTerm Borrowings (net of repayments)	(50.38)		(237.82)		40.30	
Interest and Finance Charges Paid	26.21		-		-	
Expenditure incurred in connection with initial Public Offering of shares	(15.19		0.14		0.14	
NET CASH FROM FINANCING ACTIVITIES		**2,581.48**		**(310.63)**		**222.74**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9.52		9.10		0.85
CASH AND CASH EQUIVALENTS (Opening Balance)		11.68		2.58		1.73
CASH AND CASH EQUIVALENTS AS AT (Closing Balance)		**21.20**		**11.68**		**2.58**

THE ISSUE

Equity Shares offered:	
Issue by the Company *	14,150,000 Equity Shares of face value of Rs. 10 each*
Of which	
A) Employee Reservation Portion	150,000 Equity Shares of face value of Rs. 10 each
Therefore,	
Net Issue to the Public	14,000,000 Equity Shares of face value of Rs. 10 each`
Of which	
A) Qualified Institutional Buyers (QIB) portion	At least 8,400,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Of which	
Available for allocation to Mutual Funds only	420,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Balance for all QIBs including Mutual Funds	7,980,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
B) Non-Institutional Portion	Up to 1,400,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
C) Retail Portion	Up to 4,200,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Equity Shares outstanding prior to the Issue	50,000,000 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	64,150,000 Equity Shares of face value of Rs. 10 each
Use of Issue Proceeds	See the section titled "Objects of the Issue" on page 27.

GENERAL INFORMATION

Our Company was incorporated as "IVR Realtors Limited" on June 28, 1996 by our individual Promoters - E. Sunil Reddy and E. Sudhir Reddy in Andhra Pradesh with its registered office at M-22/3RT, Vijayanagar Colony, Hyderabad 500 057 and received its certificate of commencement of business on July 10, 1996. The name of our Company was changed from "IVR Realtors Limited" to "IVR-Prime Urban Developers Limited" and a fresh certificate of incorporation consequent on change of name was granted to our Company on January 16, 2001, by the RoC. The name of our Company was further changed from "IVR-Prime Urban Developers Limited" to "IVR Prime Urban Developers Limited" and the fresh certificate of incorporation for the same was granted to our Company on June 12, 2006 by the RoC.

Our Company was selected to be the special purpose vehicle to implement the residential complex for the athletes and the officials for the 32nd National Games, held during December 2002 in Hyderabad. IVRCL on January 29, 2001, made an investment into the Company and thereby our Company became the subsidiary of IVRCL.

Registered Office

IVR Prime Urban Developers Limited
M-22/3RT, Vijayanagar Colony,
Hyderabad 500 057
Andhra Pradesh
India
CIN: U70100 AP1996PLC024459
Tel: (91 40) 2349 5201/2349 5202/2349 5210/2334 3687
Fax: (91 40) 2349 5215 / 2334 5004
Email: investors@ivrprime.com
Website: www.ivrprime.com

Address of Registrar of Companies

Registrar of Companies of Andhra Pradesh
2nd floor, CPWD Building
Kendriya Sadan, Sultan Bazar, Koti
Hyderabad 500195
Tel: (91 40) 4657 937/4657 2807
Fax: (91 40) 4657 2807
Email: rochyd.sb@sb.nic.in

Board of Directors of the Issuer

Name, Designation, Occupation	Age	Address
Mr. E. Sudhir Reddy Chairman and Joint Managing Director Business	46	Plot No. 580, Road No. 32, Jubilee Hills, Hyderabad 500 034
Mr. E. Sunil Reddy Managing Director Business	45	Plot No. 580, Road No. 32, Jubilee Hills, Hyderabad 500 034
Mr. Prabhakar Ram Tripathi Independent Director Professional	64	Plot No.2, North Avenue, Kompally Post, Hakimpet, Secunderabad 500 014
Mr. R. Balarami Reddy Director Service	52	Plot No. 116, Hill Ridge Villas Kancha Gachibowli, Hyderabad 500 019
Mr. Mahesh Madduri Independent Director Professional	41	Flat No. 474, Kapadia Lane, Somajiguda Hyderabad 500 082

Name, Designation, Occupation	Age	Address
Mr. T.N. Chaturvedi Independent Director Professional	47	884, Sector 17, Faridabad, Haryana

For further details of our Directors, see the section titled "Our Management" on page 120.

Company Secretary and Compliance Officer

Mr. S. Srinivasa Rao
Door No. 8-2-608-1-6
Naim Chambers
Road No. 10, Banjara Hills
Hyderabad 500 034
Tel: (91 40) 2349 5201/ 2349 5202/ 2349 5210/ 2334 3687
Fax: (91 40) 2349 5215/ 2334 5004
Email: investors@ivrprime.com

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

Book Running Lead Managers

Enam Financial Consultants Private Limited
801, Dalamal Towers
Nariman Point
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India
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: pudl.ipo@enam.com
Website: www.enam.com
Contact Person: Ms. Kinjal Palan

Kotak Mahindra Capital Company Limited
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India
Tel: (91 22) 6634 1100
Fax: (91 22) 2283 7517
Email: pudl.ipo@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole

Syndicate Members

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Fax No : (91 22) 2266 5613
E-mail: pudl.ipo@enam.com
Website: www.enam.com
Contact Person: Mr. M. Natarajan

Kotak Securities Limited
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India
Tel : (91 22) 6634 1100
Fax : (91 22) 6634 3927
Email : umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta

Domestic Legal advisors to the BRLMs

Amarchand & Mangaldas & Suresh A. Shroff & Co.
201, Midford House
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India
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Fax: (91 80) 2558 4266

Amarchand & Mangaldas & Suresh A. Shroff & Co.
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Hyderabad 500 016
India
Tel: (91 40) 6633 6622
Fax: (91 40) 6649 2727

International Legal Advisors to the BRLMs

Dorsey & Whitney LLP
21 Wilson Street
London, England EC2M 2TD
Tel: (44 20) 7588 0800

Domestic Legal advisors to the Company

J. Sagar Associates
Vakils House,
18 Sprott Road
Ballard Estate

International Legal Advisors to the BRLMs	Domestic Legal advisors to the Company
Fax: (44 20) 7588 0555	Mumbai 400 001 India Tel: (91 22) 6656 1500 Fax: (91 22) 6656 1515

Expert to the Company for the Issue

Lakeer Architect and Interior Designers
301 A, Surya Kiran Complex, 92, 93,8D Road, Secunderabad 500 003
Tel: (91 40) 27813050
Fax: (91 40) 27843418
Email: lakeerarchitects@gmail.com
Contact Person: Mr. K Sharath Kumar

Registrar to the Issue

Karvy Computershare Private Limited
Karvy House, 46 Avenue 4
Street No. 1, Banjara Hills
Hyderabad 500 034
India
Tel: (91 40) 2343 1553
Fax: (91 40) 2343 1551
Email: ivrprime.ipo@karvy.com
Website: www.karvy.com
Contact Person: Mr. Murali Krishna

Bankers to the Issue and Escrow Collection Banks

Karnataka Bank Limited
6-3-1090/A, Ground floor,
Raj Bhavan Road,Somajiguda, Hyderabad 500 082
Tel: (91 40) 2332 0642
Fax: (91 40) 2332 0548
Email: hyd.rajbhavanroad@ktkbank.com
Contact Person: Mr. C. Ramesh Babu

Standard Chartered Bank
Standard Chartered Bank, 270
D.N Road, Fort Mumbai 400 001
Tel: (91 22) 2209 2213
Fax: (91 22) 2209 6067
Email: Rajesh.Malwade@standardchartered.com
Contact Person: Mr. Rajesh Malwade

Indian Overseas Bank
Rashtrapathi Bhawan road,
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Rashtrapathi road,
Secunderabad 500 003
Tel: (91 40) 2346 8827
Fax: (91 40) 2346 8828
Email: rprodbr@hydsco.iobnet.co.in
Contact Person: Mr. S. Roshan Singh

Yes Bank Limited
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Tel: (91 22) 6669 9086
Fax: (91 22) 6669 9255
Email: rajesh.lahori@yesbank.in
Contact Person: Mr. Rajesh Lahori

HDFC Bank Limited
26-A Narayan Properties Off Saki Vihar Road
Chandivali Mumbai 400 072
Tel: (91 22) 2856 9202
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Email: viral.kothari@hdfcbank.com
Contact Person: Mr. Viral Kothari

ICICI Bank Limited
ICICI Bank Limited, Capital Markets Division
30 Mumbai Samachar Marg Mumbai 400 001
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Contact Person: Mr. Sidhartha Sankar Routray

Kotak Mahindra Bank Limited
36-38 A, Nariman Bhawan, 227, Nariman Point,
Mumbai 400 021
Tel: (91 22) 6759 4850
Fax: (91 22) 6648 2710
Email: ibrahim.sharief@kotak.com
Contact Person: Mr. Ibrahim Sharief

Bankers to the Company	
Karnataka Bank Limited 6-3-1090/A, Bhupal Towers Raj Bhavan Road Somajiguda Hyderabad 500 082 Tel: (91 40) 2332 0642 Fax: (91 40) 2332 0642 Email: hyd.rajbhavanroad@ktkbank.com Contact Person: Mr. C. Ramesh Babu	***Tamilnad Mercantile Bank Limited*** 15-2-696, 1st Floor, Siddiambar Bazar, Kishan Gunj, Hyderabad 500 012 Tel: (91 40) 2461 7541 Fax: (91 40) 2461 7542 Email: hyderabad@tnmbonline.com Contact Person: Mr. D. Inbamani
Indian Overseas Bank P.B.No. 28, I Floor, Kasuva complex, Rashtrapathi road, Secunderabad 500 003 Tel: (91 40) 2346 8827 Fax: (91 40) 2346 8828 Email: rprodbr@hyddrc01.iobnet.in Contact Person: Mr. Roshan Singh	

Auditors

Deloitte Haskins & Sells
Chartered Accountants
Coromandel House,
1-2-10, Sardar Patel Road
Secunderabad 500 003
Tel: (91 40) 2784 5241
Fax: (91 40) 2784 3606
Email: pramesh@deloitte.com
Contact Person: Mr. P. Ramesh

Monitoring Agency

Karnataka State Financial Corporation
KSFC Bhavan, No. 1/1, Thimmaiah Road, Bangalore 560 052
Tel: (91 80) 2238 4590
Fax: (91 80) 2225 0126
Email: fsd@ksfc.net
Contact Person: Mr. S. Prabhu

Inter se List of Responsibilities between the Book Running Lead Managers

The responsibilities and co-ordination for various activities in this Issue are as under:

No	Activities	Responsibility	Co-ordinator
1	Capital structuring with relative components and formalities.	ENAM KMCC	ENAM
2	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs & CBRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	ENAM KMCC	ENAM
3	Drafting and approval of all statutory advertisements.	ENAM KMCC	ENAM
4	• Preparation and finalization of the road-show presentation • Preparation of FAQs for the road-show team and • Approval of all non-statutory advertisement including corporate advertisements.	ENAM KMCC	KMCC
5	Appointment of the advertising agency and Escrow Collection Banks	ENAM	ENAM

No	Activities	Responsibility	Co-ordinator
	for the Issue	KMCC	
6	Appointment of Printers and Registrar for the Issue	ENAM KMCC	KMCC
7	International Institutional marketing of the Issue, which will cover, among other things, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules.	ENAM KMCC	ENAM
8	Domestic Institutional marketing of the Issue, which will cover, among other things, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules.	ENAM KMCC	KMCC
9	Retail / HNI marketing strategy which will cover, among other things, • Finalizing centres for holding conferences for brokers, etc • Formulating media, marketing and, Public Relations strategy; • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material; and • Finalize collection centres.	ENAM KMCC	KMCC
10	Managing the book	ENAM KMCC	KMCC
11.	Finalization of Pricing in consultation with the Company	ENAM KMCC	ENAM
12	Co-ordination with stock exchanges for book building software, bidding terminals and mock trading	ENAM KMCC	KMCC
13	Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing and trading of instruments, , demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.	ENAM KMCC	KMCC

Even if many of these activities will be handled by other intermediaries, the designated BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with the Company.

Credit Rating

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

IPO Grading

We have not opted for the grading of this Issue from a credit rating agency.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Project Appraisal

There is no project being appraised.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;

2. The BRLMs;

3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs; and

4. Registrar to the Issue.

In terms of Rule 19 (2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60 % of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, 150,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. Please refer to the section titled "*Terms of the Issue*" on page 263.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. We have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

While the process of Book Building under the SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

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

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

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

1. Check whether the Bidder is eligible for bidding;
2. Bidder necessarily needs to have a demat account; and
3. Please ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see the section titled "*Issue Procedure -'Permanent Account Number or PAN*' on page 282;
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue any time after the Bid/Issue Opening Date without assigning any reason therefor.

Bid/Issue Programme

BID/ISSUE OPENS ON	**July 23, 2007**
BID/ISSUE CLOSES ON	**July 26, 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders and Employees Bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days.Bids will be accepted only on Business Days.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to the filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members does not fulfil its underwriting obligations.

The Underwriting Agreement is dated [•].

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

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

RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Million)
Enam Financial Consultants Private Limited 801, Dalamal Towers Nariman Point Mumbai 400 021, India Tel: (91 22) 5638 1800 Fax: (91 22) 2284 6824	[●]	[●]
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229, Nariman Point Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 2284 0492	[●]	[●]
Enam Securities Private Limited Khatau Building 44B, Bank Street Off Shahid Bhagat Singh Road Fort, Mumbai 400 001, India Tel: (91 22) 2267 7901 Fax: (91 22) 2266 5613	[●]	[●]
Kotak Securities Limited Bakhtawar, 1st Floor 229, Nariman Point Mumbai 400 021, India Tel : (91 22) 5634 1100 Fax : (91 22) 5630 3927	[●]	[●]

The above mentioned is indicative underwriting and this would be finalized after the pricing and actual allocation.

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

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

CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Red Herring Prospectus, is set forth below:

(In Rs. except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A.	**Authorized Capital**		
	70,000,000 Equity Shares of face value of Rs. 10 each	700,000,000	-
B.	**Issued, Subscribed And Paid-Up Equity Capital before the Issue**		
	50,000,000 Equity Shares of Rs. 10 each fully paid-up before the Issue	500,000,000	-
C.	**Present Issue in terms of this Red Herring Prospectus**		
	14,150,000 Equity Shares of Rs. 10 each.	141,500,000	[●]
	Of which		
	Employee Reservation Portion		
	150,000 Equity Shares of Rs. 10 each	1,500,000	[●]
	Net Issue to the Public		
	14,000,000 Equity Shares of Rs. 10 each	140,000,000	[●]
E.	**Equity Capital after the Issue**		
	64,150,000 Equity Shares of face value of Rs. 10/- each	641,500,000	[●]
F.	**Securities Premium Account**		
	Before the Issue	Nil	
	After the Issue	[●]	

The present Issue has been authorized by the Board of Directors in their meeting on March 1, 2006, and by the shareholders of our Company at an EGM held on March 27, 2006. The DIPP, by its letter dated February 12, 2007, clarified that 'guidelines notified under press note 2 (2005 series) are applicable to investment made only under the FDI route and are not applicable to investment by FIIs under the portfolio investment scheme under the FEMA Regulation'. The RBI by its letter dated June 12, 2007 clarified that 'FIIs may invest in the proposed public issue of the Company under the portfolio investment scheme interms of Regulation 1(5) of schedule 2 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000'. However, it provided that FII investments in any pre-ipo placement would be treated on par with FDI and will have to comply with the guidelines for such FDI in terms of lock-in period and other conditions prescribed vide press note 2 (2005 series).

Changes in the Authorised Share Capital of the Company since Incorporation:

a) The initial authorized capital of Rs. 50 million comprising of 5,000,000 Equity Shares of Rs. 10 each was increased to Rs. 150 million comprising of 15,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders at an EGM held on March 27, 2001.

b) The authorized capital of Rs. 150 million comprising of 15,000,000 Equity Shares of Rs. 10 was increased to Rs. 300 million comprising of 30,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders at an EGM held on July 5, 2004.

c) The authorized capital of Rs. 300 million comprising of 30,000,000 Equity Shares of Rs. 10 each was increased to Rs. 550 million comprising of 55,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders at an EGM held on March 13, 2006.

d) The authorized capital of Rs. 550 million comprising of 55,000,000 Equity Shares of Rs. 10 each was increased to Rs. 700 million comprising of 70,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders at an EGM held on October 30, 2006.

Notes to Capital Structure

1. Share Capital History of our Company

(a) Equity Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons/Mode of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
June 30, 1996	500	10	10	Cash	Subscribers to the Memorandum	500	5,000	-
January 29, 2001	100,000	10	10	Cash	Preferential Allotment to IVRCL	100,500	1,005,000	-
January 24, 2002	900,000	10	10	Cash	Allotment to IVRCL	1,000,500	10,005,000	
January 20, 2003	6,800,000	10	10	Cash	Allotment to IVRCL	7,800,500	78,005,000	-
July 12, 2004	22,199,500	10	10	Cash	Allotment to IVRCL	30,000,000	300,000,000	-
March 31, 2006	10,000,000	10	10	Cash	Allotment to IVRCL	40,000,000	400,000,000	-
September 29, 2006	10,000,000	10	10	Cash	Pursuant to the conversion of equity warrants allotted to Soma Hotels & Resorts Limited, on preferential basis	50,000,000	500,000,000	-

2. Promoter Contribution and Lock-in

All Equity Shares which are being locked in are eligible for computation of Promoters' contribution and are being locked in under clauses 4.6 and 4.11.1 of the SEBI Guidelines.

(a) Details of Promoters Contribution locked in for three years:

Name of Promoters	Date of Allotment / acquisition and when made fully paid-up	Nature of Allotment	Nature of consideration (Cash, Bonus, Kind etc.)	Number of Equity Shares locked in*	Face Value (Rs.) (per share)	Issue Price / Purchase Price (Rs.) (per share)	% of post-Issue paid up capital	Lock-in Period (years)
IVRCL Infrastructures & Projects Limited	July 12, 2004	Further allotment of Equity Shares	Cash	12,830,000	10.00	10.00	20.00	Three
			TOTAL	12,830,000	10.00	10.00	20.00	Three

*Commencing from the date of the Allotment of the Equity shares in the Issue.

The contribution by the Promoters, as indicated hereinabove, has been brought in to the extent of not less than the specified minimum lot as stipulated in accordance with the SEBI Guidelines.

Indicated below is the capital built-up of the Promoters' shareholding in the Company:

S No.	Name of the Promoters	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Consideration	Percentage of post Issue paid up capital	Lock-in Period (Years)
1	**Mr. E. Sudhir Reddy**	June 30, 1996	100	10	10	Cash	0.00*	One
		Total	**100**				**0.00***	
2	**Mr. E. Sunil Reddy**	June 30, 1996	100	10	10	Cash	0.00*	One
		Total	**100**				**0.00***	
3	**IVRCL**	January 29, 2001	100,000	10	10	Cash	0.20	One
		January 24, 2002	900,000	10	10	Cash	1.80	One
		January 20, 2003	6,800,000	10	10	Cash	13.60	One
		July 12, 2004	22,199,500	10	10	Cash	44.40	Three**
		March 31, 2006	10,000,000	10	10	Cash	20.00	One
		Total	**39,999,500**				**80.00**	

* less than 0.01%

** 12,830,000 equity shares of the total shares have been locked in as part of the promoters contribution for a period of three years

Indicated below is the capital built-up of the promoter group's shareholding in the Company:

S No.	Name of the individuals/ entities forming part of the promoter group	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Consideration	Percentage of post Issue paid up capital	Lock-in Period (Years)
1	**Mrs. E. Indira Reddy**	June 30, 1996	50	10	10	Cash	0.00	One
		October 25, 2006	50	10	10	Cash	0.00	One
		Total	**100**				**0.00***	
2	**Soma Hotels & Resorts Limited**	September 29, 2006	10,000,000	10	10	Cash	20.00	One
		Total	**10,000,000**				**20.00**	

* less than 0.01%

(b) Details of share capital locked in for one year:

In addition to the lock-in of the Promoter's contribution specified above, the entire pre-Issue Equity Share capital, comprising 37,170,000 Equity Shares of the Company shall be locked in for a period of one year from the date of Allotment of Equity Shares in this Issue.

As per clause 4.15.1 of the SEBI Guidelines, the locked in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is when the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

In accordance with Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and among the promoter group or to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.

In accordance with Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.

Furthermore, the Equity Shares subject to lock-in will be transferable, subject to compliance with the SEBI Guidelines including the provisions for lock-in, as amended from time to time.

3. The list of the top ten shareholders of our Company and the number of Equity Shares held by them is as follows:

(a) Our shareholders and the number of Equity Shares of Rs.10 each held by them as of the date of filing this Red Herring Prospectus with the RoC, i.e July 12, 2007 and ten days prior to filing with SEBI, i.e July 1, 2007 are as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	IVRCL Infrastructures & Projects Limited	39,999,500	80.00
2.	Soma Hotels & Resorts Limited	10,000,000	20.00
3.	Mr. E. Sudhir Reddy*	100	0.00[∞]
4.	Mr. E. Sunil Reddy*	100	0.00[∞]
5.	Mrs. E. Indira Reddy*	100	0.00[∞]
6.	Mr. B. Kodandarami Reddy*	100	0.00[∞]
7.	Mr. R. Balarami Reddy*	50	0.00[∞]
8.	Mrs. B. Vajravatamma*	50	0.00[∞]
	TOTAL	**50,000,000**	**100.00**

* shares are held as nominees on behalf of IVRCL.

[∞] less than 0.01%

(b) Our top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Red Herring Prospectus with the RoC, i.e July 12, 2005 are as follows:

	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	IVRCL Infrastructures & Projects Limited	29,999,500	99.99
2.	Mr. E. Sudhir Reddy*	100	0.00[∞]
3.	Mr. E. Sunil Reddy*	100	0.00[∞]
4.	Mr. I. Shyam Prasad Reddy*	100	0.00[∞]
5.	Mrs. E. Anupama Reddy*	50	0.00[∞]
6.	Mrs. E. Indira Reddy*	50	0.00[∞]
7.	Mr. R. Balarami Reddy*	50	0.00[∞]
8.	Mrs. I. Sundari*	50	0.00[∞]
	TOTAL	**30,000,000**	**100.00**

* Shares are held as nominees on behalf of IVRCL.

[∞] Less than 0.01%

4. Shareholding pattern of our Company before and after the Issue is as follows:

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue.

(a) *Equity Shareholding Pattern of our Company*

Shareholder Category	Equity Shares owned before the Issue		Equity Shares owned after the Issue[1]	
	No. of shares	%	No. of shares	%
Promoters				
IVRCL [2]	39,999,500	80.00	39,999,500	62.35
Mr. E. Sudhir Reddy*	100	0.00∞	100	0.00∞
Mr. E. Sunil Reddy*	100	0.00∞	100	0.00∞
Sub Total (A)	**39,999,700**	**80.00**	**39,999,700**	**62.35**
Promoter Group				
Mrs. E. Indira Reddy*	100	0.00∞	100	0.00∞
Soma Hotels & Resorts Limited	10,000,000	20.00	10,000,000	15.59
Sub Total (B)	**10,000,100**	**20.00**	**10,000,100**	**15.59**
Public (C)	**-**	**-**	**14,000,000**	**21.82**
Employees (D)	**-**	**-**	**150,000[3]**	**0.23**
Others (E)				
Mr. R. Balarami Reddy*	50	0.00∞	50	0.00∞
Mr. B. Kodandarami Reddy*	100	0.00∞	100	0.00∞
Mrs. B. Vajravatamma*	50	0.00∞	50	0.00∞
Sub Total (E)	**200**	**0.00∞**	**200**	**0.00∞**
Total share capital (A+B+C + D+E)	**50,000,000**	**100.00**	**64,150,000**	**100.00**

* shares are held as nominees on behalf of IVRCL
∞ less than 0.01%

(1) *The break down of the Equity Shares to be allotted pursuant to the Issue is not included.*
(2) *For further information in relation to the corporate information, the shareholding pattern, details of the board of directors and audited financials of our Parent Company, see "Our Promoters and Promoter Group- Body Corporate" on page 136 of this Red Herring Prospectus.*
(3) *Assuming Employee Reservation Portion is fully subscribed by the Eligible Employees of the Company.*

5. None of our Directors or Key Managerial Personnel or entities that are controlled by our individual Promoters hold Equity Shares in the Company other than as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Mr. E. Sudhir Reddy*	100	0.00∞	0.00∞
2.	Mr. E. Sunil Reddy*	100	0.00∞	0.00∞
3.	Mr. R. Balarami Reddy *	50	0.00∞	0.00∞
4.	Soma Hotels & Resorts Limited[µ]	10,000,000	20.00	15.59
	TOTAL	**250**	**0.00**	**0.00**

* shares are held as nominees on behalf of IVRCL.
∞ less than 0.01%
µ Our individual Promoters hold a majority stake in this entity. For further details on Soma Hotels & Resorts Limited, see "*Our Promoters and Promoter Group*" on page 135.

6. Our Company, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person, other than as disclosed in this Red Herring Prospectus.

7. Our Promoters have not been issued Equity Shares for consideration other than cash other than set out in "Capital Structure- Notes to Capital Structure- Share Capital History of the Company".

8. Our Promoters, Directors and our promoter group have not purchased or sold any Equity Shares within the last six months preceding the date of filing of this Red Herring Prospectus with SEBI other than as disclosed below:

Transferor	Transferee	Number of Equity Shares	Price Per Equity Share (Rs.)	Date Of Transfer
Mrs. Anupama Reddy	Mrs. Indira Reddy	50	10	October 25, 2006

9. Not less than 60% of the Net Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation only to Mutual Funds on a proportionate basis and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the discretion of the Company and the BRLMs. The Issue includes the Employee Reservation Portion of 150,000 Equity Shares which are available for allocation to Eligible Employees.

10. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion, on a competitive basis. The Bid/Application by Eligible Employees can also be made in the "Net Issue" and such Bids shall not be treated as multiple Bids.

11. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Retail/ Non Institution Portion in equal proportion. In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

12. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.

13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

14. We have not raised any bridge loan against the proceeds of the Issue.

15. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of finalizing the Basis of Allotment.

16. Our Promoters and members of our promoter group will not participate in this Issue.

17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.

18. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

19. The Equity Shares held by the Promoters are not subject to any pledge. Our individual Promoter, Mr. Sudhir Reddy, has issued a personal guarantee in favour of United Bank of India for the credit

facilities availed by UAN Raju IVRCL Construction JV (a partnership entity), in relation to a term loan of Rs. 65 million and letter of credit facility for Rs. 122.5 million, availed by it. UAN Raju IVRCL Construction JV is currently an entity forming part of our promoter group. For further information, see "*Our Promoters and Promoter Group*" on page 135.

20. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

22. The DIPP, by its letter dated February 12, 2007, clarified that 'guidelines notified under press note 2 (2005 series) are applicable to investment made only under the FDI route and are not applicable to investment by FIIs under the portfolio investment scheme under the FEMA Regulation'.

23. We had established the ESOP 2006 on November 13, 2006, the day on which our shareholders passed a special resolution and proposed to allot 850,000 options thereunder. The ESOP 2006 shall be implemented after completion of the listing of the Equity Shares of our Company and will be administered by our Compensation Committee, which shall determine the options to be granted from time to time.

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td>Options granted</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="2">Exercise price of options</td><td>Year</td><td colspan="2">No. of options granted</td><td>Exercise Price</td></tr>
<tr><td>2006</td><td colspan="2">Nil</td><td>50% of the closing market price on NSE on the date of the grant of the options.</td></tr>
<tr><td>Total options vested (includes options exercised)</td><td colspan="4">Nil</td></tr>
<tr><td>Options exercised</td><td colspan="4">Nil</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options already granted</td><td colspan="4">Nil</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td colspan="4">Nil</td></tr>
<tr><td>Variations in terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>Money realised by exercise of options</td><td colspan="4">Nil</td></tr>
<tr><td>Options outstanding (in force)</td><td colspan="4">850,000</td></tr>
<tr><td rowspan="2">Person wise details of options granted to</td><td>Name of employee</td><td>Fiscal</td><td>No. of options granted</td><td>% of options granted during the year</td></tr>
<tr><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>i) Directors and key managerial employees</td><td colspan="4">Nil</td></tr>
<tr><td>ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td colspan="4">Nil</td></tr>
<tr><td>iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant</td><td colspan="4">Nil</td></tr>
<tr><td>Fully diluted EPS on a pre-issue basis</td><td colspan="4">Nil</td></tr>
<tr><td>Vesting schedule</td><td colspan="4">The period of vesting shall be a maximum period of four years which shall include the lock-in period of one year.</td></tr>
<tr><td>Lock-in</td><td colspan="4">Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td colspan="4">Nil</td></tr>
</table>

We have not granted any of options under the ESOP 2006. Under Indian GAAP the grant of the stock options shall result in a charge to our profit and loss account based on the difference between the fair value of shares, determined at the date of the grant and exercise price. This expense will be amortised over the vesting period of the options.

24. The RBI by its letter dated June 12, 2007 clarified that 'FIIs may invest in the proposed public issue of the Company under the portfolio investment scheme interms of Regulation 1(5) of schedule 2 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000'. However, it provided that FII investments in any pre-ipo placement would be treated on par with FDI and will have to comply with the guidelines for such FDI in terms of lock-in period and other conditions prescribed vide press note 2 (2005 series).

25. As of the date of filing of this Red Herring Prospectus, the total number of holders of Equity Shares is eight.

26. The Company or the Promoters shall not make any payments direct or indirect, discounts, commission allowances or otherwise under this Issue.

OBJECTS OF THE ISSUE

The objects of the Issue are to provide funding for (a) development and construction costs for our project at Jigani (b) development and construction costs for the IT Park and mall to be constructed at Gachibowli (c) repayment of loan to our Parent Company, (d) repayment of the loan taken from Karnataka Bank Limited, (e) payment of the development right costs to our Parent Company (f) general corporate purposes.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

We intend to utilize the proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue ("**Net Proceeds**"), which is estimated at Rs. [●] for financing the growth of our business.

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

(In Rs. Million)

Sl. No.	Expenditure Items	Total Amount	Amount paid as on January 23, 2007	Estimated amount to be financed from Net Proceeds of the Issue	Amount paid as on June 20, 2007	Estimated Net Proceeds utilization as on March 31,		
						2008	2009	2010
1.	Development and construction costs for the project at Jigani	573.78	0.00	573.78	9.03**	200.40	329.92	34.43
2.	Development and construction costs for the IT Park and Mall at Gachibowli	3,347.18	0.00	3,347.18@	118.42**	1,805.98	1,252.61	170.17
3.	Repayment of loan to our Parent Company	2,760.55	0.00	Up to 1,471.80	-	1,471.80	-	-
4.	Repayment of loan taken from Karnataka Bank Limited	980.00	360.31	Up to 419.67	560.33#	419.67	-	-
5.	Payment of the costs towards the development right costs to our Parent Company	857.06*	0.00	857.06	-	857.06	-	-
6.	General Corporate purposes	●	●	●		[●]	[●]	[●]

* To be paid by us to our Parent Company for the development rights to the lands that were allotted to it by Noida. The development rights of these lands were transferred to our Company pursuant to two agreements dated February 14, 2007.

** This amount will be replenished from the Net Proceeds of the Issue.

This amount has been updated as on July 9, 2007. This amount will not be replenished from the Net Proceeds of the Issue.

@ The development and construction costs have increased from Rs. 3,186.06 million to Rs. 3,347.18 million. The incremental amount of Rs. 161.12 million shall be funded by way of a combination of the funds allocated for the general corporate purpose (available if any).

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt. In the event of a surplus of the Net Proceeds of the Issue, the Company will use the surplus towards general corporate purposes. However, in the event that there is a shortfall in the Net Proceeds of the Issue, we shall meet the same to the extent possible from internal accruals and/or reduce the repayment of loan to our Parent Company, to the extent of shortfall.

In addition, the fund requirements are based on the current internal management estimates of our Company. We operate in a highly competitive, dynamic market condition, and may have to revise our estimates from time to time on account of new projects that we may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. We may also reallocate expenditure to newer projects or those with earlier completion dates in the case of delays in our existing projects. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting projects which are not currently planned, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project or land acquisition in relation to current plans, at the discretion of the management of the Company. In case of any shortfall or cost overruns, we intend to meet our estimated expenditure from our cash flow from operations and debt.

Details of the Objects

Development and construction costs for our project at Jigani

We are in the business of real estate development including residential, commercial and retail projects. We propose to undertake a project at Jigani. We propose to deploy an amount aggregating to Rs. 573.78 million out of the Net Proceeds of the Issue for our forthcoming projects in the amounts of Rs. 200.40 million, Rs. 329.92 million and Rs. 34.43 million in 2008, 2009 and 2010, respectively. We have utilised an amount of Rs. 9.03 million as on June 20, 2007, which we propose to replenish from the Net Proceeds from the Issue.

The details in relation to our forthcoming project at Jigani, are provided below:

Sl. No.	**Location**	**Saleable Area (Sq.ft in Million)**	**Total estimated construction expenditure (in millions)**	**Estimated amount to be financed from Net Proceeds of the Issue (Rs. In Million)**	**Cost incurred as on June 20, 2007 (Rs. In Million)**	**Estimated Net Proceeds utilization as on March 31,**		
						2008	**2009**	**2010**
1.	Jigani, Bangalore	0.41	573.78	573.78	9.03	200. 40	329.92	34.43
	TOTAL		**573.78**	**573.78**	9.03	200. 40	**329.92**	**34.43**

In respect of the abovementioned lands, these lands form part of our Land Reserves. See "*Our Business - Our Land Reserves- Land under which joint development agreements have been entered into by: the Company directly*" on page 69. For details in relation to the approvals obtained for the above project at Jigani, see "*Government Approvals*" on page 251.

Means of Finance

We intend to incur an expenditure of Rs. 573.78 million towards the development and construction costs of the project at Jigani and we propose to finance the total cost of Rs. 573.78 million in relation to the Jigani lands from the Net Proceeds of the Issue. As per Certificate from T. Vijay Kumar, Chartered Accountants dated June 21, 2007, we have incurred an expenditure of Rs. 9.03 million towards our Jigani project as on June 20, 2007, which we propose to replinish from the Proceeds from the Issue.

The estimated expenditure to be incurred during the remaining period of fiscal 2008 on these projects would be Rs. 200.40 million which will be met from net proceeds from the Issue.

We intend to utilize the entire amount in relation to the development of the project in Jigani over fiscal

2007, 2008, 2009 and 2010.

Development and construction costs for current project at Gachibowli

We are in the initial stages of development of the third stage of our Gachibowli Project which consists of the construction of a mall and an IT Park.

Details of the projects

The details of our ongoing projects at Gachibowli Projects including total project cost, the costs already incurred, the balance funds required for completion of the project as set forth in the table below:

Sl. No.	Location	Saleable Area (Sq.ft in Million)	Total estimated construction expenditure (in millions)	Cost Incurred as onJune 20, 2007	Estimated amount to be financed from Net Proceeds of the Issue (Rs. In Million)	Amount paid as on June 21, 2007 (Rs. In Million)	Estimated Net Proceeds utilization as on March 31,		
							2008	2009	2010
1.	Mall at Gachibowli	0.87	2,216.96	0.00	2,216.96	118.42	1,374.05	724.49	-
2.	IT Park at Gachibowli	0.70	1,130.22	0.00	1,130.22	-	431.93	528.12	170.17
	TOTAL	1.57	3,347.18*	0.00	3,347.18	118.42	1,805.98	1,252.61	170.17

* The development and construction costs for the mall and IT park have increased from Rs. 3,186.06 million to Rs. 3,347.18 million. The incremental amount of Rs. 161.12 million shall be funded by way of a combination of the funds allocated for the general corporate purpose (available if any). For details in relation to the approvals obtained for the above projects at Gachibowli, see "*Government Approvals*" on page 251.

Means of Finance

We intend to incur a total expenditure of Rs. 3,347.18 million towards the development and construction costs for current project at Gachibowli which involves the construction of the mall and the IT park at Gachibowli and we propose to finance the total development and construction cost of Rs. 3,347.18 million from the Net Proceeds of the Issue and by way of a combination of the funds allocated for the general corporate purpose (available if any) and/or internal accruals. As per Certificate from T.Vijay Kumar, Chartered Accountants dated June 21, 2007, we have incurred an expenditure of Rs. 118.42 million towards construction of the mall at Gachibowli as on June 20, 2007, which we propose to replenish from the Net Proceeds from the Issue.

In relation to the mall, we propose to deploy an amount aggregating to Rs. 2,216.96 million out of the Net proceeds of the Issue towards the construction of the mall. Further, we intend to deploy Rs. 1,374.05 million and Rs. 724.49 million in fiscal 2008 and 2009, respectively.

In relation to the IT Park, we propose to deploy amounts aggregating to Rs. 1,130.22 million out of the Net proceeds of the Issue towards the construction of the IT Park. Further, we intend to deploy Rs. 431.93 million, Rs. 528.12 million and Rs. 170.17 million in fiscal 2008, 2009 and 2010, respectively.

Repayment of the loan taken from our Parent Company

For details, see the section titled "*Financial Indebtedness*" on page 214.

We have entered into a loan agreement dated August 1, 2006 with our Parent Company under which we are allowed to borrow up to Rs. 1,500 million from our Parent Company. This agreement was subsequrntly amended on February 1, 2007 and amended again on May 29, 2007 which limit has been increased to Rs. 4,000 million, including the present borrowings by way of Inter Corporate Deposits. As on July 9, 2007 we have borrowed Rs. 2,760.55 million, from our Parent Company, as certified by T. Vijay Kumar, Chartered Accountants dated July 11, 2007.

We intend to repay up to Rs. 1,471.80 million from the Net Proceeds of the Issue, which has been borrowed from our Parent Company. We propose to deploy the entire amount of up to Rs. 1,471.80 million during the Fiscal 2008.

T. Vijay Kumar, Chartered Accountants, have opined in their certificate dated March 16, 2007 that the loans taken by the Company have been applied for the purpose for which they were raised.

The loans that we propose to repay along with the repayment schedule is as set forth below:

S. No.	Name of the Lender	Purpose of the loan	Date of the grant of the loan	Use of the loans	Proposed Repayment during Fiscal 2008 (Rs. Million)
1	IVRCL	Business activities including land acquisition, development costs	These loans have been granted over a period of time to our Company, as per the requirements of our Company.	These loans have been utilized for the purpose of acquisition of land in relation to the proposed projects in Chennai, Bangalore, Pune, Hyderabad and Visakhapatnam.*	1,471.80

** For details see Material Documents on page 310.*

Means of Finance

We propose to repay an amount up to Rs. 1,471.80 million during the Fiscal 2008 from the Net Proceeds of the Issue.

*Loan agreement dated August 1, 2006 between us and our Parent Company as amended by Amendment Agreements dated February 1, 2007 and May 29, 2007(“**Loan Agreement**”)*

Pursuant to the terms of the above loan agreement, as amended from time to time our Parent Company has agreed to lend us an amount up to Rs. 4,000 million by way of inter corporate deposits, with an interest payable, at rate of State Bank of India prime lending rate per annum on the loan. The main terms of the loans agreement are as follows:

- the loan shall solely for the ordinary purposes of our business including construction and /or development of real estate projects, land acquisition, working capital requirements and other activity;
- in the event of any default occurring in repayment of the amounts due, we are required to open an escrow account into which all the unencumbered portion of the receivables of our Company shall be credited and our Parent Company shall have first charge on all such credits into the escrow account.
- Our Company is required repay each inter company deposit within four years from the date of availing of the loan in six half yearly instalments commencing after one year of the loan, with each loan having an initial moratorium of one year.
- In the event of our Company failing to comply with any of the terms and conditions of the above Loan Agreement, our Parent Company shall be entitled to charge additional interest (2% per annum) on the entire balance then outstanding
- The prior approval of our Parent Company shall be required borrowing any further amounts from any other source and our Company is not permitted to create security of its receivables or other assets in favour of any other party without the prior consent of our Parent Company.

There is no prepayment penalty under the above Loan Agreement with our Parent Company. The Loan Agreement provides for indemnification by us of our Parent Company in the case of non-performance of the Loan Agreement with full costs and damages, if any.

Repayment of loan taken from Karnataka Bank Limited

For details, see the section titled “*Financial Indebtedness*” on page 214.

We intend to repay up to Rs. 419.67 million of our outstanding debt from the Net Proceeds of the Issue, which has been borrowed from Karnataka Bank Limited. Of the initial loan amount of Rs. 980 million, as on July 9, 2007 we have repaid Rs. 560.33 million, as certified by T. Vijay Kumar, Chartered Accountants datedJuly 11, 2007. As per the terms of the loan agreement, we propose to repay the balance amount of up to Rs. 419.67 million in the Fiscal 2008 from the Net Proceeds from the Issue.

The loans borrowed from the Karnataka Bank were utilized for the construction and development of the residential component of the Hill Ridge project. The loans were sanctioned through the Hypothecation Agreements dated November 4, 2004 and February 2, 2005. The sanction letter dated October 30, 2004 from the Karnataka Bank sanctioning a sum of Rs. 300 million provided that the credit facility was being sanctioned for the purpose of liquidating the liabilities with the earlier lenders and to part finance the development of integrated township at Kancha Gachibowli village, Serilingampally Mandal, Ranga Reddy District, Hyderabad, Andhra Pradesh.

The sanction letter dated January 31, 2005 from the Karnataka Bank sanctioning a sum of Rs. 680 million provided that the fresh credit facility was sanctioned for the purpose of reimbursement of Rs. 300 million to the Parent Company, which had remitted the same to LIC Housing Finance Limited, and for the completion of the project. The loan from LIC Housing Finance Limited was sanctioned for the purpose of developing and building housing units for residential purposes. The loans borrowed pursuant to the sanction letters dated October 30, 2004 and January 31, 2005 have been utilised for the purposes for which they have been borrowed.

T. Vijay Kumar, Chartered Accountants, have opined in their certificate dated March 16, 2007 that the loans have been utilised for the purposes for which they have been borrowed.
The loans that we propose to repay along with the repayment schedule is as set forth below:

S. No.	Name of the Lender	Purpose of the loan	Amount outstanding as on July 9, 2007	Restrictive Covenants	Nature of loans granted	Proposed Repayment during Fiscal 2008 (Rs. Million)
1.	Karnataka Bank Limited	Repayment of earlier loans borrowed by the Company, as described above	66.64	• Prohibition from opening accounts with any other banks or credit institutions until our liabilities to such bank terminate. • maintain in favor of the bank a margin between the value of mortgaged property and the balance due to the bank, as stipulated from time to time • restriction on creating any further charge/ encumbrance over the mortgaged property • permission to permitted to withdraw or recall the said loans or debit the installments/ interest without any reference to the Company.	Hypothecation Agreement dated November 4, 2004	66.64
2.	Karnataka Bank Limited	Repayment of earlier loans borrowed by the Company, as described above	353.03	• prohibition from opening accounts with any other banks or credit institutions until our liabilities to such bank terminate. • maintain in favor of the bank a margin between the value of mortgaged property and the balance due to the bank, as	Hypothecation Agreement dated February 2, 2005	353.03

S. No.	Name of the Lender	Purpose of the loan	Amount outstanding as on July 9, 2007	Restrictive Covenants	Nature of loans granted	Proposed Repayment during Fiscal 2008 (Rs. Million)
				stipulated from time to time • restriction on creating any further charge/ encumbrance over the mortgaged property • permission to permitted to withdraw or recall the said loans or debit the installments/ interest without any reference to the Company.		

Means of Finance

We intend to repay up to Rs. 419.67 million of our outstanding debt from the Net Proceeds of the Issue, which has been borrowed from Karnataka Bank Limited in fiscal 2008. As on July 9, 2007 we have repaid Rs. 560.33 million, as certified by T. Vijay Kumar, Chartered Accountants dated July 11, 2007.

We are required to obtain a no objection certificate from Karnataka Bank Limited, in the event that we undertake any further fund raising activities form any banks or financial institutions. We have also received the consent of Karnataka Bank Limited for this Issue.

There are no prepayment penalties under the above loan agreements.

Payment of the development right costs to our Parent Company

Our Parent Company has won a bid pursuant to a tender submitted for a group housing plots in Sectors 119 and 121, on a long term lease of 90 years in Noida and these lands have been allotted to our Parent Company, pursuant to two allotment letters dated October 4, 2006. Our Parent Company has vested in us the right to carry on development activities on these lands for a consideration of Rs. 857.06 million pursuant to two agreements dated November 30, 2006 under which we were entitled to 51% of the profits and losses arising out of such development activities and two other parties to the agreement were entitled to the remaining 49%. Subsequently, our Parent Company has entered into two development agreements dated February 14, 2007 overriding the agreements wherein it has entered into by us dated November 30, 2006 wherein we continue to be entitled to 51% of the profits and losses arising out of such development activities and the remaining 49% is transferred to our Parent Company. We have received the consent of the other parties for execution of the agreements dated February 14, 2007 and override the agreement dated November 30, 2006.

For the purpose of the disclosure in 'Land Reserves' we have only taken 51% of the interest in our Land Reserves. See 'Land Reserves' on page 62.

Agreements dated February 14, 2007 entered into by our Company with IVRCL

Our Company has entered into two agreements dated February 14, 2007 in relation to the lands situated at Sector 119 and 121. Pursuant to the terms of these agreements, our Company has the right to carry on the the development activities with respect to to these lands and shall be entitled to 51% of the profits and losses accruing out of the developed land. The main terms of the agreements are provided below:

- Our Company has the right to develop the projects and is entitled to 51% of the profits and losses accruing out of the developed land;
- Our Company shall be entitled to sell or lease the developed properties in accordance with the terms of the allotment letter issued by Noida to IVRCL;
- Our Company shall be liable for the timely completion of the project and indemnifies IVRCL for

any and all claims, litigations, damages etc. that may arise out of the execution of projects to be developed under these agreements;

- All the costs in relation to the development including stamp duty, cost of registration and all other costs shall be borne by our Company;
- The day to day management and implemention of the project shall be the responsibility of our Company
- The agreement superceedes the agreements dated November 30, 2006 entered into earlier

For details, see '*Material Documents*' on page 310.

Means of Finance

Under the aforesaid agreements, we are required to pay an amount of Rs. 857.06 million to our Parent Company as consideration for the transfer of the development rights with respect to the land located at Noida. We intend to pay this amount of Rs. 857.06 million from the Net Proceeds of the Issue, to our Parent Company during the Fiscal 2008.

General Corporate Purposes

We, in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes (which shall include any excess amounts collected from the Issue) towards acquisition of land, construction of projects, strategic initiatives and acquisitions, brand building exercises and the strengthening of our marketing capabilities.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in million)

Activity	Expenses*
Lead management fee and underwriting commissions	[•]
Advertising and Marketing expenses	[•]
Printing and stationery	[•]
Others (Monitoring agency fees, Registrars fee, legal fee, etc.)	[•]
TOTAL	**[•]**

* *Will be incorporated after finalisation of the Issue Price*

Working Capital Requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Interim use of funds

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdrafts.

Monitoring Utilization of Funds

Our Board will monitor the utilization of the Net Issue Proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for fiscal 2008, fiscal 2009 and fiscal 2010, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options, including utilising our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall.

Except as stated above, no part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter group companies or key managerial employees, except in the normal course of our business activities and as stated above in "*repayment of the development right costs to our Parent Company*" and "*Repayment of the loan taken from our Parent Company*".

Our Company shall appoint the monitoring agency, while filing the Red Herring Prospectus with the RoC.

For further details see "General Information" on page 11.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Qualitative Factors

For some of the qualitative factors, which form the basis for computing the price refer to "Our Business-Our Strengths" on page 54 and Risk Factors on page ix.

Quantitative Factors

Information presented in this section is derived from the Company's unconsolidated summary statement of assets and liabilities and unconsolidated summary statement of profits and losses, as restated and unconsolidated cash flows, as restated, under Indian GAAP as at and for the year ended March 31, 2006 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic and Diluted Earnings per Share (EPS) as per Accounting Standard 20

Year ended	EPS Annualised (Rs.)	Weight
March 31, 2005	(0.06)	1
March 31, 2006	3.42	2
March 31, 2007	4.60	3
Weighted Average	3.69	

Note:

- The earning per share has been computed by dividing net profit as restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the year.
- The face value of each Equity Share is Rs. 10/-

2. Price Earning Ratio (P/E) in relation to the Issue Price of Rs. [●] per share of Rs. 10 each

a. P/E ratio in relation to the Floor Price : 110.87 times
b. P/E ratio in relation to the Cap Price : 130.43 times
c. P/E based on EPS for the year ended March 31, 2007 : [•] times
d. P/E based on Weighted average EPS : [•] times
e. Industry P/E*
   i. Highest : 173
   ii. Lowest : 2.4
   iii. Industry Composite : 32.4

* P/E based on trailing twelve month earnings for the entire construction sector
Source: Capital Market, Volume XXII/08, June 18-July 1, 2007 (Industry-Construction)

3. Average Return on Networth (RoNW)

Year ended	RoNW (%)	Weight
March 31, 2005	(0.53)	1
March 31, 2006	20.81	2
March 31, 2007	25.88	3
Weighted Average	21.25	

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year.

4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2007 is [●]

Minimum Return on Total Net Worth at the Floor Price: 3.68%
Minimum Return on Total Net Worth at the Cap Price: 3.18%

5. *Net Asset Value*

NAV at the Floor Price : Rs. 124.95
NAV at the Cap Price : Rs. 144.80
NAV as at March 31, 2007 : Rs. 17.74 per Equity Share
NAV after the Issue : Rs. [●] per Equity Share
Issue Price : Rs. [●] per Equity Share

NAV per equity share has been calculated as shareholders' equity less miscellaneous expenses as divided by restated weighted average number of equity shares

The Issue price of Rs. [●] per Equity Share has been determined on the basis of the demand from investors through the Book building Process and is justified based on the above accounting ratios.

Comparison with other listed companies

	EPS (Rs.)* (TTM)	P/E as on May 28, 2007	RoNW (%)	NAV (Rs.)	Sales (Rs. in million)
IVR Prime Urban Developers Limited	5.12	110.87 at Floor Price 130.43 at Cap Price	28.81	17.77	1,478.27
Ansal Housing	20.8	11.5	24.3	55.1	1,175.0
D.S. Kulkarni	16.1	16.5	62.5	86.9	166.0
Mahindra Gesco	3.5	17.3	2.1	189.3	1211.0
Unitech	12.1	49.2	35.0	3.5	25,040.0
Parsvanath Developers Limited	14.7	21.6	70.0	79.2	12,361.0
Sobha Developers Limited	22.2	42.1	96.2	118.3	11,865

** TTM – Trailing Twelve Months ended March 31, 2007 # TTM – Trailing Twelve Months ended December 31, 2006 except for IVR PUDL*

All figures for peer group are from Source: Capital Market, Vol XXII/08 dated June 18-July 1, 2007 (Industry-Construction)

The peer listed companies, as stated above are engaged in the real estate business.

The Issue Price of Rs. [•] has been determined by us, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified based on the above accounting ratios. For further details, see the section titled "Risk Factors" beginning on page ix of this Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the auditor's report stated on page 163 of this Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors
IVR Prime Urban Developers Limited
M-22/3/RT, Vijayanagar Colony
Hyderabad- 500057

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to IVR Prime Urban Developers Limited (the "Company") and its shareholders under the Income-tax Act, 1961, Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent up fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

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

For **Deloitte Haskins & Sells Chartered Accountants**

P.R.Ramesh
Partner
Mem. No.: 70928

Place: Hyderabad
Date: June 25, 2007

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO IVR PRIME URBAN DEVELOPERS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (the IT Act)

I. BENEFITS AVAILABLE TO THE COMPANY

1. As per the provisions of section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income-tax.

2. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

   a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
   b. Income received in respect of units from the Administrator of the specified undertaking; or
   c. Income received in respect of units from the specified company:

   However, this exemption does not apply to any income arising from transfer of such units by the unit holder.

   For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a Company as referred to in section 2(h) of the said Act.

3. As per section 10(38) of the Act, Long term capital gains arising to the company on transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund will be exempt in the hands of the Company, provided such transaction is chargeable to securities transaction tax

   For this purpose, "Equity Oriented Fund" means a fund –

   (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
   (ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

   The Long Term Capital gains exempt under section 10(38) would be liable to book profit tax under section 115JB of the Act.

4. The company will be entitled to amortize preliminary expenses being the expenditure incurred on public issue of shares, under section 35D(2)(c)(iv) of the Act, subject to the limit specified in section 35D(3).

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   "Long term specified asset" for the purpose of making investment under section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or;

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

The investment in the Long Term Specified Asset made by the Company on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

6. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

   Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year.
   Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of the Company arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, cost of improvement and Long Term Capital Gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act plus applicable surcharge and education cess. Alternatively, at the option of the company, in respect of Long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% plus applicable surcharge and education cess.

8. In case the income tax payable under the normal provisions of the IT Act is less than 10% of the book profits of the Company, then such book profit would be deemed to be the total income of the Company for that year and minimum alternate tax (MAT) payable on such total income would be at the rate of 10% plus applicable surcharge and education cess.

9. Under section 115JAA(1A) of the Act, credit is allowed in respect of any MAT paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowed.

10. In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.

11. In accordance with and subject to the conditions specified under Section 80-IB (10) of the IT Act, the Company is eligible for hundred percent deduction of the profits derived from development and building of housing projects approved before 31st March, 2007, by a local authority.

12. As per the provisions of section 80-IAB, the Company is eligible for deduction of hundred percent of profit derived from business of developing a Special Economic Zone, notified on or after the 1st day of April, 2005 under the Special Economic Zones Act, 2005 for ten consecutive assessment years. The deduction can be claimed for any ten consecutive assessment years out of fifteen years beginning from the year in which Special Economic Zone has been notified by the Central Government.

13. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share of a company entered into in a recognized stock exchange, i.e., from taxable securities

transaction, he shall get rebate from the income-tax equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

II. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax in the hands of shareholder.

2. As per the provisions of section 10 (38) of the IT Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on recognized stock exchange of India and is liable to securities transaction tax.

3. As per the provisions of Section 111A of the IT Act, short-term capital gains from the sale of an equity share of the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

4. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of the shareholder arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, cost of improvement and Long Term Capital Gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act plus applicable surcharge and education cess. Alternatively, at the option of the shareholder, in respect of Long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% plus applicable surcharge and education cess.

5. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:

    a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988:

    b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

    If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

6. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the Income Tax under Section 80C for any assessment year beginning on or after 1 April, 2006.

    As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains(which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ("HUF") on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

7. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share of a company entered into in a recognized stock exchange, i.e., from taxable securities transaction, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount on account of securities transaction tax.

III. BENEFITS AVAILABLE TO NON-RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of any company is exempted from the tax and are not subjected to any deduction of tax at source.

2. As per the provisions of Section 10(38) of the IT Act, long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax provided the transaction of sale has been entered through a recognized stock exchange and such transaction is chargeable to securities transaction tax.

3. In terms of the first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares in or debentures of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The Capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

4. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:

   a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

   b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

   If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees

   The cost of long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the Income Tax under section 80C for any assessment year beginning on or after 1 April, 2006.

5. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

6. Under Section 111A of the IT Act, short-term capital gains arising from sale of an equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

7. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of the shareholder arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, cost of improvement and Long term capital gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act plus applicable surcharge and education cess. Alternatively, at the option of the shareholder, in respect of Long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% plus applicable surcharge and education cess.

8. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident Indian would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident Indian.

9. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions. he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. As such, no deduction will be allowed in computing the income chargeable to tax as capital Gains, such amount paid on account of securities transaction tax.

10. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII – A of the IT Act, which inter alia entitles them to the following benefits:

    a. As per the provisions of section 115E of the Income Tax Act, 1961, and subject to the conditions specified therein, long-term capital Gains arising on the transfer of Company's shares will be charged to Income Tax @ 10% (plus applicable surcharge and education cess).

    b. Under Section 115F of the IT Act, long-term capital gains arising to a Non-Resident Indian from transfer of shares of the Company, subscribed in convertible foreign exchange, shall be exempt from income tax, if the entire net consideration is reinvested in specified assets, as defined in section 115(f) of the IT Act / saving certificates referred to in clause 10(4B) of the Act, within 6 months of the date of transfer. Where only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets/ saving certificates are transferred or converted within 3 years from the date of their acquisition.

c. Under Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if the only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII – B of the IT Act.

d. Under Section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

IV. BENEFITS AVAILABLE TO MUTUAL FUNDS

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

V. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

1. As per the provisions of Section 10(34) of the IT Act, dividend income (referred to in Section 115-0 of the IT Act) would be exempt from tax in the hands of the shareholders of the Company and are not subjected to deduction of tax at source.

2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares of the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

3. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein. Long-term capital gains (which are not exempt under section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:

    a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

    b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act,1956;

    If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees

4. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions. he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. As such, no deduction will be allowed in computing the income chargeable to tax as capital Gains, such amount paid on account of securities transaction tax.

5. As per the provisions of Section 115AD of the IT Act, income (other than income by way of dividends referred to in section 115 O of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to section 115AB of the IT Act) would be taxed at concessional rates, as follows:

Nature of income	Rate of tax (%)
Income in respect of securities	20
Long term capital gains	10
Short term capital gains (Other than short term capital gain referred to in Section 111A)	30

The above tax rates would by increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the IT Act are not available.

As per the provisions of Section 111A of the IT Act, short-term capital gains arising from transfer of equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

6. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

VI. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

As per section 10(23FB) of the Act, all Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund will shall be chargeable to tax in the hands of such person.

VII. BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Assets as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

VIII. BENEFITS AVAILABLE UNDER THE GIFT- TAX ACT

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

Notes:

- *The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.*

- *The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.*

- *Legislation, its judicial interpretations and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless* *specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.*

- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.*

- *In respect on non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.*

- *The statement of possible tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act 2007.*

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of IVR Prime Urban Developers Limited. Deloitte Haskins & Sells, India shall not be liable to IVR Prime Urban Developers Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

SECTION IV: ABOUT THE COMPANY

INDUSTRY

The information in this section is derived from various government publications and other industry sources. Neither we nor any other person connected with the Issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current.

The Indian Economy

India is the world's largest democracy in terms of population, with a population of approximately 1.095 billion at July 2006. (Source: CIA World Fact Book) India stood as one of the largest economies in the world in the fiscal year ended March 31, 2006, with a GDP estimated at approximately US$575 billion.

In 1991, the Government of India initiated a series of major macroeconomic and structural reforms to promote economic stability and growth. The key reforms were focused on implementing fundamental economic reforms, deregulating industry, accelerating foreign investment and pushing forward a privatisation program for disinvestment in various public sector operations. In part as a result of the reform program, India's economy has recently registered significant growth, with average real GDP (at factor cost) growth of 8.42 per cent over the year ended March 31, 2006 and growth of 275 per cent from the year ended March 31, 1991, as illustrated in the following table:

	As of, and for the year ended March 31,			
	1991	**2004**	**2005**	**2006**
Real GDP at factor cost (Rs. millions)	6,928,710	22,260,410	23,936,710	25,953,339

Source: RBI Bulletin November 2006

The Indian economy continued to exhibit strong growth during the first quarter of 2006-07. According to the Central Statistical Organisation (CSO), real gross domestic product (GDP) registered an increase of 8.9 per cent in the first quarter (April-June) of 2006-07 as compared with 8.5 per cent in the corresponding period of 2005-06, benefiting from strong manufacturing as well as service sector activities. *(RBI Bulletin November 2006)*

The contributions to the GDP by sector have also undergone a change over the years. The services sector, with double-digit growth (10.5 per cent in April-June 2006 on top of 10.1 per cent in April-June 2005), remained the leading sector of the Indian economy. The services sector now accounts for more than 60 per cent of overall GDP. Services sector activity continued to be led by the sub-sector 'trade, hotel, restaurants, transport, storage and communication' which recorded growth of 13.2 per cent in the first quarter of 2006-07, contributing nearly 38 per cent to overall real GDP growth of 8.9 per cent during the quarter.

The following table shows the year to year percentage GDP growth by industry sector.

Gross Domestic Product (1999-00 Prices) at Factor Cost (Percentage change over the same period previous year)

	Agriculture, Forestry & Fishing	Mining & Quarrying	Manufacturing	Electricity, Gas & Water	Construction	Trade, Hotels, Transport & Communication	Finance, Insurance, Real Estate	Community, Social & Personal Services	Overall GDP
2003-04									
Q1	0.5	3.3	6.3	4.1	9.3	8.3	3.9	8.5	5.5
Q2	7.2	3.0	7.1	2.2	15.2	10.4	4.5	14.0	8.9
Q3	19.6	4.8	7.2	4.2	9.1	14.6	4.6	4.8	11.3
Q4	10.3	9.5	7.8	8.8	10.0	14.1	5.0	-3.1	7.9
2004-05									

Gross Domestic Product (1999-00 Prices) at Factor Cost (Percentage change over the same period previous year)									
	Agriculture, Forestry & Fishing	Mining & Quarrying	Manufacturing	Electricity, Gas & Water	Construction	Trade, Hotels, Transport & Communication	Finance, Insurance, Real Estate	Community, Social & Personal Services	Overall GDP
Q1	3.5	8.2	6.6	4.9	8.9	10.6	8.8	10.7	7.9
Q2	-0.2	6.0	8.3	7.9	6.8	11.2	7.5	4.8	6.7
Q3	-1.2	5.7	9.2	3.1	20.8	9.7	9.7	8.5	7.0
Q4	1.5	3.7	8.1	1.4	13.5	11.0	10.7	12.7	8.6
2005-06									
Q1	3.4	3.1	10.7	7.4	12.4	11.7	8.8	7.3	8.5
Q2	4.0	-2.6	8.1	2.6	12.3	11.0	10.5	8.0	8.4
Q3	2.9	0.0	8.3	5.0	11.5	10.2	8.9	8.4	7.5
Q4	5.5	3.0	8.9	6.1	12.0	12.9	10.5	7.6	9.3
2006-07									
Q1	**3.4**	**3.4**	**11.3**	**5.4**	**9.5**	**13.2**	**8.9**	**7.4**	**8.9**
Annual Average % (April-March)									
2002-03	-6.9	8.7	6.8	4.8	7.7	9.1	8.0	3.8	3.8
2003-04	10.0	5.3	7.1	4.8	10.9	12.0	4.5	5.4	8.5
2004-05*	0.7	5.8	8.1	4.3	12.5	10.6	9.2	9.2	7.5
2005-06**	3.9	0.9	9.0	5.3	12.1	11.5	9.7	7.8	8.4

Source: Central Statistical Organisation **Quick estimates released by CSO. **Advance estimates released by CSO*

http://www.ncaer.org/downloads/economictrends/trendsdata_nov2006.pdf

The Indian Real Estate Sector

The term "real estate" indicates land, including the air above it and the ground below it, and any building or structure that may be constructed upon it. It covers residential housing, commercial offices, trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories, and government buildings. Real estate involves the purchase, sale and development of land and residential and non-residential buildings. The real estate/construction sector plays an important role in the overall development of a country, as it is this sector that defines the country's infrastructure. Real estate is a major employment driver in India, being the second largest employer, next only to agriculture. This is because of the chain of backward and forward linkages that the sector has with other sectors of the economy.

Activities in the real estate sector may broadly be classified into (1) Residential, (2) Commercial and (3) the Retail segment and (4) Hotels. Each of these segments is discussed below.

5. The Residential Segment:

The Residential segment the largest in the real estate sector in India, involves development of properties, for housing and includes apartments, villas, row houses and bungalows. India continues to face an acute shortage of housing units. Based on the 2001 census, the housing shortage is estimated at 12.7 million units. (*Source: 10th Five Year Plan (2002-07)*)

Housing is considered a part of construction activities as per the National Accounts Statistics. Construction forms an important component of the economy, accounting for 5.1 per cent of GDP at constant prices and 6.2 per cent at current prices. Besides, it also ranks high in terms of linkages to the rest of the economy. It has a high employment-generating potential and has a high income-multiplier effect. In India, the share of housing construction as a part of GDP was at 3.13 per cent in 2003-04. This share has risen from a low 2.24 per cent in 1995-96. According to RBI, housing construction has grown from Rs. 437 billion in 1993-

94 to Rs. 1,024 billion in 2003-04 at a compounded annual growth rate (CAGR) of 8.06 per cent at constant cost.

Growth in housing manifests itself in three parameters: growth in housing stock, change in average floor space area ("FSA") and change in housing budgets.

(i) **Rise in number of houses:** According to the *CRIS INFAC Annual Housing Review* (December 2005) in volume terms, the total stock of occupied houses in the new middle and higher income housing category (*i.e.,* the category it refers to as "urban pucca non-slum" or UPNS housing) is estimated at 39.4 million in 2003-04. In 2004-05, 1.64 million houses were added to the stock of occupied houses. The figure of new house additions is expected to rise at a CAGR of 4.1 per cent over the next 5 years to reach 1.93 million by 2009-10.

The growth in housing stock in the UPNS is driven by

- growth in population and urbanization

India's population is expected to grow from an estimated 1092 million in 2005 to 1179 million by 2010. Urban centers are expected to grow at a faster rate, driven by attractive employment opportunities and better social infrastructure. The urban population is expected to grow at a CAGR of 2.6 per cent over 2005-06 to 2009-10.

Growth in population

	2001	2005	2010	CAGR 2004-05 to 2009-10
Urban	285,355	316,921	360,590	2.60%
Rural	741,660	775,575	818,488	1.10%
Total	1,027,015	1,092,496	1,179,078	1.50%

- faster growth in urban households as a result of nuclearisation and reduction of average size of household

It has been observed that the average size of the Indian household has been falling over time. This results in the number of households growing at a pace faster than the growth in the population itself. It is expected that the average size of a household will continue to decline over the next 5 years. Given this decline, the number of households in the urban segment is expected to grow at a CAGR of 2.9 per cent between 2004-05 and 2009-10.

- conversion from slum katcha or semi-pucca in urban areas to pucca non-slums (driven by income).

Rising incomes results in migration of households from katcha and semi pucca houses and to pucca houses from the slums to non slums. Expected transition of households is around 4.1 per cent.

(ii) **Increase in floor space area:** The total FSA in the UPNS ("Urban Pucca Non-Slum Segment") segment was estimated at 2,848 million square metres in 2003-04, with an estimated 164 million square metres added in 2004-05. The addition to the total FSA is expected to grow at a CAGR of 4.5 per cent over the next 5 years to 203 million square metres added each year by 2009-10. The growth in FSA in turn depends on the growth in households in the UPNS segment and the average FSA of a house.

(iii) **Rise in spending on housing:** The declared spending on new houses is estimated at Rs. 1,718 billion in 2004-05 in the UPNS and is expected to grow at a CAGR of 18.6 per cent over the next 5 years to Rs. 4,034 billion in 2009-10. In real terms, after eliminating the effects of inflation and the rising proportion of declared housing expenditures versus undeclared expenditures, the spending on new houses is estimated at 9.1 per cent. The overall housing spending in the UPNS segment is a function of the housing budgets and the number of new houses being constructed every year in that segment. The housing budgets themselves are influenced by housing finance, inflation and upgrading of lifestyles. Households with higher income spend more on housing.

As the Indian economy continues its growth, its middle class is also growing, with increased disposable income. Over time a high proportion of the population has moved, and is expected to continue to move, into higher income brackets. In particular, the higher income groups have grown at a greater rate in urban centres than in rural areas. (*Source: NCAER's report – "The Great Indian Middle Class" 2004-05*)

Classification	Income class		No. of households in '000				Annual growth rate (%)		
	INR '000 p.a.	USD p.a.	1995-96	2001-02	2005-06*	2009-10*	1995-96 to 2001-02	2001-02 to 2005-06*	2005-06 to 2009-10*
Deprived	<90	<2,070	131,176	135,378	132,249	114,394	0.5	-0.6	-3.6
Aspirers	90-200	2,070-4,600	28,901	41,262	53,276	75,304	6.1	6.6	9.0
Seekers	200-500	4,600-11,500	3,881	9,034	13,813	22,268	15.1	11.2	12.7
Strivers	500-1,000	11,500-22,990	651	1,712	3,212	6,173	17.5	17.0	17.7
Near rich	1,000-2,000	22,990-45,980	189	546	1,122	2,373	19.4	19.7	20.6
Clear rich	2,000-5,000	45,980-114,940	63	201	454	1,037	21.3	22.6	22.9
Sheer rich	5,000-10,000	114,940-229,890	11	40	103	255	23.4	26.8	25.4
Super rich	>10,000	>229,890	5	20	53	141	25.8	27.9	28.1
		Total	**165,877**	**188,193**	**204,282**	**221,945**	**N.A.**	**N.A.**	**N.A.**

In particular, the higher income groups have grown at a greater rate in urban centres than in rural areas. The following tables show the development of the Indian middle and upper classes in both urban and rural areas in the past and as forecast for the near future.

Classification	Income class		No. of households in '000				Annual Growth 1995-01 (%)	
			1995-96		2001-02			
	INR '000 p.a.	USD p.a.	Urban	Rural	Urban	Rural	Urban	Rural
Deprived	<90	<2,070	29,295	101,881	24,632	110,746	-2.8	1.4
Aspirers	90-200	2,070-4,600	14,541	143,59	21,267	19,995	6.5	5.7
Seekers	200-500	4,600-11,500	2,239	1,642	5,762	3,272	17.1	12.2
Strivers	500-1,000	11,500-22,990	428	223	1,204	507	18.8	14.7
Near rich	1,000-2,000	22,990-45,980	135	53	410	136	20.3	16.8
Clear rich	2,000-5,000	45,980-114,940	49	14	161	41	21.9	19.1
Sheer rich	5,000-10,000	114,940-229,890	9	2	34	6	23.7	21.8
Super rich	>10,000	>229,890	4	1	17	2	26	24.7
		Total	**46,701**	**118,175**	**53,486**	**134,705**		

Source: NCAER's report - "The Great Indian Middle Class" 2004-05

Classification	Income class		No. of households in '000				Annual Growth 2005-06 to 2009-10 (%) (1)	
			2005-06 (1)		2009-10(1)			
	INR '000 p.a.	USD p.a.	Urban	Rural	Urban	Rural	Urban	Rural
Deprived	<90	<2070	23,156	109,093	18,019	96,345	-6.0	-3.0
Aspirers	90-200	2,070-4,600	25,158	28,118	29,249	46,055	3.8	13.1
Seekers	200-500	4,600-11,500	8,889	4,923	14,313	7,955	12.6	12.7
Strivers	500-1,000	11,500-22,990	2,301	911	4,629	1,544	19.1	14.1
Near rich	1,000-2,000	22,990-45,980	842	280	1,793	581	20.8	19.9
Clear rich	2,000-5,000	45,980-114,940	360	94	825	212	23.0	22.5
Sheer rich	5,000-10,000	114,940-229,890	87	16	219	37	25.7	23.7
Super rich	>10,000	>229,890	46	6	126	16	28.2	27.4
		Total	**60,839**	**143,441**	**69,173**	**152,745**		

Source: NCAER's report - "The Great Indian Middle Class" 2004-05 (1) Forecast data

The growth of the Indian economy and the growth of the Indian middle class has contributed to increased demand for housing units. As a result, growth of the Indian economy has been the primary growth driver for the overall real estate sector in India.

6. **The Commercial Segment**

Commercial construction comprises office space construction, hotels, hospitals, schools and stadiums. In India, most of the investment in this segment is driven by office space construction. Within office space construction activity, almost 60 per cent of the demand comes from IT/BPO/call centres. The other key demand drivers include banking and financial services, FMCG and telecom. This dependency is expected to continue due to India's emergence as a preferred outsourcing destination. In the last 4 years the IT sector continued to grow at a healthy rate, while ITES showed 48 per cent growth. Going forward revenue from ITES is expected to grow at a CAGR of 30 per cent to reach $19.7 billion in 2009-10 and revenue from the IT service industry's expected to grow at a CAGR of 26 per cent to reach $28.5 billion by 2008-09. Consequently growth in the sector should translate into substantially higher demand for commercial space.

The construction activity which was until recently focused on metropolitan areas is spreading to Tier II and Tier III cities as well. Currently almost 60 per cent of the new projects have been concentrated in Bangalore, Chennai and Hyderabad. Besides traditional 'infotech cities' such as Bangalore, Mumbai and Delhi, activity is also seen in other cities, notably Pune, Hyderabad, Chennai and Kolkata.

(Cris Infac Construction Annual Review February 2006)

Commercial Locations in India

Over the past five years, locations such as Bangalore, Gurgaon, Noida, Hyderabad, Chennai, Kolkata and Pune have evolved and have established themselves as emerging business destinations increasingly competing with the traditional business destinations of Mumbai and Delhi as far as commercial real estate occupancy is concerned. The key to the growth of these destinations has been their ability to provide the necessary human resources base with the required skill sets, competitive business environment, operating cost advantages, and quality of urban infrastructure offered.

Commercial Property Life Cycle

Based on the investment opportunities offered by a location, its life-cycle can be charted through four broad stages (i) growth, (ii) equilibrium, (iii) decline and (iv) recovery.

The growth stage is characterised by an increasing demand for properties in the city. More and more corporations choose to relocate their operations into the city to take advantage of the opportunities offered by it, thereby raising the occupancy rates of available properties. Consequently, the property prices as well as the rentals show an upward trend. The growth stage is followed by the equilibrium stage. In this stage, as the demand and supply for commercial space are more or less equal, the property prices and rentals initially show a rising trend, achieve their peak levels and then flatten out.

Over a period of time, the equilibrium stage gives way to the decline stage. The decline stage is marked by decreasing occupancy levels in the city as corporations relocate their offices from the chief business locations to the suburban or peripheral locations. In light of the waning demand, the occupancy levels register a decreasing trend of growth. In this stage property prices and rentals also register a decline in growth. The decline stage is followed by the recovery stage. In the recovery stage, as the availability of properties continues to exceed their demand, this stage is characterised by low occupancy rates of city properties. Property prices are at a discount as compared to the previous stages.

Competitive positioning of growth centres in India

Based on the current and expected growth potential, various locations in the country can be classified as (i) mature destinations (ii) destinations in transition (iii) emerging destinations and (iv) tier III cities. The cities that fall under each of these classifications are discussed as follows:

Mature Destinations: Locations like Mumbai and Delhi, with their metropolitan characters have been traditional business destinations and have a favourable track record in attracting investments. However, factors such as increasing operating costs, real estate supply constraints and socio-political risks are potential impediments in sustaining a high rate of growth. Commercial real estate growth in these locations is expected to be range-bound and focused mostly around the suburbs and peripheral locations in the coming years.

Destinations in Transition: Locations falling under this category are those that offer a large captive human resource potential, availability of quality real estate and operating cost advantages. These are the locations that are best positioned to attract investment in the coming years. Accordingly, the locations of Bangalore and Gurgaon fall into this category. However, infrastructure bottlenecks form the main hurdles in their growth path.

Emerging Destinations: Pune, Chennai, Hyderabad and Kolkata constitute the "emerging destinations" group. Cost advantages, well-developed infrastructure, limited real estate supply constraints and city governance are their key offerings. Though the number of large occupants in these locations has yet to reach optimum levels, these locations feature predominantly on the investment map. Growth of these locations is predominantly led by expansion and consolidation plans of corporations in the IT and ITES sectors.

Tier III Cities: The locations that would fall under this category include Jaipur, Coimbatore, Ahmedabad, and Lucknow. With the availability of the requisite talent pool coupled with low cost real estate, there is a growing interest in these Tier III cities from the technology sector players, who seek to expand their operations into these previously untapped locations. Over the next 3-5 years, these markets are likely to see significant real estate growth.

(Source: "Real Estate: An emerging growth sector in India" by Cushman and Wakefield)

7. The Retail Segment

The strengthening macro-economic scenario and changing demographic profiles have had a major role in the growth and emergence of the retail sector in India. The following factors have served as key catalysts for the retail sector growth:

- Growth in per capita income and household consumption;
- Changing demographics and improved standard of living;
- Changing consumption patterns and accessibility to low-cost consumer credit; and
- Infrastructure improvements and increased availability of retail space.

Historically, the Indian retail sector has been dominated by small independent players such as the local *kirana* stores (traditional, small-format, neighbourhood grocery stores). However, during the 1990's, organised retail gained increased acceptance, due to changing demographic factors such as the increasing number of working women, changes in perception of branded products, the entry of international retailers into the market and the growing number of retail malls.

As per CRIS INFAC estimates, retail spending in India in fiscal 2005 stood at Rs. 9,990 billion, of which the organised sector accounts for Rs. 349 billion, or approximately 3.5 per cent. The size of the organised sector is expected to grow at 25-30 per cent p.a., reaching Rs. 1,095 billion in 2010. Though the players in the organised retail segment have concentrated on larger cities in the country, retailers have also announced expansion plans into towns and rural areas. CRIS INFAC estimates the investment requirement for this sector over the next five years to be Rs. 31 billion per year (CRIS INFAC Annual Review on Retailing Industry – September 2005).

8. Hotels

Recent growth in the hotel sector in India has been caused primarily by the growing economy, increased business travel and tourism. CRIS INFAC expects that room demand will grow by approximately 10 per cent over the next five years. This is expected to be accompanied by increases in average room rates of 27 per cent and 21 per cent in fiscal 2006 and 2007. It is expected that the growth in occupancy rates will be assisted by factors such as the 10 per cent CAGR in the number of incoming travellers into India over the next five years.

According to HVS International, the majority of segments in the Indian hotel industry have shown robust recent growth in room rates as well as occupancy rates ("Indian Hotel Values – Has the Summit Been Scaled?" (April 26, 2006)). With increased demand and limited availability of quality accommodation, the average room rates in metropolitan markets have shown significant growth in 2006 including 36.7 per cent for Hyderabad, 32.5 per cent for Delhi, 30.5 per cent for Jaipur, 24.7 per cent for Mumbai and 24.0 per cent for Bangalore. Agra, Kolkata, Chennai and Goa experienced a growth range of between 17.0 per cent to 21.0 per cent in 2006 ("Hotels in India – Trends in India"). The general increase in both room rates and occupancy rates is expected to contribute significantly to the demand for new hotel developments.

Housing Finance

The upswing in housing construction activity has also been aided by the easy availability of housing finance. Rising penetration of housing finance will continue to contribute towards robust growth.

From National Sample Survey Organisation it is observed that housing finance has increased the housing budget by 28 per cent in the period 1998-2002. The fall in interest rates, the lengthening of tenure and rising loan to value ratio have further increased the purchasing power of households that use housing finance. The increase in purchasing power due to the above mentioned variables has now risen from 28 per cent to 63 per cent, a growth of 8.3 per cent CAGR between 2001-02 and 2004-05.

Impact of Tax Incentives

Tax incentives to housing finance have been a significant contributor towards the growth of housing finance and the housing sector. Fiscal incentives are provided to the borrowers of housing loans in the form of exemptions and rebates on interest payment and principal repayment. These have a significant impact on the housing budgets of individuals. As a result of the boost to housing spending due to tax, increases in spending power due to housing finance and rising incomes, it is expected that the overall UPNS segment will grow at a CAGR of 7.3 per cent between 2004-05 and 2009-10.

Challenges Facing the Indian Real Estate Sector

Regional reach of existing players. Considering the peculiar features of the real estate sector, such as the differing tastes of population and levels of economic development across various geographies, difficulties in mass land acquisition on unfamiliar terrain, the absence of business infrastructure to market projects at new locations, the wide number of approvals to be obtained from different authorities at various stages of construction under the local laws, and the long gestation period of projects, most real estate developers in

India are regionally based in tested areas where the conditions are most familiar to them. As a result, currently there are very few players in the country who can claim to have a pan-national area of operations.

Majority of market belonging to unorganised segment. The Indian Real Estate Sector is highly fragmented with the disorganised segment comprised of small builders and contractors accounting for a majority of the housing units constructed. As a result, there is not a large degree of transparency in sharing of data across the industry.

Demand is dependent on many factors. A challenge that real estate developers face is generating the requisite demand for the properties constructed. The factors that influence a customer's choice in property is not restricted to quality alone, but is dependent on a number of other external factors, including proximity to urban areas and amenities such as schools, roads, water supply, which are often beyond the developer's sphere of reach. Also, demand for housing units is influenced by policy decisions relating to housing incentives.

Increasing raw material prices. Construction activities are often funded by the client, which makes cash advances at different stages of construction. In other words, the total amount of revenue from a project is predetermined and the realisation of this revenue is scattered across the period of construction. A significant challenge that real estate developers face is dealing with adverse movements in costs. The real estate sector is dependent on a number of raw materials, such as cement, steel, bricks, wood, sand, gravel and paints. As the revenues from sale of units are predetermined, adverse price changes in any of the raw materials directly affect the bottom lines of developers.

Interest rates. One of the main drivers of the growth in demand for housing units is the availability of financing at low rates. Interest rates however have shown signs of increasing in recent months and most of the leading financial institutions have recently raised interest rates on housing loans. This trend of rising interest rates could dampen growth in demand for housing units.

Tax incentives. The existing tax incentives available for housing loans are one of the major factors influencing demand. However, based on recommendations of various committees and panels, these tax incentives are likely to be withdrawn.

OUR BUSINESS

Overview

IVR Prime Urban Developers Limited (the "Company" or "IVR PUDL"), a subsidiary of IVRCL, is a growing real estate development company focusing on integrated townships, residential developments, and commercial projects, including hotels, retail malls, IT parks and other projects in various parts of India. As onJune 21, 2007, our Land Reserves consisted of approximately 2,478.85acres, representing approximately 75.45million sq. ft. of Saleable Area (including 0.1 million sq. ft. in relation to unsold villas and flats in Hill Ridge Project), in the cities of Hyderabad, Visakhapatnam, Chennai, Bangalore, Pune and Noida.

We were incorporated by our Individual Promoters in 1996 and became a subsidiary of IVRCL in 2001. Our Company was selected as a special purpose vehicle to develop the residential complex in Gachibowli, Hyderabad for the athletes and officials of the 32nd National Games held there in December 2002. Gachibowli Village Project, our first project, marked our entry to the real estate market. Gachibowli Village is a fully integrated township near Cyberabad, in Hyderabad, spread over approximately 38 acres. We have completed development of a built-up area of approximately 2 million sq. ft. consisting of 17 high rise towers with 664 apartments and 125 independent villas. We are currently developing approximately 0.87 million sq. ft. retail mall with a multiplex cinema, which will include apparel stores, restaurant outlets and entertainment centres, as well as an IT park consisting of approximately 0.70 million sq. ft. office tower above the retail mall. In addition, we plan to develop a business hotel of approximately 0.50 million sq. ft.

Our forthcoming projects, for which we have completed or are in the process of completing land acquisition and for which we have commenced project planning, include:

- an aggregate Saleable Area of approximately 2.99 million sq. ft. in Hyderabad, consisting of a high-rise residential and commercial development at Hi-tech City and a retail mall, IT park and hotel development at Gachibowli Village and unsold villas and apartments in the Hill Ridge Project;
- an aggregate Saleable Area of approximately 47.62 million sq. ft. in Chennai, including mass housing, an IT park, hotel, golf course and convention centre;
- an aggregate Saleable Area of approximately 4.40 million sq. ft. in Bangalore, consisting of residential apartments and villas and commercial developments;
- an aggregate Saleable Area of approximately 9.00 million sq. ft. in Pune, consisting of residential apartments and villas and commercial developments; and
- an aggregate Saleable Area of approximately 6.73 million sq. ft. in Noida, including high-rise residential development and commercial development as part of a SEZ.
- an aggregate Saleable Area of approximately 4.71 million sq. ft. in Visakhapatnam, including middle income homes and plots.

The above forthcoming projects, aggregate approximately 7.84 million sq. ft of Saleable Area, which are being developed on a joint development basis.

For fiscal 2007 and fiscal 2006, the Company had unconsolidated restated total income of Rs. 1,478.27 million and Rs. 1,364.25 million, respectively, and unconsolidated restated profit after tax of Rs. 206.79 million and Rs. 117.04 million, respectively.

Our Parent Company, IVRCL is an integrated construction and development company with 3,851 employees (as onJune 21, 2007), which is involved in a wide variety of projects ranging from commercial buildings and industrial structures to infrastructure construction, including construction of water supply facilities and environmental projects, roads, bridges, and power and transmission facilities. As on March 31, 2007, IVRCL has constructed approximately 15.40million sq. ft. of residential and commercial projects. For fiscal 2007 and fiscal 2006, our Parent Company had unconsolidated total income of approximately Rs. 23,464.60 million and Rs. 15,214.20 million, respectively, and unconsolidated profit after tax of approximately Rs 1,414.60million and Rs. 929.55 million, respectively.

Our strengths

We believe that the following are our principal strengths, which have contributed to our current competitive position in the real estate development sector:

We have extensive Land Reserves

As of June 21, 2007 our Land Reserves consists of approximately 2,478.85acres, representing approximately 75.45million sq. ft. of Saleable Area (including 0.1 million sq. ft. in relation to unsold villas and flats in Hill Ridge Project) in the cities of Hyderabad, Visakhapatnam, Chennai, Bangalore, Pune and Noida. Therefore, our Land Reserves enable us to undertake projects at various locations across these cities.

We have an ability to identify emerging local markets and potential areas of development

An important element of our success is our ability to identify areas in which our customers demand residential or commercial projects or in areas in which we foresee development in the future. The IVRCL Group's market intelligence is an important asset in identifying these opportunities.

We can potentially gain the early mover advantage from the IVRCL Group's experience and the ability of our management to evaluate potential locations that are relatively undeveloped. Further we actively acquire land that may be available for sale in areas in which our customers demand residential or commercial projects or in areas in which we foresee development in the future. We are guided by our joint strategy of focusing on rapidly growing cities such as Hyderabad, Chennai, Noida, Bangalore and Pune and developing large residential and commercial projects within the metropolitan areas of these cities. We believe that the expertise acquired by us in the development of Gachibowli Village Project provides us with an ideal platform to develop other large projects.

We have a qualified and proven senior management team

Our Company's board substantially comprises of the senior management of IVRCL, which has extensively proven its capabilities in implementing high growth business strategies. In fact this team participated earlier in the restructuring and turn around of Hindustan Dorr-Oliver Limited (a subsidiary of IVRCL).

The Company has rapidly recruited key personnel within the industry to fill the senior management positions in the areas of operations, finance, sales and marketing, procurement, legal as well business development and strategic planning. With specific reference to certain common services, the company currently enjoys access to the expertise and contacts of its parent company IVRCL. Recruitment is an ongoing process and shall be in line with our business plans.

We benefit from our Parent Company's execution capabilities

We benefit from our in-house execution expertise and the expertise of our Parent Company. Our Parent Company has a long and successful history in relation to the execution of complex construction projects of every kind and nature. As on March 31, 2007, IVRCL has constructed approximately 15.40 million sq. ft. of residential and commercial projects and is currently constructing 10.06 million sq. ft. of projects.

This ready access to key competencies and resources can help us deliver a project from conceptualization to completion. The successful association of our Parent Company with various other contractors and sub-contractors benefits us in successfully executing our projects.

Our Parent Company is also experienced in satisfying the prequalification requirements that are specified for large government projects. Additionally, we are able to benefit from economic efficiencies resulting from being part of a larger group of companies. As a developer, we can make joint purchases with other group companies associated with our Parent Company, which enables us to purchase important raw materials (such as steel and cement) at volume discounts.

We are able to utilize the brand recognition and network alliances of the IVRCL Group

We believe that we benefit substantially from the "IVRCL" name and brand. We also believe that the IVRCL Group's premium brand positioning and reputation has allowed us to market our projects more effectively.

Our own brand and market reputation were significantly enhanced by the success of our Gachibowli project, which we delivered on time to the Government of Andhra Pradesh. IVRCL was the construction contractor for this project, which was completed in less than one year, with the help of IVR PUDL's project management and development model. We believe that our Gachibowli project has established our reputation as a real estate development company capable of successfully delivering large and complex projects.

The IVRCL Group's wide ranging construction projects and network of contractors and suppliers are important sources of market intelligence for land acquisition opportunities for the Company. In addition, we benefit from access to IVRCL's network of strategic alliances, as well as several discrete alliances with reputable entities such as Bentel Associates Realty Design Consultants Private Limited and Pioneer Property Zone Services Private Limited.

Access to skilled labour

In addition to our own permanent employees, we can access the personnel of the IVRCL Group. This ensures that irrespective of the size of the project, our projects will be adequately staffed with a highly skilled, trained workforce. As ofJune 21, 2007, we had 306permanent employees. IVRCL had a highly qualified and well-trained workforce of over 3,851 employees at that date. Please find below the location-wise breakdown of IVRCL employees as ofJune 21, 2007:

S.No	Location	No. of Employees
1.	Pune	820
2.	Andhra Pradesh (including Head Office)	1,035
3.	Bangalore	193
4.	Chennai	775
5.	Delhi	1,028
	TOTAL	**3,851**

We also benefit from construction and project management capabilities, particularly in residential and commercial, real estate development, and our and our Parent Company's working relationships with various sub-contractors and suppliers. These sub-contractors have, over time, provided high-quality work and timely delivery.

Strategy

We intend to pursue the following business strategies to strengthen and develop our market share in the real estate development market in India:

Focused land acquisition strategy in growing cities

We actively seek to identify low cost land in fast growing cities and suburbs which attract increasing economic activity in manufacturing, IT/ITES, telecommunications or other sectors. Accordingly, we have acquired and are also in the process of acquiring land in Hyderabad, Visakhapatnam, Chennai, Bangalore, Pune and Noida. Our residential development activities have been focused on developing large projects on the outskirts of these cities. By identifying low cost land in proximity to areas which have a potential for exponential economic growth, we reduce our business risk and increase the potential for profit.

Entering into joint development agreements

In addition to the construction and development of residential and commercial premises on the lands owned by us, we also enter into joint development agreements with landowners or other third parties in which we retain control of the development role in relation to the lands owned by these parties. Under joint development agreements, we share the market risks of development with the landowners, but not the cost of the land. Accordingly, we pursue projects under a joint development mode, particularly, when the cost of land is high or where landowners do not wish to sell their land. See "Our Land Reserves" on page 62.

Development of a mix of residential and commercial projects

We intend to develop a mix of residential, commercial, retail and hotel projects to realize the full potential of our Land Reserves and prevailing market trends. We also intend to develop lands located in SEZs. This flexible development strategy will allow us to capitalize on the opportunities generated by different sectors of the Indian economy as they come to fruition in different geographic areas of the country. We intend to primarily follow a build and sell model for our properties. We may also evaluate opportunities to get other partners in our projects from time to time.

Mass housing projects in manufacturing centres

We intend to focus on development of large residential projects, which are constructed in manufacturing oriented centres or other areas that attract significant economic activity. These projects will cater to India's rapidly growing blue-collar workforce and will be constructed using the capabilities of our Parent Company in addition to other local construction companies. We intend to provide low cost affordable home to our customers. We believe that with our Parent Company as our partner, we have the ability to tackle larger and more complex residential projects than many of our competitors. Our largest proposed project is the mass housing project in Chennai, which includes other integrated commercial facilities such as an IT Park.

Continue to develop our IVR Prime Urban Brand

We intend to focus on continuing to develop our IVR Prime Urban brand. Our brand and market reputation were significantly enhanced by the success of our Gachibowli Village Project, which we delivered on time to the Government of Andhra Pradesh as a facility for the national games. We plan to continue to invest in our brand through our forthcoming Projects.

Develop our own independent project development capabilities

While we had initially accessed the core competencies of our parent company IVRCL in the areas of land acquisition, legal, finance, project management and marketing, we have already begun recruitment of senior management personnel to head these disciplines to enable develop our own capabilities.

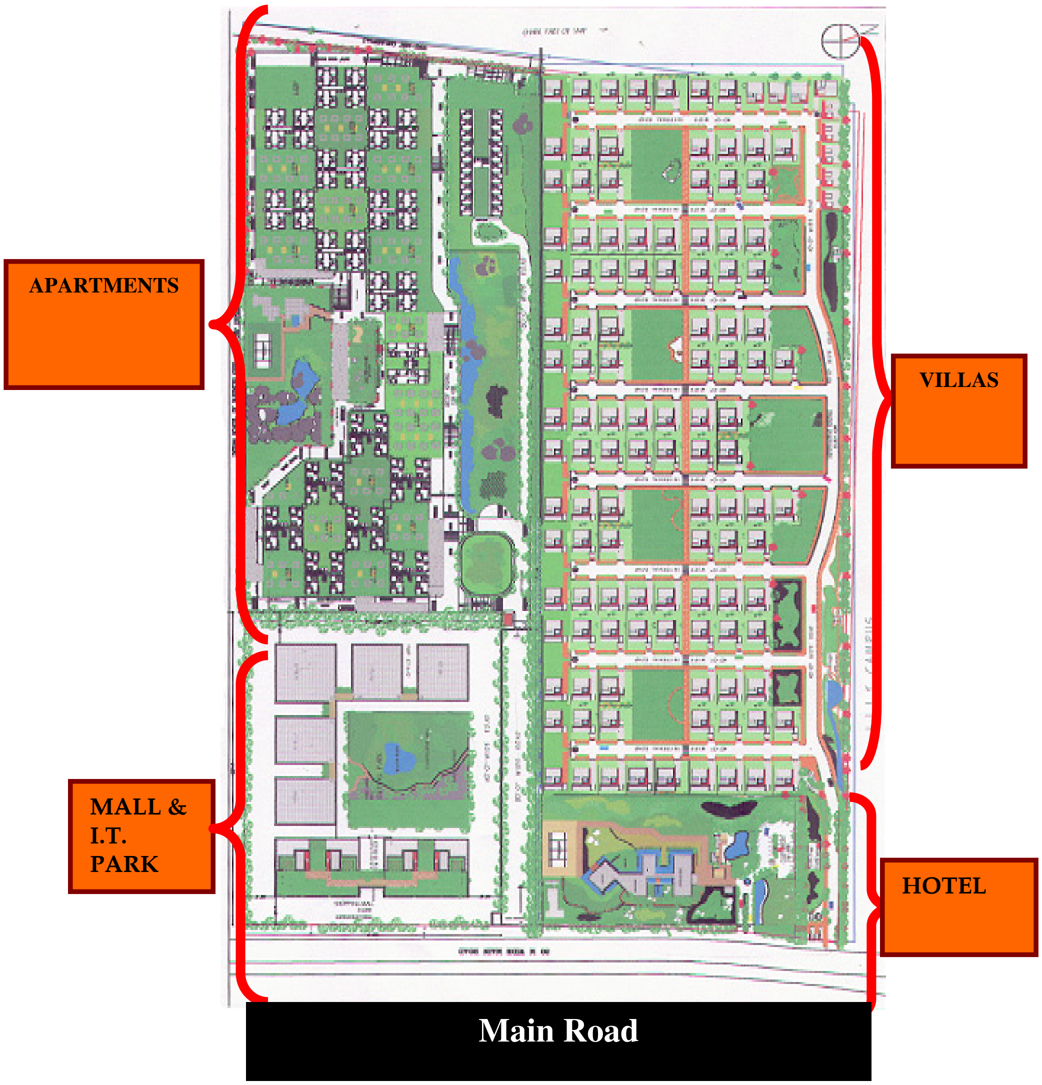
Our Completed and Current Projects

Gachibowli Village Project

Our first project was the development of the Gachibowli Village Project, located at Gachibowli, Hyderabad. Gachibowli Village Project is approximately 38 acres and was constructed to provide accommodation, living and leisure facilities for the athletes competing in the 32nd edition of the National Games, which took place in December 2002. Upon the completion of the National Games, we began selling the accommodations as apartments under the name Hill Ridge.

Gachibowli -- The Hill Ridge Project

The Hill Ridge consists of Hill Ridge Springs featuring 664 residential apartments and Hill Ridge Villas featuring 125 villas. The Hill Ridge project is located in Gachibowli, an IT corridor in the outskirts of Hyderabad, which includes offices of leading IT companies, banks and other corporates. We are currently in the initial stages of development of a mall and IT park at Gachibowli which includes a multiplex cinema, shops and restaurants and an office tower above the mall, with a Saleable Area (excluding parking) aggregating approximately 1.57 million sq. feet. Set forth below is a map of our Gachibowli project.



Details of the Hill Ridge Project are set forth below:

Name of the Development	Geographical location in Hyderabad	Features/Number Units	Super built-up area	Parking area	Total
Hill Ridge Springs	Gachibowli	664 residential apartments	1,165,626 sq. ft	245,489 sq. ft	1,411,115 sq. ft
Hill Ridge Villas	Gachibowli	125 villas ranging	539,791 sq. ft	-	539,791 sq. ft

Name of the Development	Geographical location in Hyderabad	Features/Number Units	Super built-up area	Parking area	Total
		between 2,100-5,200 sq. ft.			
				TOTAL	1,950,906 sq. ft

The Hill Ridge Villas consist of a total of 125 luxury villas and are part of a self-contained community. The villas are luxury, detached residences, ranging between 2,100 and 5,200 sq. ft. Its electricity back-up facility, water supply, rain water harvesting, sewage, garbage disposal systems and sheer walls have been designed to safeguard against any seismic activity in the region. The dwellings themselves come with telecommunications, internet connectivity and have optional video door phones and closed circuit TV as additional security systems. As of March 31, 2007, 112 villas had been sold.

The Hill Ridge Springs consist of a total of 664 residential apartments which include 70 one bedroom, 224 two bedroom, 320 three bedroom and 20 four bedroom apartments and 30 penthouses. As of March 31, 2007, 641 units have been sold.

Safety has been prioritised with traffic management procedures in place that provide demarcation for pedestrian and vehicular traffic, ensuring smooth movement. An elaborate fire fighting system is connected to the storage capacity of recycled, treated water as also to the swimming pools, artificial lake and storm water drains. Fire hydrants are provided outside every building and extended inconspicuously into every floor with concealed outlets. Sprinkler systems have been built into the site as an additional precaution against fire.

Our Proposed Projects

We are presently working on proposed residential, commercial, retail and hotel projects, for which we are completing land acquisition and have commenced project planning, in Hyderabad, Chennai, Bangalore, Pune, Noida and Visakhapatnam, aggregating approximately 75.45 million sq. ft. of super built-up area (of which 75.35 million sq.ft is the developable area). The projects involve approximately 72.45% residential use aggregate approximately 54.59 million sq. ft, 23.98% commercial use aggregate 18.07 million sq. ft, 2.19% retail use aggregate approximately 1.65million sq. ft and 1.38% hotels and other use, spread over aggregate approximately 1.04 million sq. ft. In most of these projects, we expect our Parent Company to be the project contractor. These projects are expected to be completed by 2012.

Our proposed projects include projects for which we have either completed the acquisition of the lands, or have acquired the development rights or have entered into a agreement to sell or MoU to acquire lands or a joint a development agreement. As these are proposed projects, we in the process of making the applications for the relevant approvals. See risk factor "*We are yet to make the applications or receive approvals, in few cases in relation to some of our forthcoming projects*" on page xi and "Our Business- Our Land Reserves" on page 62.

The details of our proposed projects, their locations with their corresponding area and their Saleable Area of each project are as follows:

Project and location	Nature of development	Extent (In acres- our proportionate share)	Saleable Area* (mn. sq. ft.)
HYDERABAD			
IT Park, Hill Ridge project	Commercial		0.70
Mall, Hill Ridge Project	Retail		0.87
Hotel, Hill Ridge project	Hospitality	11.63	0.50
Villas and apartments, Hill Ridge project	Residential		0.10*
Hill Ridge Club	Hospitality	2.13	-
Gachibowli project	Residential	2.03	0.30

Project and location	Nature of development	Extent (In acres- our proportionate share)	Saleable Area* (mn. sq. ft.)
Hi-tech city	Residential	1.78	0.27
	Commercial	1.78	0.27
VISAKHAPATNAM			
Visakhapatnam	Residential	74.28	4.71
CHENNAI			
Prime Celestial	Residential	140.00	9.15
	IT Park	160.00	10.00
	Hospitality	113.85	0.30
	Educational institution & Hospital	40.00	1.00
Prime Pacific	Residential	546.02	19.34
	Commercial	50.00	3.27
	Retail	25.00	0.78
Prime Auburn	Residential	277.95	3.78
BANGALORE			
Green Vista	Residential	16.25	0.62
Whitefield (Apartments)	Residential	2.28	0.20
Prime Lake	Residential	30.58	2.46
	Commercial	3.18	0.24
Kudlu	Residential	14.60	0.47
Jigani	Residential	6.24	0.41
PUNE			
Bhajgaon	Residential	92.41	2.94
Pimpri	Residential	51.75	2.48
	Commercial	12.30	0.59
	Hospitality	4.95	0.24
Dengaragaon	Residential	100.00	1.74
Paiet	Residential	618.35	1.00
NOIDA			
Sector 119	Residential	9.15	0.78
Sector 121	Residential	12.60	1.08
Sector 144 (SEZ 1)	Commercial	24.71	2.00
Sector 118	Residential	33.05	2.87
	TOTAL	**2,478.85**	**75.45**

** Already constructed*

Hyderabad

Our Hill Ridge Project at Gachibowli will be complemented by the proposed IT Park, Mall and Hotel. We also intend to develop residential and commercial projects near Hi-tech city in Cyberabad, Hyderabad. The mall aggregates to approximately 0.87 million sq. ft. with a multiplex cinema, which will include apparel stores, restaurant outlets and entertainment centres. The IT park is proposed to be constructed above the retail mall with approximately 0.70 million sq. ft. of saleable area. The project contractor is our Parent Company and the architects are Bentel Associates Realty Design Consultants Private Limited of South Africa. We have also appointed Tameer Consultants Private Limited as the structural consultants and Eskayem Consultants Private Limited as the electrical, plumbing and fire fighting consultants. The construction of the mall and the IT Park has commenced. The project is proposed to have a parking space that can accommodate approximately 3,600 cars. The hotel is a proposed high-rise business hotel, with expected built-up-area of approximately 0.50 million sq. ft. It is intended to attract business visitors from the Gachibowli and the Hyderabad IT corridors.

Vishakhapatnam

We have two projects in Visakhapatnam; namely Misty Woods and Coastal Palms, located near Achuthapuram junction in Visakhapatnam. Both our proposed for middle income housing schemes. The dwelling units would range between 800-1100 sq. ft built on each plot, measuring 200 square yards. The proposed amenities include a club house, school, shopping centre and hospitals.

Chennai

We have three proposed projects- Prime Auburn located near Minjur and Prime Celestial and Prime Pacific located near Sriperumbudur. Prime Auburn will be a mass housing project of approximately 3.78 million sq.ft located. The project will consist of brown collar houses of 800-900 sq. ft each. Prime Celestial is a proposed residential development comprising an 18 hole golf course, villas, row houses, low-rise residential units, IT park, educational institution, hospital and a hotel. Prime Pacific is a proposed colony of independent houses and apartments and commercial and retail developments.

Bangalore

We have five proposed projects in Bangalore, namely, Green Vista, Whitefield (Apartments), Prime Lake, Kudlu and Jigani. Green Vista, located near Whitefield in Bangalore, is a proposed residential villa complex, Whitefield (Apartments) is a proposed residential high rise apartments, and Prime Lake is a proposed residential and commercial high-rise complex located on Hosur Road in the vicinity of Electronic City housing major software and ITES companies. The development at Prime Lake is expected to include a business park and residential condominiums.

We propose to develop residential complexes at Jigani and independent villas at Kudlu. We recently made available for booking our residential apartments at Jigani under the brand "Thyme Park".

Pune

We have four proposed projects in Pune, namely in Pimpri, Dengaragaon, Paiet and Bhajgaon. Dengaragaon and Paiet are proposed residential development projects, while Bhajgaon is a residential development with developed plots and dwelling units. In Pimpri we are proposing to develop residential and commercial projects.

Noida

We have three proposed residential projects in Sectors 119, 121 and 118 and onecommercial projects in Sector 144 in Noida. The plot in Sector 144 forms part of certain land which has been declared as an IT SEZ. The said lands in Sectors 119, 121, 144 and 118 have been allotted to our Parent Company. We are entitled to 51% of the profits/losses accruing out of the development of lands located in sectors 119 and 121. While in sectors 144 and 118, we are entitled to the sole development rights wherein 100% of the profits/losses from such lands accrue to us. Please see "*Objects of the Issue- Payment of the development right costs to our Parent Company*" on page 32.

Sales and Marketing

Sales and marketing is done through our dedicated sales and marketing team. The primary responsibility of our sales and marketing team is to generate customer enquiries on our products and to convert a potential customer to a client.

Our marketing team generates enquiries through media campaigns or through referrals from agents and brokers. Our marketing team is responsible for the creation and management of databases relating to the industry, prospective customers, and clients and also conducts regular market research to identify potential customers segments, understand market demand and customer preferences. Our target customers include walk in customers and referrals from our existing clients. We engage in a number of promotional activities for our projects. We appoint advertising agencies on a project-wise basis to assist and plan these promotional activities.

An enquiry likely to generate a sale is allocated to our sales team. Our sales team, subsequently, interacts with the potential customer to assess the specific requirements of each potential customer, arranges for site visits and provides guidance on the procedural aspects of the sale process.

For residential projects, we plan to build, furnish and landscape model units and maintain on-site sales offices. We generally would expect to open an on-site sales office before the construction of the model unit is completed.

Our marketing and sales team is jointly in charge of creation and placement of advertising material in various media sources, participation in fairs and promotional activities, undertaking local road shows in conjunction with banks and financial institutions, and creating an awareness of the 'IVR Prime' brand.

As of June 21, 2007, our marketing team consisted of 34 marketing personnel.

Our Land Reserves

Our Land Reserves are lands to which our Company has title, or lands from which our Company can derive economic benefits through a documented framework or lands in relation to which our Company has executed a joint development agreement or an MOU to enter into a joint development agreement or an agreement to sell. As of June 21, 2007, our Land Reserves aggregate approximately 2,478.85 acres for which we have made certain advance payments aggregating approximately Rs. 3,460.03 million and are further required to make an additional payment of approximately Rs. 7,802.99 million. This outstanding amount of Rs. 7,802.99 million includes Rs. 5,348.54 million payable to Noida under installments with an interest of Rs. 836.13 million and Rs. 1,618.32 million in respect of other lands. Further in respect of residential plots 121 and 119 at Noida the Company is entitled to 51% of the profit / loss sharing arrangement and Rs. 1,493.59 million is attributable to our other partner.

Our Land Reserves are located in and around Hyderabad, Vishakhapatnam, Chennai, Bangalore, Pune and Noida. The following is a summary of our Land Reserves as on June 21, 2007:

S.No	Land Reserves (Category wise)	Acreage (In acres)	% of total acreage	Estimated saleable area* (Sq.ft million)	% of saleable area
(i)	Land Owned by the Company				
	1. By itself	46.67	1.88%	1.73	2.30%
	2. Through its Subsidiaries	319.31	12.88%	11.39	15.12%
	3. Through entities other than (1) and (2) above	--	--		
(ii)	Land over which the company has sole development rights				
	1. Directly by the Company	1,444.62	58.28%	34.00	45.12%
	2. Through its Subsidiaries	--	--		
	3. Through entities other than (1) and (2) above	--	--		
(iii)	Memorandum of Understanding/ Agreements to acquire/ letters of acceptance and/ or its group companies are parties, of which:				
	1. Land subject to government allocation	--	--		
	2. Land subject to private acquisition	531.67	21.45%	20.88	27.71%
(A)	*Sub-total (i)+(ii)+(iii):*	***2,342.27***	***94.49%***	***68**.00*	***90.25%***
	Joint developments with partners				
(iv)	Land for which joint development agreements have been entered into by:				
	1. By the Company directly	136.58	5.51%	7.35	9.75%
	2. Through the Subsidiaries	--	--		
	3. Through entities other than (1) and (2) above	--	--		
(v)	Proportionate interest in lands owned indirectly by the Company through joint ventures	--	--		
(B)	*Sub-total (iv)+(v):*	***136.58***	***5.51%***	***7.35***	***9.75%***
(C)	*Total (i)+(ii)+(iii)+(iv)+(v):*	***2,478.85***	***100.00%***	*75.35*	***100.00%***

** In case of projects for which the land falls into more than one category, the estimated saleable area has been calculated in proportion to the land in that particular category.*

(i) Lands owned by the Company

(i).1 By Itself: Approximately 46.67 acres, located in and around Chennai and Hyderabad, constituting 1.88% of the total Land Reserves, are registered in our name through various sale deeds and we hold the valid title to these lands. Of the said lands we expect to develop approximately 1.73 million Sq.ft constituting 2.29% of the total saleable area. As on June 21, 2007, we have paid a sum of Rs. 43.88 million towards the purchase of these lands.

Sl.No	City	Amount paid as onJune 21, 2007 (In Rupees Million)	Area (In acres)
1.	Chennai	36.11	46.63
2.	Hi-tech city	7.77	0.04
	TOTAL	**43.88**	**46.67**

(i).2 Through its Wholly Owned Subsidiaries: Approximately 319.31 acres, located in and around Chennai constituting 12.88% of the total Land Reserves, are registered in the name of our wholly owned subsidiaries, as provided below, through various sale deeds. Of the said lands we expect to develop approximately 11.39 million Sq.ft constituting 15.12% of the total saleable area. Our Company has provided financial assistance aggregating to Rs. 729.82 million in the form of earnest money deposits, to these wholly owned subsidiaries to enable them to purchase the said lands. By virtue of the beneficial interest held by us in these subsidiaries, we have complete rights over the development of these lands and the benefits accruing therefrom.

S.No	City	Wholly owned subsidiary holding the lands	Amount paid* as on June 21, 2007 (In Rupees Million)	Economic ownership of our Company (Percentage)	Area (In acres)
1.	Chennai	Ilavambedu Developers Private Limited	20.07	100%	25.45
2.	Chennai	Anupampattu Developers Private Limited	21.08	100%	27.40
3.	Chennai	Agaram Developers Private Limited	12.07	100%	26.53
4.	Chennai	Sammetteri Developers Private Limited	18.68	100%	30.65
5.	Chennai	Mummidi Developers Private Limited	48.92	100%	26.71#
6.	Chennai	Kunnam Developers Private Limited	143.71	100%	27.32
7.	Chennai	M.M.Kuppam Developers Private Limited	108.39	100%	35.76
8.	Chennai	Pappankuzhi Developers Private Limited	161.79	100%	27.92
9.	Chennai	Velursantha Developers Private Limited	112.05	100%	27.31$
10.	Chennai	IVRCL Megamalls Limited	26.81	100%	30.57
11.	Visakhapatnam	Tirumani Developers Private Limited	56.25**	100%	33.69
		TOTAL	**729.82**	**-**	**319.31**

* *Paid as earnest money deposits to these wholly owned subsidiaries in whose name the lands are registered.*

\# *As on June 21, 2007, 10.51 acres of the said lands have only been submitted for registration. We are yet to receive the registered documents from the sub-registrar's office.*

$ *As on June 21, 2007, 12.93 acres of the said lands have only been submitted for registration. We are yet to receive the registered documents from the sub-registrar's office.*

** *Of which Rs.13.69 million were paid as advances towards lands we would acquire in Visakhapatnam.*

(i).3 Through entities other than (i).1 and (i).2 above: We do not own any land through any entity other than (i).1 and (i).2 above.

(ii) Lands over which the Company has the sole development rights

(ii).1 Directly by the Company: We directly hold the sole development rights to approximately 1,444.62 acres of land located in and around Hyderabad, Chennai and Pune, constituting 58.28% of the total Land Reserves. Of the said lands we expect to develop approximately 34.00 million Sq.ft constituting 45.12% of the total saleable area. As on June 21, 2007, we have paid a sum of Rs. 1,716.33 million towards the development rights to these lands.

The following lands form part of this category. An explanation to each of the categories is provided below the table:

S.No	Development Rights for the following	Location	Amount paid as on June 21, 2007 (In Rupees Million)	Amount payable (In Rupees Million)	Area (In acres)	PUDL's share Area (In acres)
a.	Lands forming part of the Hill Ridge Project	Hyderabad	145.00	-	13.76	13.76
b.	Lands forming part of the Paiet project	Pune	2.50	7.50	618.35	618.35
c.	Development Agreements with our Subsidiaries (Not Wholly Owned), promoter group entities and other entities*	Chennai, Visakhapatnam	1,373.55	-	688.73	688.73
d.	Noida (Sector 118)	Noida	Nil	2,619.28	33.05	33.05
d.	Noida (Sector 144)	Noida	Nil	517.24	24.71	24.71
e.	Development agreements with certain individuals*	Pune, Chennai	195.28	-	66.02	66.02
		TOTAL	**1,716.33**	**3,144.02**	**1,444.62**	**1,444.62**

▪ *The said amount has been paid towards 50 acres that were allotted to IVRCL by SAAP.Of the said 50 acres we currently have development rights only over 13.76 acres. The paid amount corresponding to this 13.76 acres would aggregate approximately to Rs. 39.78 million.*
** Detailed break down for the lands registered in each entity/ individual is provided in the description below.*

a. <u>*Lands forming part of the Hill Ridge Project*</u>

We hold all the economic interests in relation to the lands that form part of the Hill Ridge project situated at Gachibowli. Our Parent Company entered into a contract for developer services dated February 17, 2001 with the SAAP and the APIIC, which was the implementation agency, to execute the development of the residential complex for the 32nd National Games, through a special purpose vehicle. Our Company was incorporated as the special purpose vehicle to execute the development of the residential complex. Pursuant to the contract with SAP and APIIC and letter of intent dated February 17, 2001 permitting the development of the land by us, the development rights of the entire 50 acres vests with us. In consideration for the same we have paid approximately Rs. 145 million in cash. Of the aforesaid 50 acres, we have developed approximately 38.37 acres by constructing residential apartments and villas, which includes a club house to the extent of 2.13 acres which is registered in the name of the Company. The constructed apartments and villas are being sold to various third party buyers and the Company does not have any interest over the said apartments and villas to the extent they are sold. Please see "*Our Business- Gachibowli- The Hill Ridge Project*" on page 58 for details of the apartments and flats that have been sold. We currently hold the development rights for approximately 11.63 acres. Therefore, the total land to which the Company holds the development rights to in the Hill Ridge project at Gachibowli as on June 21, 2007 is 13.76 acres.

b. <u>*Lands forming part of Paiet Project*</u>

In addition to the Hill Ridge project, we have executed a joint development agreement dated January 9, 2007 with Mr. Chintamanrao Sadashivrao Patasachiv ("**Owner**"), the present ruler of the Bhor state, in relation to certain land situated in the village Paiet in Pune wherein the Owner had granted us the sole, exclusive, irrevocable development rights to develop approximately 618.35 acres for a consideration of approximately Rs. 10.00 million of which we have paid approximately Rs. 2.5 million i.e, 25% of the total consideration. The agreement contemplates that the balance amount of Rs. 7.5 million will be paid on or before January 8, 2008.

c. <u>*Development Agreements with our Subsidiaries (Not Wholly Owned), promoter group entities and other entities*</u>

With respect to the Prime Pacific, Prime Celestial, Prime Auburn and Visakhapatnam projects, we have also entered into various development agreements with our Subsidiaries, certain corporate entities that form part of our promoter group and certain other corporate entities for approximately 688.73 acres. Please see "*Risk Factors- Our Land Reserves and project portfolio are relatively concentrated in and around Chennai*" on page x.

a. Lands registered in the name of our Subsidiaries (other than the wholly owned Subsidiaries: 32.74 acres
b. Lands registered in the name of corporate entities forming part of the promoter group: 468.86 acres
c. Lands registered in the names of other entities: 187.13 acres

Pursuant to the terms of these agreements, the development rights to these lands vest entirely with us, except where specifically otherwise, all the economic benefits from the development of these lands flow into our Company in consideration for the earnest money deposits aggregating to Rs. 1,373.55 million provided by us to these corporate entities to enable them to purchase the said lands.

S.No	City	Nature of the Agreement	Subsidiary/ promoter group / other entity holding the lands	Amount paid* as on June 21, 2007 (In Rupees Million)	Economic ownership of our Company (Percentage)	Area (In acres)
Subsidiaries (other than the wholly owned Subsidiaries) of our Company						
1.	Chennai	Development Agreement	IVR Hotels and Resorts Limited	84.86	100%	32.74
Promoter group entities						
2.	Chennai	Development Agreement	HDO	45.35	100%	45.64
3.	Chennai	Development Agreement	IVR Enviro Projects Limited	37.19	100%	39.52
4.	Chennai	Development Agreement	IVRCL PSC Pipes Private Limited	63.96	100%	35.16
5.	Chennai	Development Agreement	Geo IVRCL Engineering Limited	38.49	100%	45.66
6.	Chennai	Development Agreement	IVRCL Water Infrastructures Limited	55.50	100%	27.03
7.	Chennai	Development Agreement	IVRCL Road Toll Holdings Limited	13.72	100%	36.03
8.	Chennai	Development Agreement	Jalandhar Amritsar Tollways Limited	25.16	100%	23.36
9.	Chennai	Development Agreement	First STP Private Limited	63.12	100%	35.47
10.	Chennai	Development Agreement	Soma Hotels and Resorts Limited	115.65	100%	36.59
11.	Chennai	Development Agreement	Palladium Infrastructure and Projects Limited	34.65	100%	34.38
12.	Chennai	Development Agreement	Eragam Finlease Limited	25.42	100%	43.30
13.	Chennai	Development Agreement	S.V.Equities Limited	19.01	100%	31.58
14.	Visakhapatnam	Development Agreement	IVRCL Steel Construction and Services Limited	80.95	100%	35.14
Entities not forming part of the promoter group						
15.	Chennai	Development Agreement	IVRCL Clubs Limited	25.11	100%	31.94
16.	Chennai	Development Agreement 1	Indus Palms and Resorts Limited	238.08	100%	62.95

S.No	City	Nature of the Agreement	Subsidiary/ promoter group / other entity holding the lands	Amount paid* as on June 21, 2007 (In Rupees Million)	Economic ownership of our Company (Percentage)	Area (In acres)
17.	Chennai	Development Agreement 2	Indus Palms and Resorts Limited	215.02	100%	33.08
18.	Chennai	Development Agreement 3	Indus Palms and Resorts Limited	20.30	100%	1.16
19.	Chennai	Development Agreement 1	Sumedha Estates Private Limited	145.63	100%	49.58
20.	Chennai	Development Agreement 2	Sumedha Estates Private Limited	11.46	100%	2.97
21.	Visakhapatnam	Development Agreement	Absorption Aircon Engineers Private Limited	14.92	100%	5.45
			TOTAL	**1,373.55**	**-**	**688.73**

** Paid as earnest money deposits to these corporate entities in whose name the lands are registered*

d. *<u>Development Agreements with IVRCL with respect to NOIDA lands (Sectors 118 and 144)</u>*

In relation to one of the properties in Noida (Sector 118), approximately 33.05 acres were allotted to IVRCL through allotment letter dated April 18, 2007 for development of residential plots and colony. IVRCL has executed a development agreement dated April 24, 2007 with us for the development of the said property under which IVRCL has transferred all the rights and liabilities accruing from the said property to us. The agreement provides that we are required to source the capital required for the execution of the project, submit all the necessary bank and performance guarantees and pay to IVRCL the amounts that were already paid by it towards 10% of the premium with interest. The development agreement provides that our Company would be liable for the timely completion of the project and indemnifies IVRCL for any and all claims, litigations, damages etc. that may arise out of the execution of projects to be developed under these agreements.We are required to pay the balance 90% premium amount along with interest to IVRCL so that IVRCL can make the timely payment to NOIDA on the respective due dates. The allotment letter provides that Noida is required to execute a long term lease for a period of 90 years. IVRCL had deposited 10% of the premium at the time of submitting the bid and the balance 30% of the premium is required to be deposited within 60 days from the date of issue of the allotment letter. IVRCL has issued the pay order to the Bank of Maharashtra and the bank is yet to remit the said amount. Please see "*Risk Factors- The payments made by our Parent Company to Noida in relation to the lands situated at Sector 118 have not been accepted by the banks*" on page xxii. The balance premium of 60% is payable in 8 equal half yearly installments along with interest at 11% per annum compounded half yearly from the date of issue of this letter on the balance outstanding amount. In case of any default in depositing the installments, interest at 14% per annum would be leviable for the defaulted period on defaulted amount. The allotment letter provides that the plots would be given to IVRCL on lease for a period of 90 years from the date of execution of the lease deed. In addition to the premium, IVRCL is required to pay yearly rent at the rate of 1% of the plot premium for the first 10 years of lease period. The lease rent would be enhanced by 50% after every 10 years. Delay in the lease rent would be subject to an interest of 14% per annum compounded half yearly on the defaulted amount during the period such amount is past due. It is provided that the lease deed can be registered only after paying a minimum of 40% of the premium and upon payment of one year lease rent in advance. IVRCL is required to execute an indemnity bond indemnifying Noida against any disputes arising from non-completion of the project, quality of construction and any dispute with respect to allotment/ lease to final purchaser.

In relation to the property located in Sector 144, our Parent Company was allotted approximately 24.71 acres on November 13, 2006 from NOIDA located in plot no. 5 in Sector 144 for the development of an IT SEZ. IVRCL has executed a development agreement dated February 14, 2007 with us for the development of the said property wherein IVRCL agreed to transfer all the rights and liabilities accruing from the said property to us. The agreement provides that we are required to organize the investment required for the execution of the project, submit all the necessary bank and performance guarantees and pay to IVRCL the amounts that were already paid by it towards 30% of the premium with interest. The development agreement provides that our Company would be liable for the timely completion of the project and indemnifies IVRCL for any and all claims, litigations, damages etc. that may arise out of the execution of projects to be developed under these agreements.We are required to pay the balance 70% premium amount along with interest to IVRCL so that IVRCL can make the timely payment to NOIDA on the respective due dates. The allotment letter provides that Noida is required to execute a long term lease for a period of 90 years. The allotment letter futher provides that in addition to the premium for the plot, IVRCL is required to pay an annual lease rent at 2.5% of the total premium. It is provided that in the event of any default in payment of lease rent, inerest at the rate of 14% is payable on the defaulted amount for the defaulted period. The lease rent would be enhanced by 50% after every 10 years. The allotment letter also provides IVRCL with an option to pay 11 years lease rent as a one time payment at the prevailing interest rate. The development agreement provides that IVRCL has paid the lease rent at 1% of the premium amount along with the 30% premium amount.

e. *Development Agreements with certain individuals*

With respect to the land situated in Dengaragaon, Pune, 11.60 acres are registered in the name of Mr. Vinod Nagnath Kulkarni, an employee of our Company. Please see "*Our Management- Key Management Personnel*" on page 129. We have entered into a development agreement dated March 31, 2007 with Mr. Vinod Kulkarni wherein we are entitled to the sole development rights arising out of that land. In consideration for the development rights, we have paid an earnest money deposit of Rs. 8.78 million to Mr. Vinod Kulkarni.

Further, we have also entered into a development agreement dated June 15, 2007 with Mr. Rudrayya Channayya Lominath for 11.99 acres located in Dengaragaon, Pune. We are entitled to the sole development rights arising out of the said land. In consideration for the development rights, we have paid an earnest money deposit of Rs. 9.98 million to Mr. Rudrayya Channayya Lominath.

With respect to certain lands in Chennai, we have entered into a development agreement dated March 31, 2007 with Mr. D. Venkatasubramaniam, Ms. Gayathri Sharma and Mr. G. Nagarajan, employees of our Company and our Parent Company, for the development of 42.43 acres. We are entitled to the sole development rights arising out of the said land. In consideration for the development rights, we have paid an earnest money deposit of Rs. 176.52 million to these individuals.

(ii).2 Through its Subsidiaries: We do not hold any development rights through our Subsidiaries.

(ii).3 Through entities other than (ii).1 and (ii).2 above: We do not hold any development rights through any entity other than (ii).1 and (ii).2 above.

(iii) Memorandum of Understanding/ Agreements to Acquire/ Letters of Acceptance to which Company and/or its Subsidiaries and/or its group companies are parties, of which:

(iii).1 Land subject to government allocation: None of our lands are subject to government allocation.

(iii).2 Land subject to private acquisition: Approximately 531.67 acres, located in and around Bangalore, Chennai and Pune, constituting 21.45% of the total Land Reserves, are held under this category. Of the said lands we expect to develop approximately 20.89 million Sq.ft constituting 27.73% of the total saleable area. As on June 21, 2007, we have paid a sum of Rs. 573.69 million towards the purchase of these lands.

The following lands form part of this category. An explanation to each of the categories is provided below the table:

S.No	Category	Location	Amount paid as on June 21, 2007 (In Rupees Million)	Amount payable (In Rupees Million)	Area (In acres)
1.	Lands in relation to which we have entered into contractual arrangements with land owners	Pune (Dengaragaon)	-	85.27	76.41

S.No	Category	Location	Amount paid as on June 21, 2007 (In Rupees Million)	Amount payable (In Rupees Million)	Area (In acres)
2.	Lands in relation to which we have entered into certain contractual agreements with certain other individuals*	Bangalore, Pune, Chennai	523.37	1,180.94	367.22
3.	Lands in relation to which we have entered into MOUs to enter into joint development agreements*	Bangalore, Pune Hyderabad	50.32	286.36	88.04
		TOTAL	**573.69**	**1,552.57**	**531.67**

** Detailed break down for the lands registered in each entity/ individuals name is provided in the description below.*

Lands in relation to which we have entered into contractual arrangements with land owners

With respect to certain lands we have entered into agreements for sale with certain land owners. Under these contracts, we have commenced the process of conveying title to our name but have not completed the legal processes. Please see "*Risk Factors- We may not be able to acquire or register the lands for which we have entered into certain agreements to sell or MOUs*" on page xi.

In Pune, in relation to the land in Dengaragaon, we have entered into a MoU to purchase land admeasuring approximately 100 acres at Rs. 1.12 million per acre i.e., a total amount of Rs. 111.60 million is required to be paid by us in consideration for the said 100 acres. With respect to certain lands admeasuring approximately 22.46 acres, we have entered into a joint development agreements with Mr. Vinod Kulkarni, an employee of our Company and Mr. Rudrayy, who holds the title to such lands. The remaining land aggregating to approximately 76.41 acres is currently under agreement to sell and we are required to pay Rs. 85.27 million. We have not paid any consideration for the said lands under this agreement to sell. Please see "*Risk Factors- In the event that some of our agreements with various third parties for the acquisition of land expire or are invalid, we may lose the right to acquire these lands*" on page xiv.

Lands in relation to which we have entered into certain contractual agreements with certain other individuals

We have entered into agreements to sell with Mr. R. Prabhakar Reddy, who holds the authorised power of attorney from the land owners to sell their lands in relation to certain lands near Hosur in Bangalore. The lands under this category aggregate to 12.58 acres. As on June 21, 2007, we have paid a sum of Rs. 123.03 million towards the purchase of these lands and are yet to pay Rs. 260.41 million. We have entered into subsequent supplementary deeds dated March 10, 2007 for the said lands wherein we have agreed that we would execute the sale deeds within six months from the date of the supplementary deed i.e., on or before September 9, 2007. Please see "*Risk Factors- We also acquire land from individuals who hold a power of attorney on behalf of the land owners. We cannot assure you that we will be successful in acquiring these lands*" on page xii. Also, please see "*Risk Factors- In the event that some of our agreements with various third parties for the acquisition of land expire or are invalid, we may lose the right to acquire these lands*" on page xiv.

We have also entered into a development agreement dated June 14, 2007 with respect to the property located in Bhajgaon, Pune with the land owners who in addition to granting us the development rights over their property admeasuring 90.36 acres, have also agreed to acquire adjacent lands from the owners of such properties aggregating 24.64 acres so as to make a consolidated area of 115 acres upon which we can develop our project. Please see "*Risk Factors- In the event that some of our agreements with various third parties for the acquisition of land expire or are invalid, we may lose the right to acquire these lands*" on page xiv.

In relation to Prime Pacific and Prime Celestial projects in Chennai, we have entered into agreements to sell dated March 27, 2007 and February 15, 2007, respectively with A.L.Tirven Steels Limited represented by its director Mr. L.S. Abhinesh Babu who has agreed to act as a ‘facilitator’ to acquire certain lands aggregating 176 acres for Prime Pacific project and 154 acres for Prime Celestial project at the rate of Rs. 5.1 million and Rs. 2.2 million per acre respectively. We have made advance payments of Rs. 400.34 million towards these lands. The agreements provide that the said lands are required to be acquired within five months from the date of the respective agreements. Further the ‘facilitator’ agreed that in the event he fails to acquire the said lands within the given time period, he will indemnify our Company for all losses, expenses incurred subject to a maximum cap of Rs. 10 million. These agreements can be cancelled/ revoked/ terminated by our Company at our option if at any time we are convinced that the ‘facilitator’ is unable to perform his obligations or if there is any impediment to fulfilling the obligations set forth in these agreements. Please see “*Risk Factors- We also acquire land from individuals who hold a power of attorney on behalf of the land owners. We cannot assure you that we will be successful in acquiring these lands*” on page xii. Also, please see “*Risk Factors- In the event that some of our agreements with various third parties for the acquisition of land expire or are invalid, we may lose the right to acquire these lands*” on page xiv.

Lands in relation to which we have entered into MOUs to enter into joint development agreements

In addition to the above categories of lands which are subject to private acquisition, we have entered into certain agreements which are in the nature of MOUs to enter into joint development agreements. These agreements/ MoUs contain the terms upon which the definitive joint development agreements would be executed. The refundable/non-refundable deposit, as the case may be, is payable at the time of entering into the joint development agreements.

				TOTAL DEPOSIT				
S.No	**City**	**Location**	**Land held by**	**Amount paid as on June 21, 2007 (In Rupees Million)**	**Amount payable (In Rupees Million)**	**Area (In acres)**	**Economic ownership of our Company (Percentage)**	**PUDL’s share Area (In acres)**
1.	Bangalore	Whitefield and Green Vista	Third party	33.81	28.69	28.50	65%	18.53
2.	Pune	Pimpri	Third party	-	250.00	100.00	69%	69.00
3.	Hyderabad	Cyber Enclave	Third party	16.51	7.67	1.02	50%	0.51
			TOTAL	**50.32**	**286.36**	**129.52**	**-**	**88.04**

For the property located in Hi-tech city, Hyderabad, in addition to the joint development agreements executed with certain land owners, we have also entered into MOUs with certain other land owners whereby we have agreed to develop the given land aggregating 0.51 acres pursuant to entering into joint development agreements with such land owners.

In relation to the property located in Pimpri, we have entered into an MOU dated July 27, 2006 with one M/s. Makpan Associates, which in turn represented that it holds the development rights to 100 acres of land. Under this MOU, we hold 69% of the development rights of the 100 acres i.e., development rights to 69 acres of land. We are required to enter into a joint development agreement with respect to these lands. We are also required to deposit a sum of Rs. 250.00 million as refundable deposit upon entering into such development agreement. As on June 21, 2007, we have not entered into any such development agreement. Please see “*Risk Factors- In the event that some of our agreements with various third parties for the acquisition of land expire or are invalid, we may lose the right to acquire these lands*” on page xiv.

(iv). *Land under which joint development agreements have been entered into by:*

(iv).1 By the Company directly:

The Company has entered into joint development agreements directly with land owners who grant us the permission to develop and sell their portion of the developed plot in one or several parts.

The terms of these joint development agreements do not convey any title in the land with respect to which the joint development agreement is being executed.

Under these joint development agreements we are required to pay a refundable deposit to the owner of the land which is repayable upon construction of the unit and before the owner takes possession of his proportionate share. In case the owner is unable to pay back the refundable advance, the same will be adjusted from his share of the built up area at an agreed price per square foot.

Approximately 136.58 acres, located in and around Bangalore, Hyderabad, Noida and Pune, constituting 5.51% of the total Land Reserves, are held under this category. Of the said lands we expect to develop approximately 7.35 million Sq.ft constituting 9.75% of the total saleable area. As on June 21, 2007, we have paid a sum of Rs. 396.31 million towards refundable/ non-refundable deposits with respect to these lands. Please see "*Risk Factors- We are required to pay a refundable and a non-refundable deposit on a per acre basis, in relation to our joint development agreements*" on page xiii.

The following lands form part of this category. An explanation to each of the categories is provided below the table:

S.No	Category	Location	Amount paid as on June 21, 2007 (In Rupees Million)	Amount payable (In Rupees Million)	Area (In acres)	Economic ownership of our Company (Percentage)	PUDL's share Area (In acres)
1.	Lands forming part of Begur project	Bangalore	146.47	102.72	33.23	63.55%	21.18
2.	Lands forming part of Jigani project	Bangalore	28.00	-	8.92	70%	6.24
3.	Lands forming part of Kudlu project	Bangalore	75.00	-	20.00	73%	14.60
4.	Lands forming part of Cyber Enclave project	Hyderabad	101.84	-	6.01	50%	3.01
5.	Lands forming part of Gachibowli project	Hyderabad	10.00	40.00	3.44	59%	2.03
6.	Lands forming part of Bhajgaon project	Pune	35.00	-	90.36	75%	67.77
7.	Noida (Sector 119)*	Noida	**0.00**	1,411.08**	17.94	51%	9.15
8.	Noida (Sector 121)*	Noida	**0.00**	1,637.07**	24.71	51%	12.60
		TOTAL	**396.31**	**3,190.87**	**204.61**	**-**	**136.58**

** Detailed break down for the lands registered in each entity/ individual is provided in the description below.*
*** Of the total amounts of Rs. 3,048.15 million payable in relation to lands located at sectors 119 and 121, we propose to pay our Parent Company Rs. 857.06 million for the vesting of the right to develop with us from the Net Proceeds of the Issue. For further details, see 'Objects of the Issue' on page 27. The amounts towards lease premium aggregating to Rs. 2,191.09 million shall be paid from the amounts realised from the development of the land and/or internal accruals and/or debt.*

With respect to the property located in Sector 119, our Parent Company was allotted approximately 17.94 acres on October 4, 2006 from NOIDA for the development of a residential colony. IVRCL has subsequently executed a long term lease agreement on March 23, 2007 with Noida for a period of 90 years for the said land. IVRCL has executed a development agreement dated November 30, 2006 which has been superseded by a development agreement dated February 14, 2007, with us for the development of the said property wherein IVRCL permitted us to develop the said property. The development agreement provides that we would be entitled to 51% of the profits/ losses arising out of the said developed property. In consideration for the same, we have agreed to bring the necessary investment. IVRCL has agreed to contribute Rs. 50 million towards its share in the investment. The agreement provides that we are required to submit all the necessary bank and performance guarantees. The agreement further provides that our Company would be liable for the timely completion of the project and indemnifies IVRCL for any and all claims, litigations, damages etc. that may arise out of the execution of projects to be developed under these agreements.We are required to pay the balance premium amount along with interest to IVRCL so that IVRCL can make the timely payment to NOIDA on the respective due dates. Please see "*Objects of the Issue- Payment of the development right costs to our Parent Company*" on page 32.

In relation to the property located in Sector 121, our Parent Company was allotted approximately 24.71 acres on October 4, 2006 from NOIDA for the development of a residential colony. IVRCL has executed a development agreement dated February 14, 2007 with us for the development of the property wherein IVRCL permitted us to develop the said property. The agreement further provides that we would be entitled to 51% of the profits/ losses arising out of the said developed property. In consideration for the same, we have agreed to bring the necessary investment. IVRCL has agreed to contribute Rs. 80 million towards its share in the investment. The agreement provides that we are required to submit all the necessary bank and performance guarantees. The agreement further provides that our Company would be liable for the timely completion of the project and indemnifies IVRCL for any and all claims, litigations, damages etc. that may arise out of the execution of projects to be developed under these agreements.We are required to pay the balance premium amount along with interest to IVRCL so that IVRCL can make the timely payment to NOIDA on the respective due dates. IVRCL is required to execute a long term lease with NOIDA for a period of 90 years for the said land. Please see "*Objects of the Issue- Payment of the development right costs to our Parent Company*" on page 32.

(iv).2 Through the Subsidiaries: We have not entered into any joint development agreements through our Subsidiaries.

(iv).3 Through entities other than (iv).1 and (iv).2 above: We have not entered into joint development agreements through any other entities.

(v) *Proportionate interest in lands owned indirectly by the Company through joint ventures:* We do not own any land in this category.

The following table is a summary of our Land Reserves and the amounts due for acquisition of land by us as of June 21, 2007:

Location-wise break up	**Land Reserves (In acres)**	**Land Reserves (Rs. In Million)**	
		Amount paid	**Amount Payable**
Hyderabad	19.35	281.12	47.67
Visakhapatnam	74.28	152.12	--
Chennai	1,352.82	2,564.22	836.06
Pune	879.76	56.26	342.77
Bangalore	73.13	406.31	391.82
Noida	79.51	--	6,184.67
TOTAL	**2,478.85**	**3,460.03**	**7,802.99**

Material Agreements

The materiality of the agreements in relation to land has been considered on the basis of 10% or more of the aggregate agreement value of lands under each category. The table below sets forth the 'material agreements falling under the relevant category:

S.No.	**Location of Land**	**Date of Agreement/ Validity Period**	**Parties to the Agreement**	**Agreement Value/ Amount Paid as on June 21, 2007/ Source of Funds**
Lands over which we have sole development rights				
1.	Noida (Sector 118)	Development agreement dated April 24, 2007 Term: This agreement is valid until the completion of the proposed development.	IVRCL and PUDL	Agreement value: Rs. 2,619,283,469 Amount Paid: Rs. 0 Source of Funds: Not Applicable

S.No.	Location of Land	Date of Agreement/ Validity Period	Parties to the Agreement	Agreement Value/ Amount Paid as on June 21, 2007/ Source of Funds
2.	Noida (Sector 144)	Development agreement dated February 14, 2007 Term: This agreement is valid until the completion of the proposed development.	IVRCL and PUDL	Agreement value: Rs. 517,235,625 Amount Paid: Rs. 0 Source of Funds: Not Applicable

Memorandum of Understanding/ Agreements to Acquire/ Letters of Acceptance to which Company and/or its Subsidiaries and/or its group companies are parties

3.	Prime Pacific project, Chennai	Agreement to sell dated March 27, 2007 Term: Lands under this agreement are required to be acquired before August 26, 2007	A.L.Tirven Steels Limited represented by its director Mr. L.S. Abhinesh Babu and PUDL	Agreement value: Rs. 897,600,000 Amount Paid: 0 Source of Funds: Not Applicable
4.	Prime Celestial, Chennai	Agreement to sell dated February 15, 2007 Term: Lands under this agreement are required to be acquired before July 14, 2007	A.L.Tirven Steels Limited represented by its director Mr. L.S. Abhinesh Babu and PUDL	Agreement value: Rs. 338,800,000 Amount Paid: 0 Source of Funds: Not Applicable
5.	Pimpri, Pune	MoU dated July 27, 2007 Term: The agreement will be valid from the date of the agreement and would expire upon entering into the development agreement.	Makpan Associates and PUDL	Agreement value: Rs. 250,000,000 Amount Paid: 0 Source of Funds: Not Applicable

Land under which joint development agreements have been entered into by the Company directly

6.	Noida (Sector 119)	Development agreement dated February 14, 2007 Term: This agreement is valid until the completion of the proposed development.	IVRCL and PUDL	Agreement value: Rs. 1,411,079,853 Amount Paid: Rs. 0 Source of Funds: Not Applicable
7.	Noida (Sector 121)	Development agreement dated February 14, 2007 Term: This agreement is valid until the completion of the proposed development.	IVRCL and PUDL	Agreement value: Rs. 1,637,073,635 Amount Paid: Rs. 0 Source of Funds: Not Applicable

Revocation Clauses

With respect to sectors 119, 121 and 118 in Noida, the allotment letters provide that if IVRCL fails to deposit the balance allotment amount of 30% to the premium in favour of Noida within 60 days from the date of issue of the allotment letter, the bid would stand automatically cancelled and 11% of the amount deposited would be forfeited and the plot would vest with Noida. In the event of any default in depositing the balance 60% of the amount in installments, IVRCL would be liable to pay interest at 14% per annum. Further, they provide that if the builder does not construct the building within the time provided i.e., within the given time from the date of execution of the lease deed (which may be extended for a maximum of three years), the allotment is liable to be cancelled. Further, if the builder uses the plot for any other purpose other than the one for which it was allotted, the allotment is liable to be cancelled. Further allotment may be cancelled for the following reasons:

- Allotment being obtained through misrepresentation/ fraud;

- Violation of directions issued/ rules framed by any authority or by any statutory body;
- Default/violation of the terms and conditions of the allotment letter/ lease.

The sector 144 allotment letter provides that the allotment made to IVRCL may be cancelled for non-deposit of allotment money, non-execution of the legal documents, failure to execute the lease deed within 30 days from the date of the allotment letter, not taking over the possession of the plot within 15 days from the date of issue of possession order, delay in payment of lease rent/ for not completing construction and obtaining occupancy certificate from the competent authority within the validity period. The allotment letter further provides that the allottee is required to ensure compliance with the Government of India, SEZ rules. Please see "*Risk Factors- The agreements that IVRCL has entered into with NOIDA, contain revocation clauses"* on page xii.

Other Agreements

The table below sets forth other agreements relating to the Land Reserves, which represents less than 10% of the 'aggregate agreement value' of lands falling under the relevant category:

S.No.	Land Reserves (Category wise)	Aggregate Agreement Value (In Rupees Million)	Aggregate Amount Paid (In Rupees Million)	Amount paid as % of aggregate agreement value
1.	Lands over which the Company has the sole development rights	1,723.83	1,716.33	99.56%
2.	Memorandum of Understanding/ Agreements to Acquire/ Letters of Acceptance to which Company and/or its Subsidiaries and/or its group companies are parties, of which land is subject to private acquisition	555.39	173.35	31.21%
3.	Lands under which joint development agreements have been entered into by the Company	539.03	396.31	73.52%
4.	Proportionate interest in lands owned indirectly by the Company through joint ventures	-	-	-
	TOTAL	**2,818.25**	**2,285.99**	**81.11%**

As discussed in the section titled "Risk Factors" on page ix, some of our lands and land for which we have options or agreements to acquire, and for which we have made certain payments, do not have guaranteed title and may be subject to encumbrances.

Master Agreement with our Parent Company

We have entered into a Master Agreement with our Parent Company dated October 3, 2006 ("**Master Agreement**"), governing business arrangements and areas of co-operation and responsibility between us and our Parent Company. The Master Agreement provides the details in relation to transacting the various facets of business to ensure that the same are carried out on an arms' length basis. The Master Agreement among other provides the details in relation to the, bidding for business projects, implementation and execution of these projects. Our Company shall primarily be involved in the development of projects. Further, for in relation to these projects, our Parent Company and us would enter into a separate agreement to lay down the various terms of engagement in relation to each specific project.

The main provisions of the Master Agreement are as follows:

- To ensure that the business interests do not suffer on account of our Parent Company, holding a majority stake and exercising control, the agreement provides the details in relation to sharing common resources including infrastructure facilities, employees, project execution capabilities, including land acquisition, development abilities, intellectual property, insurance, amongst us and our Parent Company.

- Our Parent Company and us shall enter into a separate agreement as and when such projects are to be executed to lay down the various terms of engagement in relation to the specific project. The complete execution of such projects shall be the responsibility of our Company.

- The Master Agreement also sets out the principles of transacting various facets of the business projects, in particular, bidding for projects, implementation and execution of these projects, between us and our Parent Company.

- Our Company shall be the preferred customer subject, to the condition that any arrangements between our Parent Company and us shall be on prevailing commercial and market terms and at a cost that either us or our Parent Company would incur as if the contract was awarded to a third party, on arms' length basis. Both the parties would have the liberty to accept or reject the terms offered in such a proposed arrangement as determined by us and our Parent Company. Any business arrangement as contemplated under this Master Agreement with us shall be an arms' length transaction.

- In relation to the financing arrangements in the form of debts, loans, advances and guarantees would be provided by us to our Parent Company and vice-versa to each other in connection with the projects and subject to the specific means and requirements of the project and would be specified in the project specific agreement to be entered into by the Parent Company.

- Each project specific agreement, shall state details of the sharing of the resources, expertise, employees, intellectual property and benefits of any insurance policies towards completion of the projects in the manner required by the documents relating to the projects.

- All consideration and arrangements in connection with the project would be an arms' length transaction chargeable at an arms' length price considering the prevalent market conditions for similar services/arrangements with third party clients.

Our Parent Company may not undertake the development of any projects on its own accord, subject to the prior mutual consent and approval being accorded unanimously by our directors and the directors of our Parent Company for such development of project. The only exceptions to the non-compete provisions is (i) undertaking the development or execution of any infrastructure Projects which it is currently involved in or for which it has made bids, received orders or been awarded contracts; or (ii) any dealing in real estate or development of real estate, only when required to comply with any circular / notification issued by the Government or any regulatory body.

Our Competitors

We expect to face competition from large domestic as well as international property developers as a consequence of relaxation of FDI policy for the real estate sector. Moreover, as we seek to diversify, we face the risk that some of our competitors may be better known in other markets, enjoy better relationships with land owners and international joint venture partners, gain early access to information regarding attractive parcels of land and they might be better placed to acquire such land. Our competitors include large corporate and small real estate developers in the regions where we operate in our residential and commercial real estate development business, and our competition also includes large industrial groups in respect of large projects and SEZs that might develop in the future.

Health, Safety and Environment

We are committed to complying with applicable health, safety and environmental regulations and other requirements in our operations. We have standard fire insurance policies in place in relation to our buildings. Further, to help ensure effective implementation of our polices and practices, at the beginning of every project we identify all potential material hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures. We believe that accidents and occupational health hazards can be significantly reduced through the systematic analysis and control of risks and by providing appropriate training to management, employees and sub-contractors.

Our Work Force

Our work force consists of (i) our permanent employees, (ii) consultants who are engaged by us on a contractual basis, (iii) tradesmen who provide services to us through a contractual arrangement and (iv) labour work force that work at project sites through contractors. As of June 21, 2007, we have 306 permanent employees in our Hyderabad, Bangalore, Chennai, Pune and Noida offices, as well as at the sites of our projects compared to 313, 10 and 5 employees as of March 31, 2007, March 31, 2006 and March 31, 2005, respectively.

Our permanent employees include personnel engaged in our management, administration, planning, procurement, auditing, finance, sales and marketing, projects and legal functions. The location-wise break-down of our permanent employees is as set forth below:

S.No	Location		No. of Employees
1.	Pune		43
2.	Andhra Pradesh (including Head Office)		161
3.	Bangalore		29
4.	Chennai		44
5.	Delhi		29
		TOTAL	**306**

We engage foreign nationals who serve as consultant engineers, architects and plumbers on our projects. We retain these foreign consultants to provide their expertise and experience and ensure high-quality standards. Additionally, they train our employees in the use of technologically advanced tools and processes.

In addition to our employees, we also engage the services of contractual workers such as tradesmen, drivers, housekeeping personnel and skilled, unskilled and semi-skilled workers. Moreover, we engage the services of external consultants, including foreign consultants on an as needed basis. These consultants are retained by us to provide their experience and expertise in order to ensure high quality standards. There is a floating labor force employed by our consultants, contractors and subcontractors who work on our projects.

Our office in Hyderabad consists of our principal corporate offices and administrative and reporting functions. All of our employees are remunerated with basic salary and other benefits in-kind with reference to industry practice and their individual performance. As part of our strategy to improve operational efficiency, we regularly organise in-house and external training programs for our employees.

Our employees are not covered by any collective bargaining agreements.We have not experienced any material strikes, work stoppages, labour disputes or actions by or with our employees, and we consider our relationship with our employees to be good.

Our Alliances

We have in the past entered into agreements with consultants for a variety of services, including the following:

- Ronald Fream Design Group Limited, USA – for conceptual planning, land utilization studies, preliminary master plan and golf course design for the proposed golf course at Prime Celestial, near Sriperumbudur in Chennai;
- Pioneer Property Zone Services Private Limited – to provide conceptual, design consulting services and development co-ordination services for the Rock Ridge plaza, Gachibowli, Hyderabad;
- Bentel Associates Realty Design Consultants Private Limited – for design consulting services for Rock Ridge plaza, Gachibowli, Hyderabad;
- Tameer Consultants Private Limited – as structural consultants for the Rock Ridge plaza, Gachibowli, Hyderabad;

- Eskayem Consultants Private Limited- as the electrical, plumbing and fire fighting consultants for the Rock Ridge plaza, Gachibowli, Hyderabad;

- DAAT India Private Limited have been appointed as the architects for the group housing scheme at Sectors 119 and 121 in Noida;

- Grassroot Research and Creation Private Limited – were given a work order on May 6, 2007 with respect to procuring environmental clearance for Sector 119, NOIDA;

- Obrien Atkins Asia- work order for site analysis, building layout, preparing revised municipal drawings, tender documents, architectural and engineering drawings etc for the complete execution of the buildings at Hi-tech city, Hyderabad;

- Mahalingam Associates- consultancy services for electrical installation to the proposed group housing project at Jigani Hobli, Anekal Taluk, Karnataka; and

- Lakeer Architects- work order towards architectural consultation for the proposed group housing at Jigani Hobli, Anekal Taluk, Karnataka.

Intellectual property

At the time of our incorporation, our Parent Company provided a no-objection letter to the Registrar of Companies whereby the use of the letters "IVR" as part of our corporate name was allowed. With respect to our logo as it appears on the cover page of this Red Herring Prospectus and our name 'IVR Prime Urban Developers Limited', we have made an application to the Registrar of Trade Marks, Office of the Trade Marks Registry, Chennai, on June 7, 2007 for registration of our corporate logo and we have received numbers (1568809-1568815) which have been allotted to our applications. We are also allowed to use the letters 'TM' at the right hand side top of the logo. Please see "*Government Approvals- Pending Applications*" on page 253. Also, please refer to the risk factor titled "*Risk Factors – We do not have intellectual property rights in our corporate logo*" on page xxv.

Insurance

Our operations are subject to hazards inherent to the construction industry, such as work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions, including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We obtained standard fire and special perils policies for the construction of buildings at National Games village to cover construction risks and third party liabilities for the duration of the project. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate. We also ensure that contractors obtain insurance while carrying out any activities on our behalf. Our employees are also covered under group personnel accident policies.

Properties

We operate from the same registered office as our parent company, IVRCL. IVRCL leased the premises measuring approximately 700 sq. yards located at M-22/3RT, Vijayanagar Colony, Hyderabad 500 057 from E. Ella Reddy by way of a lease deed dated March 1, 2006 for a period of three years. By way of a supplement deed dated March 10, 2006 between E. Ella Reddy and IVRCL, it is provided that the said premises may be used by any group, associate, subsidiary or joint venture company of IVRCL. Pursuant to this supplement deed, we use the said premises to house our registered office. In addition, we have entered into an additional lease deed with IVRCL dated December 15, 2006 wherein IVRCL has agreed to sublet, for a period of three years ending on March 31, 2009, 500 Sq. ft on the first floor of the said premises for a fixed monthly rent.

Our corporate office occupies premises located at 8-2-608/12, Road no. 10, Banjara Hills, Hyderabad 500 034 and consists of leased premises measuring 1925 sq. ft. We have leased this property from Syed Abdul Kareem through a lease deed dated May 25, 2006, for the purpose of housing our administrative office for a period of one year beginning January 1, 2006. The said lease was renewed by a lease deed dated May 5, 2007 for a further period of one year with effect from January 1, 2007. The same is renewable with incremental increases in the monthly rent.

Further, we have leased certain premises in Bangalore from Sandeep Agarwal through a lease deed dated August 1, 2006. The property is located at "Prosperity", 438, Main, 6th Block, Prosperity, Koramangala, Bangalore 560 095, having a built up area of 1950 sq. ft. This property has been leased for the purpose of conducting our business for a period of 48 months beginning August 1, 2006. We have an option to renew the lease for a further term by execution and registration of a renewal lease deed.

We have also leased certain premises in Chennai from our Parent Company, IVRCL, the owner of such premises. We have executed an agreement dated October 1, 2006, for the lease of such premises situated on the third floor, plot no. 31, Guindy Industrial Estate, Chennai 600 032 and measuring 6,000 sq. ft. The said lease is valid for 11 months from the date of the agreement.

In relation to our premises in Pune, we have entered into a leave and license agreement dated October 1, 2006 with Mr. E. Sudhir Reddy and Mr. E. Sunil Reddy ("**Licensors**") wherein we have been granted the leave and license to use the licensed premises along with all the furniture and fixtures admeasuring 825.46 sq. mts situated at no. 35, Suyojana Co-operative Housing Society Limited, Koregaon park, Pune 411 001. The license is valid for 36 months ending on September 30, 2009. In consideration for granting us the license, we are required to pay a license fee of Rs. 100,000 per month to the Licensors.

The Company has also entered into a lease agreement dated December 15, 2006 with Vijayalakshmi Printing Works Private Limited in relation to the lease of the 2nd floor of the property bearing no. B-117, Sector 5, Noida, Uttar Pradesh, upon payment of a monthly rent. The lease is valid for 11 months with effect from the date of the agreement and is renewable upon notice.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Andhra Pradesh and the respective bye-laws framed by the local bodies incorporated under the laws in the State of Andhra Pradesh. The information detailed in this chapter has been obtained from the various local legislations and the bye-laws of the respective local authorities that are available in the public domain.

The real estate and construction sector in India is governed by central and state legislations that regulate the substantive and procedural aspects of the acquisition and transfer of land, construction of housing and commercial establishments. The real estate and construction industry in India operates in a largely fragmented manner, and each state prescribes its own regulations. Investors are advised to undertake their independent study in relation to the regulations applicable to us, for carrying out our business in various States in India. We are broadly subject to the laws which provide for the acquisition of the land, its registration and related aspects like payments of stamp duty, local legislation providing for the regulation and supervision of building and residential premises and certain other state specific laws.

Given below is a brief description of the various legislations, i.e Central and State, that are currently applicable to the business carried on by us.

Constitution of India

The Constitution of India, in Schedule VII provides the list of the various fields of legislation in which the Union, the State and the Centre and State are allowed to make laws. The fields of legislation as specified in the Union list allow the Union of India to make the laws while the entries in the State List provide the respective states to make the laws in relation to the same. The entries in the Concurrent list are where the centre and the states can both make laws. Provided below are certain important entries in relation to land which appear both in the Union as well as the State list.

Union List

Entry 86 of the Union list is in relation to '*Taxes on the capital value of the assets, exclusive of agricultural land, of individuals and companies; taxes on the capital of companies*'. Further entry 87 deals with '*Estate duty in respect of property other than agricultural land*'.

State List

Entry 18 of the State List deals with '*land that is to say right in or over the land, land tenures including the relation of landlord and tenant, and the collection of rents, transfer and alienation of agricultural lands; land improvement and agricultural loans; colonisation*'. Further entry 49 empowers the state in relation to '*taxes on land and buildings*'.

Therefore, as provided for in the Constitution of India, as regards lands in specific and real estate in general, the same are governed both by the laws enacted by the states as well as by the Union of India.

Laws enacted by the Union of India

The Urban Land (Ceiling & Regulation) Act, 1976 ("Urban Land Ceiling Act")

The Urban Land Ceiling Act prescribes the limits to urban areas that can be acquired by an entity. It has been repealed in some states and union territories under the Urban Land (Ceiling and Regulation) Repeal Act, 1999. Further, various land holdings are subject to the provisions of the Land Acquisition Act, 1894 which provides for the compulsory acquisition of land by the appropriate government for public purposes including planned development and town and rural planning. However, any person having an interest in such land has the right to object and the right to compensation.

The Urban Land Ceiling Act is still in force in the State of Andhra Pradesh.

Transfer of Property Act, 1882 ("T.P. Act")

The Transfer of Property Act, 1882 deals with the various methods in which transfer of property including transfer of immovable property or any interest in relation to that property, between individuals, firms and companies takes place. This mode of transfer between individuals is governed by the provisions of the T.P. Act, as opposed to the transfer of property or interest by the operation of law. The transfer of property as provided under the T.P. Act, can be through the mode of sale, gift, exchange etc. while an interest in the property can be transferred by way of a 'lease' or 'mortgage'.

The T.P. Act stipulates the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908 ("Registration Act")

The Registration Act has been enacted with the object of providing public notice of the execution of documents affecting a transfer of any interest in an immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, publication of documents and prevention of fraud. It lays down in detail, the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding eleven months or reserving a yearly rent.

An unregistered document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered. However, the amount of the fees under the Registration Act for the purpose of registration, varies from state to state.

The Indian Stamp Act, 1899 ("Stamp Act")

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the Union list, are governed by the provisions of the Stamp Act which is enacted by the Central Government. All other instruments required to be stamped, as per the rates prescribed by the respective state governments. Stamp duty is required to be paid on all the documents that are registered, as stated above, the percentage of stamp duty payable varies from one state to another. Certain states in India have enacted their own legislation in relation to stamp duty, while the other States have amended the Stamp Act, as per the rates applicable to in the State. The Stamp Act provides for stamp duty at the specified rates on instruments listed in the Schedule to the said Act.

The stamp duty in relation to the lease or conveyancing of any immovable property is prescribed by the respective states in which the land is situated and it varies from state to state. Instruments which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. Further the state government also has the power to impound insufficiently stamped documents.

Stamp Duty on instruments in the State of Andhra Pradesh is governed by the provisions of the Indian Stamp Act, 1899 ("**Stamp Act**"). The Stamp Act prescribes the stamp duty payable on various instruments relating to the land namely conveyance, lease and other instruments as the case may be. The stamp duty payable on conveyance in the State of Andhra Pradesh is one percent, plus any other interest/cess at present and is subject to revision by the government from time to time.

The Easements Act, 1882 ("Easements Act")

The law relating to easements is governed by the Easements Act, 1882 ("Easements Act"). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the dominant owner, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

Labour Laws

We are also required to comply with the laws, rules and regulations in relation to hiring and employment of labour. The laws applicable to us include the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, which is a social welfare legislation which aims to provide certain benefits as enumerated in the Act to the workers engaged in establishments that use manual labour for purposes of construction activities. The Act also provides for the regulatory regime to establish 'Boards' at the Central and the State level, to regulate the functioning of provisions the Act. All establishments involved in construction, are required to be registered under the Act. The Minimum Wages Act, 1948, provides for the fixing of appropriate minimum wags for workers involved in the various scheduled industries as specified in the act. The schedule of the Act refers to 'employment on the construction' or 'maintenance of roads or in building operations'. The Payment of Bonus Act, 1965 prescribes the compulsory payment of bonuses to the employees by the establishments not expressly excluded by the statute. The Payment of Wages Act, 1936 aims to regulate the payment of wages to certain classes of employed persons. It establishes a regulatory regime for implementation of the objects of the Act. Pursuant to the insertion of Section 2(g) of the Act, it also applies to the construction industry. Further in the event that any aspect of the activity is outsourced and is carried by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, 1970 shall also be necessary. The Payment of Gratuity Act, 1972 provides for the payment of gratuity to employees in certain prescribed establishments. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years on his superannuation, on his retirement or resignation or on his death or disablement due to accident.

Environment Laws

Water (Prevention & Control of Pollution) Act, 1974 ("Water Act")

The water pollution in India is regulated under the Water Act. The act aims to provide for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water. The act provides for the prevention and control of water pollution.

As per the provisions of the act there are certain restrictions on new person and he shall not, without the previous consent of the State Board – (1) establish or take any steps to establish any industry, operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land (such discharge being hereafter in this section referred to as discharge of sewage); (2) bring into use any new or altered outlet for the discharge of sewage; and (3) being to make any new discharge of sewage. Before such an activity is undertaken, an application is to be made to the State pollution control Board and they conduct a through enquiry into the application so made and may finally or may not grant permission to carry out such activity.

Sewage Board

The Sewage Board was constituted and it regulates the Supply of potable water including planning, design, construction, maintenance, operation & management of water supply system. It also regulates the sewerage, sewerage disposal and sewerage treatment works including planning, design, construction, maintenance, operation & management of all sewerage and sewerage treatment works.

The Hyderabad Metropolitan Water Supply Rules, 1990 prescribe the various authorites who are competent to sanction water supply service connections, depending on the size.

Laws relating to SEZ

Special Economic Zones, Act, 2005

SEZ is regulated and governed by Special Economic Zone, Act, 2005 (the "SEZ Act"). The SEZ Act has been enacted for the establishment, development and management of the SEZs for the promotion of exports. An SEZ is a specifically delineated duty free enclave, deemed to be a foreign territory for the purposes of trade as well as duties and tariffs.

Initially, India had introduced the concept of SEZ as a part of its Foreign Trade Policy, 2000. This concept embodied fiscal and regulatory concessions, which formed part of various laws, for example, Customs Act, Income-Tax Act and Excise Act. Since due to its relatively complex legal framework, it was unable to attract significant private investment, the SEZ Act was enacted.

A Board of Approval ("SEZ Board") has been set up under the SEZ Act, which is responsible for promoting the SEZ and ensuring its orderly development. BOA has a number of powers including the authority to approve proposals for the establishment of the SEZ, the operations to be carried out in the SEZ by the developer, the foreign collaborations and foreign direct investments.

Procedure for setting up an SEZ

SEZs may be established under the SEZ Act, either jointly or severally by the central government, state government or any other person. As per the provisions of the SEZ Act, any person, who intends to set up an SEZ may, after identifying the area, make an application in Form-A read with Rule 3 of the SEZ Rules, 2006 to the respective state government of the state where the land is located, giving details of the said proposal. State Government may approve the said proposal within a period of 45 days from the date of receipt of such an application in terms of Section 3 of the SEZ Act, 2005, read with sub-rule 1 of Rule 4 of the SEZ Rules, 2006. Alternatively, an application may also be made directly to the BOA and the NOC from the state government may be obtained subsequently.

On receipt of such an application, the BOA may subject to certain conditions approve the proposal in terms of Section 9 of the SEZ Act, 2005 read with Rule 6 of the SEZ Rules, 2006 and communicate it to the central government. Upon receipt of the communication from the BOA, the central government under rule 6 of the SEZ Rules, within 30 days grants the letter of Approval. The central government may prescribe certain additional conditions.

The approvals granted for setting up a SEZ under the erstwhile scheme were referred to as 'in-principle approvals'. Subsequent to the passing of the SEZ Act, However, currently, the central government initially grants the letter of approval to the proposals for setting up of SEZs which as per the old practice continues to be referred to as the 'in-principle approval'. The in-principle approval is valid for a period of one year or three years (as the case may be). The validity period may be extended by the central government, on a case to case basis. Normally, in-principle approval is granted when the Developer is yet to acquire land for the purpose of development of SEZ. In case the Developer already possesses required land for the development of SEZ, the BOA normally grants formal approval. Such formal approval shall be valid for a period of 3 years within which time effective steps shall be taken by the Developer to implement the SEZ project. The validity period may be extended by the central government, on a case to case basis.

The Developer is then required to furnish an intimation to Department of Commerce, Ministry of Commerce and Industry, Government of India. giving details of the SEZ as required in terms of Rule 7 of the SEZ Rules 2006 and the Department of Commerce, Ministry of Commerce and Industry, Government of India on being satisfied with the proposal and compliance of the developer with the terms of the approval, issues a notification declaring the specified area as an SEZ under Rule 8 of the SEZ Rules, 2006.

Apart from the letter of approval from the central government for setting up of the SEZ, no other governmental license is required. Once an area is declared to be an SEZ, the central government appoints a Development Commissioner under Section 11 of the SEZ, Act who is responsible for monitoring and ensuring strict adherence to the legal framework and the day to day operations of the SEZ.

The Special Economic Zone, Rules 2006 (the "SEZ Rules")

The SEZ Rules, 2006 have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules provide for a simplified procedure for a single window clearance from central and state governments for setting up of SEZs and a 'unit' in SEZ. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein with an emphasis on 'self certification' and the terms and conditions subject to which entrepreneur and Developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

The Developer and/or a Co-developer as the case may be is required to have at least 26 percent of the equity in the entity proposing to create business, residential or recreational facilities in a SEZ in case such development is proposed to be carried out through a separate entity or special purpose vehicle being a company formed and registered under the Companies Act.

State SEZ Policies

Various states including the states of Maharashtra, Tamil Nadu and Rajasthan have their own state SEZ policies. The state SEZ policies prescribe the rules in relation to the various environmental clearances, water and power supply arrangements, state taxes, duties, local taxes and levies and we are required to follow the state policy in addition to any central policies.

Laws specific to the state of Andhra Pradesh

Andhra Pradesh Urban Areas (Development) Act, 1975 ("APUDA")

The urban land development in Andhra Pradesh is regulated by the provisions of the APUDA. The act provides for the constitution of the Hyderabad Urban Development Authority ("**HUDA**") which consists of 10 municipalities and vast areas of gram panchayats. The HUDA has developed two master plans and 20 zonal plans for this area of which all are in force at the moment. The HUDA's jurisdiction extends over an area of 1,348 square kilometers covering the entire district of Hyderabad and parts of Ranga Reddy and the Medak district. The objects and powers of the HUDA are to promote and secure the development of all or any of the area comprised in the development area according to the plan.

No person is allowed to undertake or carry out development of any land in contravention with the master plan or zonal development plan or without permission or approval or sanction. An order of demolition of building can also be issued by HUDA where development has commenced or is being carried out or has been complete in contravention of the master plan or zonal plan.

The master plan defines the various zones into which development areas may be divided for the purposes of development and indicate the manner in which the land in each zone is proposed to be used. It provides the frame work for development within the zonal development plans.

The APUDA does not apply to certain development networks including as maintenance or improvement to buildings and inspecting and repairing any buildings. The APUDA empowers the government with the power to compulsorily acquire land. If the Government considers it necessary that land is required for the purposes of development, then the Government may acquire such land under the relevant provisions of the Land Acquisition Act, 1984.

Every person desiring to obtain the permission for carrying out any development activity is required to make an application in writing to HUDA. No person shall use any land or buildings other than in conformity with such plan. Copy of ownership documents and Urban Land Ceiling Clearance Certificate or Affidavit where applicable and one link document copy of ownership is to be submitted along with the application. All copies of documents are to be attested by a Gazetted Officer. Application for the change in land use are to be submitted in the prescribed format. For residential apartment complexes (upto five floors), multistoreyed buildings, commercial / shopping complexesand other buildings like educational, institutional and industrial buildings, all applications in relation to the change in land use are also to be made to the HUDA.

In relation to residential buildings, there are certain prescribed conditions to be followed. The same needs to be complied with prior to the construction of the building. There are various set back requirements that are prescribed which need to be complied with while the construction is to be carried out. There are separate building set back requirements for different kinds of buildings.

Andhra Pradesh Fire Services Act, 1999 ("Fire Services Act")

The maintenance of fire services in the state of Andhra Pradesh is regulated by the provisions of the Fire Services Act. The act provides for the establishment and maintenance of fire services by the Andhra Pradesh Fire Service ("APFS"). Any person proposing to construct a high raised building or a building proposed to be used for any other purpose other than residential purpose should apply to the director general to approve under the relevant law for a no objection certificate. The owner of property shall make an application for license to the APFS within 30 days from the date of notification of construction plans.

The authorized officer so approached should within a period of 60 days decide whether to grant the license or not and if the license is denied, he must also record his reasons for rejecting the same. Every license granted shall be valid for a period of three years, or for such lesser period of three years as specified in the license and may be specified in the renewed license and may be cancelled for reasons to be recorded in writing.

Hyderabad Revised Building Rules, 2006 ("Building Rules")

The Hyderabad Revised Building Rules, 2006 ("Building Rules") (came into effect pursuant to a government order No. 86 dated March 3, 2006) prescribes the rules applicable to Municipal Corporation of Hyderabad and other areas covered by Urban Development Authorities, viz. Hyderabad Urban Development Authority, Hyderabad Airport Development Authority, Cyberabad Development Authority and Buddha Purnima Project Authority. These rules shall apply to all building activity. There shall be restriction on the minimum building plot size along the abutting roads in all new developments areas and layouts.

Under these rules no building / development activity shall be allowed in the bed of water bodies like river, or nala, and in the Full Tank Level (FTL) of any lake, pond, cheruvu or kunta / shikam lands. The above water bodies and courses shall be maintained as recreational/Green buffer zone, and no building activity other than recreational use shall be carried out within the areas specified in the Building Rules. The set back in relation to various construction are also specified in these rules.

In relation to high rise buildings located in vicinity of airports as given in the National Building Code, the maximum height of such building shall be decided in consultation with the Airport Authority and shall be regulated by their rules/requirements. Interstitial sites in the area which are away from the direction of the Airport Funnel zone and already permitted with heights cleared by the Airport Authority shall be permitted without referring such cases to the Airport Authority.

Every application to construct or reconstruct or alteration to existing high rise buildings shall be made in the prescribed form and accompanied by detailed plans floor plans of all floors, complete set of structural drawings and detail specifications duly certified by a qualified structural engineer. Necessary prior No Objection certificate shall be submitted from the Airport Authority (if applicable), Directorate of Fire services, along with the application

These rules also prescribe that an Occupancy Certificate shall be mandatory for all buildings. No person shall occupy or allow any other person to occupy any building or part of a building for any purpose unless such building has been granted an Occupancy Certificate by the Sanctioning Authority.

Andhra Pradesh Municipalities Act, 1965 ("Municipalities Act")

The state of Andhra Pradesh is divided into certain municipalities for better administration. The state of Andhra Pradesh may issue a notification specifying an area as a smaller urban area and constitute a municipality for such an area. Each municipality would be governed by a set of municipal authorities to be constituted/ elected as per the provisions of the Municipalities Act. The Municipalities Act provides that all vacant lands, belonging to or under the control of the state of Andhra Pradesh, situated within the local limits of a municipality would be deemed to be in the possession/ control of the municipal authorities governing such municipality. It is provided that the municipal authority shall not (i) construct or permit the construction of any building or other structure on such vacant land; (ii) use or permit the use of such vacant land for any permanent purpose; and (iii) alienate such vacant land to any third party; unless prior permission is obtained by the municipal authority from the state of Andhra Pradesh. The municipal authority is also authorised to levy property tax on all the buildings and lands within its municipal limits. The municipal authority is also responsible for water supply, public street lighting, maintenance of public and private drains, maintenance and repair of streets within its municipal limits.

The Municipalities Act provides that any person intending to construct or reconstruct a building shall make an application in writing for the approval of the site, together with the site plan. No such construction shall begin unless the commissioner grants the permission for execution of the work. Within 60 days of making the application, the commissioner shall by a written order either approve or reject the site/ execution of any work. if the commissioner fails to do so within 60 days, such permission is deemed to have been granted and the applicant may proceed to execute the work.

The Municipalities Act provides that if the owner of any agricultural land intends to utilise or sell such land for building purposes, he shall pay to the municipal authority such conversion fee not being less than 25 paise and not more than one rupee per square meter. It is provided that the owner of any land shall, before he utilises, sells or otherwise disposes such land as site for construction of buildings, make a layout plan and construct roads giving access to the sites and connecting them with an existing public or private street. The owner is also required to set apart in the lay out adequate area for a play-ground, park, educational institution or for any other public purpose. If the owner fails to comply with the said conditions, he will not be entitled to utilise, sell or otherwise dispose such land for the construction of buildings. The Municipalities Act provides that no permission for the construction of the buildings on such land shall be granted unless the layouts are approved by the municipal authorities. Any person intending to make such a lay-out is required to make a written application to the municipal authorities with the particulars provided in the Municipalities Act. In addition to the particulars specified, such person is required to furnish a conversion certificate (in case of conversion of agricultural land) and pay such amount as security deposit in favour of the municipality. The commissioner shall, within 15 days of receipt of such an application, call for such additional particulars (if required) or forward the same to the Director of Town Planning. The Director of Town Planning is required to forward his recommendations to the Municipality within 60 days of receipt of the layout plan in his office. The Council, may, within 60 days of receipt of the recommendations from the Director of Town Planning, either sanction the lay out or refuse to do so by recording its reasons in writing.

Hyderabad Municipal Corporation Act, 1955 ("HMCA")

HMCA is applicable to the cities of Hyderabad and Secunderabad. The Municipal Corporation of Hyderbad ("MCH") has been set up under the HMCA. The MCH is responsible for the administration and maintenance of Hyderabad and Secunderabad including (i) defining city limits, (ii) watering, scavenging and cleaning of all public streets and places, (iii) collection, removals, treatment, disposal of sewage; (iv) construction and maintenance of drains and drainage works, (v) lighting of public buildings and public strets, (vi) maintenance of public monuments and open spaces and other property vesting in MCH, (vii) naming and numbering of streets, (viii) public vaccination, (ix) registration of births and deaths, (x) construction and maintenance of streets , bridges, and (xi) improvement of the city.

The HMCA provides that any person intending to develop a land/ use it for building purposes, is required to give written notice of his intention to the commissioner and submit plans and sections, showing the situation and boundaries of such building, land, private street etc. The commissioner may call for further particulars within 30 days after receipt of such notice. All plans submitted to the commissioner must be prepared by or under the supervision of a surveyor. If the commissioner does not indicate his approval or disapproval within 60 days of receipt of the notice, then such proposal shall be deemed to have been approved. The HMCA provides that no person shall use or permit the use of any land whether undeveloped or partly developed for building or divide such land into building plots or make or layout any private street, unless such person gives a written notice as provided. In case of any contravention, the commissioner may give a show cause notice to such person as to why such building, layout should not be altered to the satisfaction of the commissioner or why such street or building should not be demolished.

The HMCA further provides that any person intending to erect or alter a building shall give notice to the commissioner of his intention in the specified form. At any time within 30 days after receipt of such notice, the commissioner may, by written notice ask the person, to furnish additional documents. If within 30 days, the commissioner fails to intimate his approval or disapproval in writing, the person may, any time within one year from the date of delivery of notice, proceed with the building in accordance with his intention as described in the notice. If the commissioner disapproves any building or work, he may give a notice of disapproval with reasons for the same and specified terms subject to which the building or work may be deemed to be approved by him. The person giving notice may proceed with the building or work, subject to the terms specified by the commissioner, any time within one year from the date of receiving the notice of disapproval from the commissioner. After the expiry of the one year, the person will need to give fresh notice of his intention to erect or re-erect a building to execute such work.

The HMCA further provides for specifications with respect to the foundation of the building, plinth area, ventilation, height of the rooms, material used for roofs and external walls, maximum height of the buildings etc.

Laws specific to the state of Karnataka

Comprehensive Development Plan ("CDP")

To ensure economic and healthy development of the city, the city is divided into a number of use zones, such as residential, commercial, industrial, public and semipublic. In order to promote public health, safety and the general welfare of the community, the state government thought it necessary to impose limitations on the use of land and buildings.

The CDP for the city of Bangalore was earlier approved by the Government of Karnataka in the year 1984 and has subsequently been revised in 1995 and was again revised by the Bangalore Development Authority ("**BDA**") which is the Planning Authority for the Metropolitan area of Bangalore, as per Section 25 of the Karnataka Town and Country Planning Act, 1961("**KTCP Act**"). The CDP covers a total area of 1,306 square kilometres and consists of 387 villages, seven city municipal councils and one town municipal corporation, and is revised every ten years.

The CDP serves as the foundation for developing strategic plans and local area plans, and finally, designing neighbourhoods and lays down the policies and programmes for the overall development of the area within its ambit taking into consideration the long term requirements.

The CDP envisions that development will be spatially organized in five concentric belts:

- 1st Belt - The core area consisting of the historic Petta, the Administrative Centre and the Central Business District;
- 2nd Belt - Peri-central area with older planned residential areas surrounding the core area;
- 3rd Belt - Recent extensions (2003) of the City flanking both sides of the Outer Ring Road, a portion of which lacks services and infrastructure facilities and is termed as a shadow area;
- 4th Belt - New layouts with some vacant lots and agricultural lands; and
- 5th Belt - Green belt and agricultural area in the City's outskirts including small villages.

The land use zone in the CDP are categorised as main areas category, specific areas category and constraint areas category. Under the Revised Master Plan 2015, there has been an enhancement of the FAR to a maximum of 3 and depending on the width of the road, up to 4 and an enhancement of FAR to a maximum of 4 around proposed metro stations.

Karnataka Land Revenue Act, 1964 ("KLR Act")

The KLR Act was enacted to consolidate and amend the laws relating to land and the revenue administration in the State of Karnataka. The KLR Act states that any owner of an agricultural land shall require the permission of the Deputy Commissioner, to convert the use of such land for any other purpose. The KLR Act states that such a request for the conversion of the agricultural land cannot be refused, if such lands are in the CDP. Certain activities which are allowed to be carried out in the green belt areas include construction of places of worship, hospitals, libraries, sports clubs and cultural buildings. Any other form of activity, to be carried out will require the prior consent of the relevant authority.

KTCP Act

The KTCP Act was enacted to provide for the regulation of planned growth of land use and development and for the making and execution of town planning schemes in the State of Karnataka. The KTCP Act provides for the declaration of a local planning area and shall be governed by its own local bye laws, rules and regulations, as the case may be. A local planning authority is constituted for such a local planning area. Every local planning authority, shall be required to create a master plan and all activities shall be carried out pursuant to such a master plan.

Karnataka Municipal Corporation Act, 1976 ("KMC Act")

The KMC Act was established to consolidate and amend the laws, relating to the establishment of 'Municipal Corporations' in the state of Karnataka. The Municipal Corporations then have the power to regulate the construction industry by imposing mandatory requirements such as necessary approvals, building bye-laws, regulation of future constructions, etc. Pursuant to the provisions contained in Chapter XV of the Act, the corporations have been given the powers to regulate buildings and other related activity.

Bangalore Mahanagara Pallike Building Bye Laws - 2003 ("BMP Bye Laws")

The BMP Bye Laws are applicable and shall be required to be complied with within the jurisdiction of the Bangalore Mahanagara Pallike. For the purpose of the BMP Bye Laws, the Bangalore Mahanagara Pallike shall mean the Corporation. Currently there are totally about 100 wards in Bangalore to which the BMP Bye Laws are applicable.

Schedule 1 of the BMP Bye Laws, provides the land use classification which is permitted. Land use under the schedule is classified as: (i) Residential (ii) Commercial (retail and wholesale business) (iii) Industrial (iv) public and semi public use (v) parks, open spaces and playgrounds (vi) transport and communication (vii) utilities and services; and (viii) agricultural zone. In the Commercial (retail business) zone, the construction of residential buildings is permitted.

Part II of the BMP Bye Laws provide that every person who intends to erect or re-erect a building or make material alterations shall be required to obtain a license from the Commissioner of the Bangalore Mahanagara Pallike ("**Authority**"). The BMP Bye Laws provide the various details, which shall have to be complied with, for the purpose of carrying out any construction activity within its jurisdiction.

- At the time of submission of an application by any person to the Authority to erect a building or such other construction activity, as required in clause 3 of the BMP Bye Laws, certain documents including the title deeds or the possession issued by a competent authority, property card and the sketch issued by the department of survey and settlement and land records and the latest assessment book extract issued by the Corporation, are required to be required.

In addition to the above, certificates from the following authorities shall have to be submitted with the application. These authorities include:

- The Bangalore Development Authority, in the event any of the conditions as specified are satisfied; and
- No Objection Certificate ("**NOC**') from The Bangalore Water Supply and Sewerage Board, Bangalore Electricity Supply Company, Fire Services Department, Airport Authority of India in case of a high rise building. In the event that the high rise building is above seven floors, such an NOC shall also have to be obtained from the Telecommunication Department.

Bangalore Mysore Infrastructure Corridor Area Planning Authority ("BMICAPA") and Bangalore International Airport Area Planning Authority ("BIAAPA")

The BMICAPA and the BIAAPA have been constituted pursuant to the KTCP Act, as a local planning Authority. The Bangalore Mysore Infrastructure Corridor Project consists of tolled four lane express highways (including their peripheral and link roads) and the 5 new townships, along this corridor. The Bangalore International Airport Planning Authority, regulates the lands coming within its jurisdiction.

Under the provisions of the KTCP Act, such a local planning authority shall have its own rules and regulations, which shall govern the area within its jurisdiction. In light of the above, the BMICAPA and the BIAAPA constitute independent planning authorities, and therefore in the event that any land is situated in their jurisdiction, they shall pursuant to the authority vested in them, have the powers to govern such areas.

BMICAPA

Any person intending to carry out any development activity in the jurisdiction of Bangalore Mysore Infrastructure Corridor Area **("BMICA")** shall be required to make an application in the prescribed form as specified in Section 14 of the KTCP Act, with documents such as key plan, site plan, building plan, ownership title.

The permitted land use in the BMICAPA includes land to be used for commercial use wherein residential buildings are included.

BIAAPA

The area coming within the jurisdiction of the Bangalore International Airport Area ("**BIAA**") shall be governed by the rules and regulations as framed by the BIAAPA and all applications for carrying out any construction in this area, shall be made to the BIAAPA.

Bangalore Development Authority Act, 1976 ("BDA Act")

The BDA Act was enacted for the establishment of a development authority to provide for the development of the city of Bangalore and areas adjacent to it. Section 67 of the BDA Act has amended the KTCP Act and states that for the city of Bangalore, the Bangalore Development Authority ("**BDA**") shall be the local planning authority for the local planning area.

Bangalore Metropolitan Region Development Authority Act, 1985 ("BMRDA Act")

The BMRDA Act was enacted for the purpose establishing the Bangalore Metropolitan Region Development Authority ("**BMRDA**") to plan, co-ordinate and supervise the proper and orderly development of the Bangalore metropolitan region. Any development in the Bangalore district and the Bangalore rural district shall require the prior permission of the BMRDA.

Karnataka Apartment Ownership Act, 1972 ("KAO Act")

Under the provisions of the KAO Act, every owner of an apartment is required to execute a declaration to adhere to the provisions of the KAO Act. The KAO Act states that the administration of every property, shall be bound by its own bye laws.

Laws specific to the state of Tamil Nadu

Chennai Metropolitan Development Authority ("CMDA")

The CMDA is a town planning authority constituted under the Tamil Nadu Town and Country Planning Act, 1971. It regulates all physical developments within Chennai Metropolitan Area on planned lines. For this purpose the CMDA has prepared a master plan which designates the land use permissible in every part of the Chennai metropolitan area. The Chennai metropolitan area consists of 306 villages in 10 panchayat unions, besides 28 town panchayats, 8 municipalities and 1 cantonment. The CMDA prepares development plans for spatial development of Chennai metropolitan area by with a public consultation process. The CMDA has laid down development control rules for the Chennai metropolitan area in relation to the construction of information technology parks, ordinary buildings, multi storey buildings, and other buildings being constructed for industrial purposes as well as for residential and industrial layouts. These rules prescribe the extent of plot size, plot frontage, floor space index, plot coverage, height and set back lines for all the varieties of buildings named above. The permissible measurements for different buildings are laid down in detail under these rules.

Laws specific to Noida

Uttar Pradesh Industrial Area Development Act ("UP Act")

The UP Act has come into force in 1976 and was created with the objective of constituting of an authority for the development of certain areas in the state into industrial and urban townships and for all matters related to such development.

New Okhla Industrial Development Authority ("Authority")

Noida has been established under the provisions of this UP Act. Pursuant to the powers under Sec 3 of the Act, the Government has established the New Okhla Industrial Development Authority ("**Authority**"). The Authority has been mandated to secure the planned development of Noida and in pursuance of this objective it prepares plans for the development of the area, regulates the erection of buildings, allocates and transfers by way of lease or sale plots of land for industrial, commercial or residential purposes and lays down the purposes for which a particular plot of land would be used.

Greater Noida Industrial Development Area Building Regulations, 2002 (the "Greater Noida Regulations")

Building activity in the areas coming under Greater Noida is regulated by the Greater Noida Regulations, which applies to the building activity within both agricultural and non agricultural areas in Greater Noida.

However these regulations do not apply to lands in village abadis which are registered in revenue records or to the areas declared by the Greater Noida Industrial Development Authority for village abadi expansion. The Greater Noida Industrial Development Authority would decide the specifications and standards to be followed in constructing such buildings.

The Greater Noida Industrial Development Authority has powers in relation to Greater Noida similar to that which the New Okhla Industrial Development Authority has in relation to Noida.

Noida Special Economic Zone

The Noida Special Economic Zone has a total area of 125 hectares containing 141 operational units, and is the only landlocked SEZ in the country. The zone is located 24 kms away from New Delhi. There are 251 developed plots and 144 standard design factories constructed in the zone thus far. The Noida Special Economic Zone is characterized by a single window clearance scheme, fully developed infrastructure, uninterrupted power supply, telecom facilities and abundant skilled manpower.

Laws specific to the state of Maharashtra

The Maharashtra Ownership Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1963

The Maharashtra Ownership Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1963 ("**MOF Act**") applies throughout the State of Maharashtra. The provisions of the MOF Act apply to promoters / developers who intend to construct a block or building of flats on ownership basis. The MOF Act prescribes general liabilities of promoters and developers. Under the rules framed under the MOF Act, a model form of agreement to be entered into between promoters / developers and purchasers of flats has been prescribed. Under the MOF Act, the promoter / developer is required to enter into a written Agreement for sale of flat with each purchaser and the agreement contains prescribed particulars with relevant copies of documents and these agreements are compulsorily required to be registered.

Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971

The Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971 ("**MSA Act**") provides for and governs the making of better provisions for improvement and clearance of slum areas in the State and their redevelopment and for the protection of occupiers from eviction and distress warrants.

Maharashtra Rent Control Act, 1999

The Maharashtra Rent Control Act, 1999 ("**MRC Act**") has been enacted to unify, consolidate and amend the law relating to control of rent and repairs of certain premises and of eviction in Maharashtra and for encouraging the construction of new houses by assuring a fair return on the investment by landlords and to provide for the matters connected with the purposes aforesaid.

Maharashtra Tax on Buildings (with Larger Residential Premises) Act, 1979

The Maharashtra Tax on Buildings (with Larger Residential Premises) Act, 1979 has been enacted to provide for levy of tax on buildings in corporation areas in the State of Maharashtra, which contain larger residential premises.

The Bombay Stamp Act, 1958

As stated above, the applicable rates for stamp duty on various instruments, including those relating to conveyance, are prescribed by state legislation. The stamp duty rates as applicable in Maharashtra have been prescribed by the Bombay Stamp Act, 1958 ("**BSA**"). Set out below are some of the salient rates of stamp duty in the context of the Company's operations:

- Development Agreement: under the BSA, stamp duty of 1% on consideration/market value, whichever is more is payable.
- Power of Attorney: if stamp duty is paid, as above, on the development agreement, then stamp duty payable is Rs. 200/-.

- Agreement with flat owners: Concessional stamp duty is provided for residential units and stamp duty on commercial units at the rate of 5%.
- In case of investments executed for the rehabilitation of slum dwellers, the Government of Maharashtra has, in exercise of its powers under section 9 of the BSA, reduced the stamp duty to Rs. 100/- only.

The Maharashtra Value Added Tax Act, 2002

The Maharashtra Value Added Tax Act, 2002 prescribes certain requirements in relation to the payment of value added tax in Maharashtra.

Maharashtra Cooperative Societies Act, 1960

The Maharashtra Cooperative Societies Act, 1960 has been enacted with a view to providing for the orderly development of cooperative movement in the State of Maharashtra in accordance with the relevant Directive Principles of State Policy enunciated in the Constitution of India.

Bombay Municipal Corporation Act, 1888

The Bombay Municipal Corporation Act, 1888 has been enacted to regulate the municipal administration of the city of Bombay (now Mumbai) and to secure the due administration of municipal funds.

The Maharashtra Housing and Area Development Act, 1976

The Maharashtra Housing and Area Development Act, 1976 has been enacted for giving effect to the policy of the State towards securing the principle specified in the Constitution of India and the execution of the proposals, plans or projects therefore and acquisition therefore of the lands and buildings and transferring the lands, buildings or tenements therein to the needy persons and cooperative societies of occupiers of such lands or buildings.

The Maharashtra Apartment Ownership Act, 1970

The Maharashtra Apartment Ownership Act, 1970 has been enacted to provide for ownership of an individual apartment in a building and to make such apartment heritable and transferable property.

Other applicable laws

In addition to the legislation stated above, we shall also be required to obtain the consent of various local bodies including the Ministry of Environment and Forests and/or State Pollution Control Board, Fire Force Department, Sewerage Board, Telecom Department and Airport Authority of India ("**AAI**").

Foreign Investment in the Real Estate Sector

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, however the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment is not permitted in the Real Estate Industry.

The GoI has permitted FDI of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure), (Real Estate Sector), subject to certain conditions contained in Press Note No. 2 (2005 series) (Press Note 2) and Press Note No. 4 (2006 series) (Press Note 4).

However, Press Note 2 and Press Note 4 are not applicable to foreign investment under the portfolio investment scheme by entities FIIs, under Schedule II of the FEMA Regulations. The Company is eligible to issue equity shares to FIIs, under the portfolio investment scheme, covered under notification FEMA No.

20/2000-RB dated May 3, 2000 and subsequent amendments thereto.

Further, as per the sector-specific policy for FDI, FDI upto 100% is allowed under the automatic route in Special Economic Zones and Free Trade Warehousing Zones covering setting up of these Zones and setting up units in the Zones, subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy.

Foreign investment in the real estate sector is regulated by the relevant provisions of the FDI Manual dated November 2005 ("**FDI Manual**"), FEMA Regulations**,** and the relevant Press Notes issued by the Secretariat for Industrial Assistance, GoI.

FDI Manual

Item No. 9 of Annexure II to the said FDI Manual outlines the sectoral caps in relation to 'Housing and Real Estate'. The said annexure, specifies the following as activities under the automatic route in which Investment are permitted only by NRI's:

a. Development of serviced plots and construction of built up residential premises
b. Investment in real estate covering construction of residential and commercial premises including business centres and offices
c. Development of townships
d. City and regional level urban infrastructure facilities, including both roads and bridges
e. Investment in manufacture of building materials, which is also open to FDI
f. Investment in participatory ventures in (a) to (e) above
g. Investment in housing finance institutions, which is also open to FDI as an NBFC.

FEMA Regulations

The FEMA Regulations, state that the investment cap in the real estate on the activities in the 'Housing and Real Estate' is permit investment to the extent of 100% only by NRIs in the following specified areas:

1. Development of serviced plots and construction of built up residential premises
2. Investment in real estate covering construction of residential and commercial premises including business centres and offices
3. Development of townships
4. City and regional level urban infrastructure facilities, including both roads and bridges
5. Investment in manufacture of building materials, which is also open to FDI
6. Investment in participatory ventures in (a) to (c) above
7. Investment in housing finance institutions, which is also open to FDI as an NBFC.

However, all other forms of FDI are prohibited in relation to Housing and Real Estate Business.

Press Note 2 of 2005

The law in relation to investment in the real estate sector has further been modified vide press note 2 of 2005, bearing No. 5(6)/2000-FC dated March 3, 2005. The said press note has also amended certain press notes which have been issued earlier, in the same field.

Under the said press note 2, FDI up to 100% under the automatic route is allowed in 'townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure)', subject to the compliance with the following requirements.

a. Minimum area to be developed under each project is as under

1. In case of development of serviced housing plots, a minimum land area of 10 hectares.
2. In case of construction-development projects, a minimum built up area of 50,000 square meters
3. In case of a combination project, anyone of the above two conditions would suffice

b. Minimum capitalization of US$ 10 million for wholly owned subsidiaries and US$ 5 million for joint ventures with Indian partners. The funds are to be brought in within six months of commencement of business of the Company.

c. Original investment is not to be repatriated before a period of three years from completion of minimum capitalization. The investor is to be permitted to exit earlier with prior approval of the Government through the FIPB. At least 50% of the project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor would not be permitted to sell undeveloped plots.

Therefore applicable law only permits investment by an NRI under the automatic route in the 'Housing and Real Estate' sector upto 100% in relation to townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) and additionally permits upto 100 % FDI in the 'Housing and Real Estate' subject to compliance with the terms provided in press note 2 of 2005.

We have sought a confirmation from the DIPP by letter dated November 17, 2006 on FIIs being permitted to participate in the Issue under the portfolio scheme. The DIPP, by its letter dated February 12, 2007, clarified that 'guidelines notified under press note 2 (2005 series) are applicable to investment made only under the FDI route and are not applicable to investment by FIIs under the portfolio investment scheme under the FEMA Regulation'. We have accordingly sought a confirmation from the RBI by letter dated February 16, 2007 on FIIs being permitted to subscribe to the Equity Shares under the portfolio investment scheme and that press note 2 of 2005 is not applicable to investments by FIIs. RBI by its letter dated June 12, 2007 clarified that 'FIIs may invest in the proposed public issue of the Company under the portfolio investment scheme interms of Regulation 1(5) of schedule 2 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000'. However, it provided that FII investments in any pre-ipo placement would be treated on par with FDI and will have to comply with the guidelines for such FDI in terms of lock-in period and other conditions prescribed vide press note 2 (2005 series).

Note:

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue.

HISTORY AND CORPORATE STRUCTURE

Our History

Our Company was incorporated as "IVR Realtors Limited" on June 28, 1996 by our Promoters Mr. E. Sunil Reddy and Mr. E. Sudhir Reddy. The name of our Company was changed from "IVR Realtors Limited" to "IVR-Prime Urban Developers Limited" and a fresh certificate of incorporation consequent on change of name was granted to our Company on January 16, 2001 by the RoC. The name of our Company was again changed from "IVR-Prime Urban Developers Limited" to "IVR Prime Urban Developers Limited" pursuant to which we received the fresh certificate of incorporation from the RoC on June 12, 2006. Since its incorporation, the Company has been carrying on the business of real estate development.

The registered office of our Company is situated at M-22/3RT, Vijayanagar Colony, Hyderabad 500 057.

We have entered into a Master Agreement with our Parent Company, governing business arrangements and areas of cooperation and responsibility in relation to real estate projects between us and our Parent Company. The Master Agreement sets out the principles of transacting various facets of business all being in the nature of arms' length transactions, in particular, bidding for business projects, implementation and execution of these projects, our Company being involved primarily in the development of projects. Further, for these projects, our Parent Company and we shall enter into a separate agreement to lay down the various terms of engagement in relation to the specific Project. For more details on the Master Agreement, please see "*Our Business- Master Agreement with our Parent Company*" on page 73.

For more information on our Promoters, see 'Our Management- Brief Biographies of our Directors' on page 122.

Main Objects

1. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

2. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

3. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

4. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

5. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management

systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Amendments to our Memorandum of Association

Date	Nature of Amendment
October 30, 2006	Increase in the authorized capital from Rs. 550 million comprising of 55,000,000 Equity Shares of Rs. 10 each to Rs. 700 million comprising of 70,000,000 Equity Shares of Rs. 10 each.
August 14, 2006	Insertion of clauses 4 and 5 of the Main Objects Clause. The clauses 4 and 5 state as follows: *4. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.* *5. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.*
March 13, 2006	Increase in the authorized capital from Rs. 300 million comprising of 30,000,000 Equity Shares of Rs. 10 each to Rs. 550 million comprising of 55,000,000 Equity Shares of Rs. 10 each
July 5, 2004	Increase in the authorized capital from Rs. 150 million comprising of 15,000,000 Equity Shares of Rs. 10 each to Rs. 300 million comprising of 30,000,000 Equity Shares of Rs. 10 each
March 27, 2001	Increase in the authorized capital from Rs. 50 million comprising of 5,000,000 Equity Shares of Rs. 10 each to Rs. 150 million comprising of 15,000,000 Equity Shares of Rs. 10 each.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
February 2001	Commencement of construction of the national games village project through our Company
December 2002	Company associated with the Government of Andhra Pradesh to host the 32nd National Games
September 2004	Sale of the first flat and the villa in the national games village
July 2006	Appointment of Bentel Associates, as architects for the mall project
July 2006	Commencement of the execution of the mall project

Details of our Subsidiaries

IVR Hotels & Resorts Limited

IVR Hotels & Resorts Limited was incorporated on December 8, 1995 as a public limited company and received its certificate of commencement of business on January 22, 1996. It has its registered office at M22/3RT, Vijaynagar Colony, Hyderabad 500 057, Andhra Pradesh.

IVR Hotels & Resorts Limited became a subsidiary of our Company pursuant to the resolution passed by our Board dated March 1, 2006, with effect from March 27, 2006 pursuant to transfer of shares from Mr. B. Ramalinga Reddy, Mr. V. Raja Mohan Reddy, Mr. B. Venku Reddy and Mr. B. Chandrashekar Reddy.

Main Objects of IVR Hotels & Resorts Limited

The main objects of IVR Hotels & Resorts Limited are provided below:

i. To carry on the business as hoteliers, hotel proprietors, hotel marriages, and operators, refreshment contractors and caterers, restaurant keepers, refreshment room proprietors, milk and snack bar proprietors, cafe and tavern proprietors, lodging house proprietors, ice-cream merchants, sweetmeat merchant, milk manufacturers and merchants, bakers, confectioners, professional merchants, licensed victuallers, wine and spirit merchants, blenders and bottlers and to establish and provide all kinds of conveniences and attractions for customers and others and in particular reading room, writing and smoke rooms, (lockers and safe deposits, telephones, telegraphs, Telex, Faxes and other business facilities, clubs, stores, shops and the related.

ii. To own, develop, construct, maintain, run and carry on the business of recreation centres/clubs, holiday resorts, Hill resorts, and other resort facilities, country clubs, restaurants, swimming pools, amusement arcades / parks, entertainment parks / clubs.

iii. To carry on the business of sports / games in particular golf, Golf courses/courts and tourism and to provide leisure, sports, and entertainment facilities, sports of all kinds land & water sports, under-water sports,, diving, sailing, slurring, rowing & similar other facilities to public in general including tourists, visitors, delegates coming to India from foreign countries, to arrange and carry on tourist trade and develop tourist recreation & sports facilities for surface sports & water sports and in particular to the sports of golf, to impart training, conduct courses by way of direct & indirect training, holding classes, publishing and selling material to promote sports and deal in equipment of all kinds relating to sports.

iv. To develop & furnish sports recreation centres in forests, deserts, off shore and on shore near water bodies or otherwise & provide all kinds of facilities for customers & others to promote tourism and sports of all kinds and golf and to procure, purchase, obtain on lease or hire or construct clubs, recreation centres, to develop time sharing apartments, bungalows, condominiums, and to sell same along the Golf Course/around the course, and other facilities and to do the business of selling souvenirs and products of Indian Cottage industry, sell or rent sports & other equipment directly or indirectly related to sports of all kinds.

Shareholders as of July 9, 2007

The shareholding pattern of equity shares of IVR Hotels & Resorts Limited is as follows

Sl.No	Shareholder	Number of shares	Percentage
1.	E.Ella Reddy	500	0.64
2.	E.Sunil Reddy	500	0.64
3.	B. Kodandarami Reddy	1000	1.28
4.	E.Sudhir Reddy	500	0.64
5.	M.Mahesh	400	0.51
6.	Subhangi Kulkarni	300	0.39
7.	IVR Prime Urban Developers Limited	50,000	64.00
8.	S. Santosh	12,000	15.36
9.	Y. Padma	12,925	16.54
	TOTAL	**78,125**	**100.00**

Directors as of July 9, 2007

The Board of Directors of IVR Hotels & Resorts Limited comprises of Mr. E. Sudhir Reddy, Mr. E. Sunil Reddy and Mr. R. Balarami Reddy.

Financial performance

(In Rs. except share data)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005
Sales and other income	Nil	Nil	Nil
Profit/Loss after tax	Nil	Nil	Nil

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005
Reserves and Surplus	Nil	Nil	Nil
Equity capital (par value Rs. 10)	16,614,030*	8,364,780**	8,364,780**
Earnings per share (Rs)	Nil	Nil	Nil
Book value per share	Nil	Nil	Nil

* includes a sum of Rs. 15,832,780 received for as share application money.
** includes a sum of Rs. 7,832,780 received for as share application money.

IVRCL Megamalls Limited

IVRCL Megamalls Limited was incorporated on May 26, 2000 under the name of IVRCL Information Technology Limited as a public limited company and received its certificate of commencement of business on June 16, 2000. The name of the Company was changed from "IVRCL Information Technology Limited" to "IVRCL Megamalls Limited" pursuant to which the fresh certificate of incorporation was received from the RoC on May 21, 2004. It has its registered office at M22/3RT, Vijaynagar Colony, Hyderabad 500 057, Andhra Pradesh.

Our Board passed a resolution on April 17, 2006 to acquire 49,200 equity shares of IVRCL Megamalls Limited and the shares were transferred to our Company from Mrs. B. Ramasubamma and Mr. G. Sitaram with effect from March 31, 2007.

Main Objects of IVRCL Megamalls Limited

The main object of IVRCL Megamalls Limited is provided below:

i. To construct, build, develop, maintain, operate, own, manage, market, lease, and transfer infrastructure facilities including commercial complexes, megamalls, multiplex theatres, hospitality properties, service apartments, clubs, housing, amusement parks, health resorts, theme parks, restaurants, recreation parks, cyber cafes, gym houses, swimming pools, ware houses, lodges, grocers, banquet halls, video game parlours, pool table, shops, stores, art galleries, Imax theatres and to do all incidental acts and things necessary for the attainment of the foregoing objects.

Shareholders as of July 9, 2007

The shareholding pattern of equity shares of IVRCL Megamalls Limited is as follows

Sl.No	Shareholder	Number of shares	Percentage
1.	IVR Prime Urban Developers Limited	49,200	97.90
2.	E.Sudhir Reddy*	150	0.30
3.	E.Sunil Reddy*	150	0.30
4.	R. Balrami Reddy*	150	0.30
5.	K. Ashok Reddy *	150	0.30
6.	Dr. C. Srinivas*	150	0.30
7.	Ramachandran*	150	0.30
8.	B. Anitha*	150	0.30
	TOTAL	**50,250**	**100.00**

* shares are held as nominees on behalf of our Company.

Directors as of July 9, 2007

The Board of Directors of IVRCL Megamalls Limited comprises of Mr. E. Sudhir Reddy, Mr. E. Sunil Reddy, Mr. A. Krishna Reddy, Mr. G. Seetharam and Mr. C.H. Brahmananda Reddy.

Financial performance

(In Rs. except share data)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005
Sales and other income	Nil	Nil	Nil

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005
Profit/Loss after tax	Nil	Nil	Nil
Reserves and Surplus	Nil	Nil	Nil
Equity capital (par value Rs. 10)	502,500	502,500	502,500
Earnings per share (Rs)	Nil	Nil	Nil
Book value per share	Nil	Nil	Nil

Agaram Developers Private Limited

Agaram Developers Private Limited was incorporated on February 08, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057.

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Agaram Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Agaram Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.12	Not Applicable	Not Applicable

Papankuzhi Developers Private Limited

Papankuzhi Developers Private Limited was incorporated on February 13, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Papankuzhi Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Papankuzhi Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.11	Not Applicable	Not Applicable

Mummidi Developers Private Limited

Mummidi Developers Private Limited was incorporated on March 26, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Mummidi Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Mummidi Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.14	Not Applicable	Not Applicable

Samatteri Developers Private Limited

Samatteri Developers Private Limited was incorporated on February 12, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Samatteri Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Samatteri Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.11	Not Applicable	Not Applicable

Velursantha Developers Private Limited

Velursantha Developers Private Limited was incorporated on March 29, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no. 8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Velursantha Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Velursantha Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.11	Not Applicable	Not Applicable

Annupampattu Developers Private Limited

Annupampattu Developers Private Limited was incorporated on February 8, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057.

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Annupampattu Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Annupampattu Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.12	Not Applicable	Not Applicable

Kunnam Developers Private Limited

Kunnam Developers Private Limited was incorporated on February 8, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Kunnam Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Kunnam Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.11	Not Applicable	Not Applicable

Tirumani Developers Private Limited

Tirumani Developers Private Limited was incorporated on April 17, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Tirumani Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Tirumani Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

M.M. Kuppum Developers Private Limited

M.M. Kuppum Developers Private Limited was incorporated on February 13, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of M.M. Kuppum Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of M.M. Kuppum Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.11	Not Applicable	Not Applicable

Ilavampedu Developers Private Limited

Ilavampedu Developers Private Limited was incorporated on February 13, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057.

Our Board passed a resolution on May 28, 2007 to acquire 10,000 equity shares of Ilavampedu Developers Private Limited and the shares were transferred to our Company from Mr. K. Ashok Reddy, Mr. G. Ramakrishna Rao and Mr. D. Venkatasubrahmaniam with effect from May 28, 2007.

Main Objects of Ilavampedu Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,700	97.00
2	K. Ashok Reddy	100*	1.00
3	G.Ramakrishna Rao	100*	1.00
4	D.Venkatasubrahmaniam	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	K. Ashok Reddy	Director
2.	G.Ramakrishna Rao	Director
3.	D.Venkatasubrahmaniam	Director

Financial performance

(In Rs. except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	Nil	Not Applicable	Not Applicable
Profit/ Loss after Tax	Nil	Not Applicable	Not Applicable
Equity Capital	100,000	Not Applicable	Not Applicable
Reserves and Surplus	Nil	Not Applicable	Not Applicable
EPS (Rs.)	Nil	Not Applicable	Not Applicable
Book Value (Rs.)	9.11	Not Applicable	Not Applicable

Vedurwada Developers Private Limited

Vedurwada Developers Private Limited was incorporated on June 18, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Vedurwada Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Rudravaram Developers Private Limited

Rudravaram Developers Private Limited was incorporated on June 14, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Rudravaram Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Haripuram Developers Private Limited

Haripuram Developers Private Limited was incorporated on June 18, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Haripuram Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Chodavaram Developers Private Limited

Chodavaram Developers Private Limited was incorporated on June 18, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Chodavaram Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

ETA Developers Private Limited

ETA Developers Private Limited was incorporated on June 14, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of ETA Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Iota Developers Private Limited

Iota Developers Private Limited was incorporated on June 15, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Iota Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Lamda Developers Private Limited

Lamda Developers Private Limited was incorporated on June 15, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Lamda Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Annavaram Developers Private Limited

Annavaram Developers Private Limited was incorporated on June 18, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Annavaram Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Gajuwaka Developers Private Limited

Gajuwaka Developers Private Limited was incorporated on June 18, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Gajuwaka Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Kappa Developers Private Limited

Kappa Developers Private Limited was incorporated on June 18, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Kappa Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Simhachalam Prime Developers Private Limited

Simhachalam Prime Developers Private Limited was incorporated on June 25, 2007 as a private limited company. The company is yet to commence its commercial operations. Its registered office is located at Door no8-2-608-1-6, Naim Chambers, Beside Ofen Coffee Shop, Road No. 10, Banjara Hills, Hyderabad 500 034.

Main Objects of Simhachalam Prime Developers Private Limited

i. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, industrial parks, independent houses, flats, housing colonies, commercial complexes, markets, infrastructural projects or other buildings or conveniences thereon and to equip the same or any part there of with all or any amenities or conveniences, drainage, electric, telegraphic, telephonic, television installations and to deal with the same.

ii. To acquire by purchase, lease, exchange, hire or otherwise lands and property of any tenure and to carry on the business of builders, realtors, contractors, dealers in and manufacture of prefabricated and precast houses, buildings and erection materials, tools, implements, machinery, metalware and flooring material in connection therewith or incidental thereto.

iii. To carry on business as estate agents and estate managers and to collect rents, repair, look after and manage immovable properties of or for any persons, firm and companies, Governments and States as well as of the company, to give, take, let and sublet and to carry out, undertake or supervise any buildings construction, altering, improving, demolishing and repairing operations and all other works and operations in connection with immovable estates and properties.

iv. To organize, carry on in all their respective branches, all or any of the business contract of builders, earth work masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, embarkments, irrigations, reclamations, railways and roadways, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings flats and erections of the every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned businesses like plastering, painting, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or naturally incidental thereto.

v. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature ; any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVR Prime Urban Developers Limited	9,900	99.00
2	D. Devaraja Rao	100*	1.00
	Total	**10,000**	**100.00**

* Shares are held as nominees on behalf of our Company.

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	D. Devaraja Rao	Director
2.	S.V. Ram kumar	Director

Financial performance

The company has been incorporated recently and therefore no financials are available in relation to the same.

Proposed Subsidiaries

Our Board at its meeting held on May 28, 2007, approved the incorporation of private limited companies and has also approved the investment by our Company up to Rs. One lakh each in the share capital of these new companies. Our Company shall subscribe to 9,900 equity shares of Rs. 10 each in each of the companies to be incorporated and the remaining shares shall be held by nominees of the Company. In light of the above, the Executive Committee of our Company has approved the incorporation of seven companies, as named below as our wholly owned subsidiaries (in addition to the companies as specified above) at its meeting held on June 11, 2007;

1. Siripuram Developers Private Limited
2. Geo Prime Developers Private Limited
3. Gamaa Developers Private Limited
4. Theata Developers Private Limited
5. Duvvda Developers Private Limited
6. Kasibugga Developers Private Limited

Our Company has commenced the process of making the necessary filings with the Registrar of Companies, Andhra Pradesh.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than 3 directors and not more than 12 directors. We currently have six directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Red Herring Prospectus:

Name, Designation, Father's/ Spouse's Name, Address and Occupation	Term	Nationality	Age	Other Directorships
Mr. E. Sudhir Reddy **Chairman and Joint Managing Director** DIN: 00023518 S/o Mr. E. Ella Reddy Plot No. 580, Road No. 32 Jubilee Hills, Hyderabad 500 034 India *Businessman*	Appointed as Joint Managing Director for a period of five years with effect from January 02, 2007 by the Board of Directors. His appointment has been approved by the members at the AGM held on July 5, 2007.	Indian	46	**Indian Companies** a) IVRCL Infrastructures & Projects Limited b) IVR Enviro Projects Private Limited c) First STP Private Limited d) IVRCL Road Toll Holdings Limited e) IVRCL Water Infrastructures Limited f) Hindustan Dorr- Oliver Limited g) Palladium Infrastructures and Projects Limited h) Indus Palms Hotels & Resorts Limited i) S.V. Equities Limited j) IVR Hotels & Resorts Limited k) IVRCL Megamalls Limited l) Soma Hotels & Resorts Limited m) Eragam Holdings Limited
Mr. E. Sunil Reddy **Managing Director** DIN: 00023590 S/o Mr. E. Ella Reddy Plot No. 580, Road No. 32 Jubilee Hills, Hyderabad 500 034 India *Businessman*	Re-appointed with effect from March 1, 2006 for a period of five years	Indian	45	**Indian Companies** a) IVRCL Infrastructures & Projects Limited b) Hindustan Dorr- Oliver Limited c) Palladium Infrastructures and Projects Limited d) Indus Palms Hotels & Resorts Limited e) S.V. Equities Limited f) IVR Hotels & Resorts Limited g) IVRCL Megamalls Limited h) Soma Hotels & Resorts Limited i) Eragam Holdings Limited j) HDO Technologies Limited

Name, Designation, Father's/ Spouse's Name, Address and Occupation	Term	Nationality	Age	Other Directorships
Mr. Prabhakar Ram Tripathi **Independent Director** DIN: 00376429 S/o Late Mr. Raj Banshi Tiwari Plot No.2, North Avenue, Kompally Post, Hakimpet, Secunderabad 500 014 *Professional*	Appointed at the Board resolution on January 23, 2007 as an additional director.	Indian	64	a) IVRCL Infrastructures & Projects Limited b) Hindustan Dorr- Oliver Limited c) Jhagadia Copper Limited d) Raipur Alloys and Steels Limited e) Minman Consultancy Services Private Limited f) HDO Technologies Limited
Mr. R. Balarami Reddy **Director** DIN: 00022176 S/o Late Mr. Adisesha Reddy Plot No. 116, Hill Ridge Villas Kancha Gachibowli, Hyderabad 500 019 *Service*	Re-appointed at the AGM on August 1, 2005 and liable to retire by rotation.	Indian	52	**Indian Companies** a) IVRCL Infrastructures & Projects Limited b) IVR Enviro Projects Private Limited c) IVR PSC Pipes Private Limited d) First STP Private Limited e) IVRCL Road Toll Holdings Limited f) IVRCL Water Infrastructures Limited g) Jalandhar Amritsar Tollways Limited h) Chennai Water Desalination Limited i) Salem Tollways Limited j) Kumarapalayam Tollways Limited k) C.S Software Enterprises Limited l) Hindustan Dorr- Oliver Limited m) IVR Hotels & Resorts Limited **Partnerships** a) Balarami and Nagarjuna, Chartered Accounts
Mr. Mahesh Madduri **Independent Director** DIN: 00305307 S/o Mr. Raghava Madduri Flat No. 474, Kapadia Lane Somajiguda Hyderabad 500 082 *Professional*	Appointed at the AGM on June 10, 2006 and liable to retire by rotation.	Indian	41	a) IVRCL Infrastructures & Projects Limited

Name, Designation, Father's/ Spouse's Name, Address and Occupation	Term	Nationality	Age	Other Directorships
Mr. T.N. Chaturvedi **Independent Director** DIN: 00002815 S/o Mr. Kedarnath Chaturvedi 884, Sector 17 Faridabad Haryana *Professional*	Appointed as additional director on October 25, 2006 and liable to retire in the next AGM.	Indian	47	**Indian Companies** a) IVRCL Infrastructures & Projects Limited b) Hindustan Dorr- Oliver Limited c) AB Corp Limited d) IVRCL Road Toll Holdings Limited e) Perfect Softech Private Limited f) Chaturvedi Merchant Bankers Private Limited g) Perfect Pac Limited h) Essaram Business Consultants Private Limited i) Orient Abrasives Limited j) Universal Cylinders Limited k) Pankaja Art & Credit Private Limited i) Sarvotham Caps Limited **Trusts** a) Shree Krishna Satsang Charitable Trust b) Shree Mathur Chaturvedi Charitable Trust

Brief Biographies of our Directors

Mr. E. Sudhir Reddy, our Chairman and Joint Managing Director, is also a Promoter of the Company. He has obtained a bachelors degree in commerce. He has over 20 years of experience in construction and engineering business and he has been appointed on the board of various companies including that of our Parent Company. He has been on our Board since our incorporation. For further details, please refer to the section titled "Our Promoters and Promoter Group - Individuals" on page 135.

Mr. E. Sunil Reddy, our Managing Director is also a Promoter of the Company. He has obtained a bachelors degree in commerce and a bachelors degree in law, both from the Osmania University, Hyderabad. He has over 20 years of experience in the legal field and was a practicing lawyer in the High Court of Andhra Pradesh and the Supreme Court of India. He has been appointed on the boards of various companies including IVRCL Infrastructures & Projects Limited and Hindustan Dorr – Oliver Limited. He has been on our Board since our Company was incorporated. For further details, please refer to the section titled "Our Promoters and Promoter Group - Individuals" on page 135.

Mr. Prabhakar Ram Tripathi, our Director, is holds a bachelors of science (honours) degree in mining and engineering. He has also obtained Mines Managers Certificate under the Mines Regulations and the Metalliferous Mines Regulations from the Directorate General of Mines Safety, Dhanbad. He is also a fellow of the Fellow Institution of Engineers India. He is an expert in the areas of mine planning, operation and management of mineral projects and has 40 years of experience in the mining industry. Prior to joining us, he was the Chairman and the Managing Director of National Mineral Development Corporation Limited. He has been on our Board since January 23, 2007. He has also been in the board of directors of various companies including Raipur Alloys and Steels Limited and Minman Consultancy Services Private Limited.

Mr. R. Balarami Reddy, our Director, is a fellow member of the Institute of Chartered Accountants of India ("**ICAI**"), and an Associate member of the Institute of Cost and Works Accountants of India, and the Institute of Company Secretaries of India. He has over 19 years of experience. He had been working as a chartered accountant for a period of seven years before joining our Promoter, IVRCL Infrastructures & Projects Limited as a General Manager (Finance). Currently, he is appointed as the Director Finance and group chief financial officer in our Promoter Company. He has been on our Board since May 2, 2001.

Mr. Mahesh Madduri, is a chartered accountant by profession and also holds a Masters degree in finance and business from Carnegie Mellon University, Pittsburgh, United States of America. He is an investment banker and a corporate strategist by profession and has 18 years of experience in the Asian and US markets including in the Silicon Valley and has experience in the technology space, information technology and life sciences. Prior to joining the Company, he was employed with the investment banking departments of ICICI Bank Limited and JP Morgan and was associated with the privatisation of certain public sector companies in India. He has been on our Board since June 1, 2006.

Mr. T.N. Chaturvedi, our Additional Director (Independent), has obtained a bachelors degree in commerce and is a fellow member of the ICAI. He has over 19 years of experience in the field of auditing corporate and financial restructuring, public issues, mergers, taxation and other legal matters. He is also the senior partner of M/s. Chaturvedi & Co., Chartered Accountants New Delhi. He has been nominated by the Governor of Uttar Pradesh as a member of New Okhla Industrial Development Authority. He is a member of each of the Punjab, Haryana and Delhi Chambers of Commerce & Industry, Associated Chambers of Commerce and is also a committee member of the Corporate Laws and Capital Market of the Punjab, Haryana and Delhi Chambers of Commerce & Industry and Expert Committee on economic affairs of Associated Chambers of Commerce & Industry. He is also the director on various companies including Chaturvedi Merchant Bankers Limited and Perfect Softech Private Limited. He has been on our Board since October 25, 2006.

Remuneration of our Executive Director

Mr. E. Sunil Reddy, Managing Director

Mr. E. Sunil Reddy was appointed as Managing Director of our Company for a period of five years with effect from March 1, 2006, pursuant to a resolution of our shareholders dated March 27, 2006. A commission of 5% of the net profits is payable which is calculated as per provisions of Section 198 and Section 309 of the Companies Act, which also includes the salary, other allowances and the perquisites as indicated below. The compensation committee by its meeting dated May 28, 2007 resolved to increase the gross monthly remuneration of Mr. E. Sunil Reddy from Rs. 0.15 million to Rs. 0.20 million. The same is subject to the shareholders' approval.

The terms of employment and remuneration include the following:

Particulars	Remuneration
Gross Monthly Remuneration	Rs. 0.20 million per month with effect from April 1, 2007
Other Allowances	(a) Super-annuation benefits if any equivalent to one month's basic salary per annum at the discretion of the Board of Directors. (b) Gratuity to the extent of half month's salary for each completed year of Service.
Contribution to Provident Fund	12% of basic salary per annum.
Perquisites	(a) Leave Travel Assistance at the rate of one month's basic salary per annum. (b) Encashment of leave at the end of the tenure and company's contribution to the Provident Fund as per company's rules, at the end of the tenure. (c) Reimbursement of Medical expenses at the rate of one month's basic salary per annum. (d) Use of Company Car both for personal and official.

During the above tenure of our Managing Director, if the Company does not make any profits or the profits are inadequate, the following remuneration shall be payable to our Managing Director, as minimum remuneration.

Particulars	Remuneration
Gross Monthly Remuneration	Rs. 0.20 million per month with effect from April 1, 2007
Other Allowances	(a) Super-annuation benefits if any equivalent to one month's basic salary per annum at the discretion of the Board of Directors. (b) Gratuity to the extent of half month's salary for each completed year of Service.
Contribution to Provident Fund	12% of basic salary per annum.

Particulars	Remuneration
Perquisites	(a) Leave Travel Assistance at the rate of one month's basic salary per annum. (b) Encashment of leave at the end of the tenure and company's contribution to the Provident Fund as per company's rules, at the end of the tenure. (c) Reimbursement of Medical expenses at the rate of one month's basic salary per annum. (d) Use of Company Car both for personal and official.

Details of Borrowing Powers of Our Directors

Our Articles, subject to the provisions of Section 293(1)(d) of the Companies Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders of the Company, through a resolution passed at the EGM dated June 10, 2006, authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of the Company and its free reserves, not exceeding Rs. 5,000 million at any time.

Payment or benefit to directors/ officers of our Company

Except as stated in this section titled "Our Management" beginning on page 120 of this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Apart from the remuneration of certain of our Directors as stipulated in the section titled "Our Management – Remuneration of Our Executive Directors" on page 123 of this Red Herring Prospectus above, our Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act and the rules made thereunder and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

Except as indicated above, each Director is eligible for sitting fees of Rs. 5,000 for each Board meeting that he attends and Rs. 5,000 for each meeting of a committee of the Board.

Further, no benefits are payable upon the termination of the services of a Director.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in the section titled "Related Party Transactions" on page 159 of this Red Herring Prospectus, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business. Further, please refer to the section titled "Our Promoter - Interests of Promoters and Common Pursuits" on page 157 of this Red Herring Prospectus.

Our Directors have no interest in any property acquired by our Company two years prior to the date of this Red Herring Prospectus.

Our Articles provide that our Directors and officers shall be indemnified by the Company out of the funds of the Company to pay all costs, losses and expenses which they may incur or become liable for, by reason of any contract entered into or act or deed done by them as such officer or servant or in any way in the discharge of their duties, or if such officer or employee becomes personally responsible or liable for the payment of any sum primarily due from the Company.

Our Articles further provide that where our Directors become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security cover affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors any loss in respect of such liability.

On November 13, 2006, our shareholders approved our ESOP 2006 whereunder the employees as specified in the ESOP 2006, shall be granted options for our Equity Shares. For further details, please refer to Note 23 to the section titled "*Capital Structure – Notes to Capital Structure*" on page 20 of this Red Herring Prospectus.

Corporate Governance

We have complied with the SEBI Guidelines with respect to corporate governance especially with respect to broad basing of our Board, constituting committees such as Audit/ Shareholders/ Investors Grievance Committee. Further, the provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We have complied with such provisions, including with respect to the appointment of independent Directors to our Board and the constitution of the Investor Grievances Committee. We have also adopted the Corporate Governance Code in accordance with Clause 49 of the listing agreements to be entered into with the Stock Exchanges prior to listing.

The Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our board has six Directors, of which the Chairman of the Board is an executive Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, we have 1 executive Director, 5 non-executive Directors which include 3 independent directors on our Board.

Audit Committee

The Audit Committee was constituted by our Directors at their Board meeting held on October 25, 2006. The Audit Committee consists of Mr. T.N. Chaturvedi (Chairman), Mr. Mahesh Madduri and Mr. R. Balarami Reddy.

The terms of reference of the Audit Committee include:

1. Overseeing the Company's financial reporting process and disclosure of its financial information;
2. Regular review of accounts, accounting policies and disclosures and qualification, if any in the audit report of the Company;
3. Establishing and reviewing the scope of the statutory audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board;
4. Post audit discussions with the statutory auditors to ascertain any area of concern including any important findings with the internal auditors;
5. Regular review of the performance of statutory and internal auditors;
6. Compliance with Stock Exchange requirements concerning financial statements, to the extent applicable; and
7. To review the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any; and
8. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

Investor Grievance Committee

The Investor Grievance Committee was constituted by our Directors at their Board meeting held on October 25, 2006. This Committee is responsible for the redressal of shareholder grievances and consists of Mr. T.N. Chaturvedi (Chairman), Mr. R.Balarami Reddy and Mr. E. Sunil Reddy, Managing Director.

The terms of reference of the Investor Grievance Committee include:

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet; and
2. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Compensation Committee

The Compensation Committee was constituted by our Directors at their Board meeting held on October 25, 2006. The Compensation Committee consists of Mr. T.N. Chaturvedi (Chairman), Mr. Mahesh Madduri and Mr.R. Balarami Reddy.

The terms of reference of the Compensation Committee include:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of the Company of any applicable laws in India or overseas, including:

    a. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
    b. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995.
2. Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payments.
3. Perform such functions as are required to be performed by the Compensation Committee under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

IPO Committee

Our Company has also constituted a Public Issue Committee at their Board meeting held on October 25, 2006. The Public Issue Committee consists of Mr. Mahesh Madduri (Chairman), Mr. E. Sunil Reddy, E. Sudhir Reddy and Mr.R. Balarami Reddy. The Public Issue Committee is in charge of all the affairs in relation to the initial public offering of the Equity Shares of our Company.

Executive Committee

Our Company has also constituted an Executive Committee at their Board meeting held on May 28, 2007. This committee consists of Mr. E. Sudhir Reddy (Chairman), Mr. E. Sunil Reddy, and Mr. R. Balarami Reddy. The Executive Committee is in charge of all day to day affairs of the Company including approving the borrowing up to certain limits, approve joint ventures and delegate authority to functionaries.

Shareholding of our Directors in the Company

Except as provided hereunder, no other Directors hold any shares in the share capital of our Company.

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Mr. E. Sudhir Reddy	100**	0.00*	0.00*
2.	Mr. E. Sunil Reddy	100**	0.00*	0.00*
3.	Mr. R. Balarami Reddy	50**	0.00*	0.00*
	TOTAL	**250****	**0.00***	**0.00**

* less that 0.01% of the paid up share capital of our Company.
** shares are held as nominees on behalf of IVRCL.

Changes in Our Board of Directors during the last three years

Name	Date Of Appointment	Date of Change/ Cessation	Reason
Mr. E. Sunil Reddy	March 1, 2006	-	Re- appointed as Managing

Name	Date Of Appointment	Date of Change/ Cessation	Reason
			Director
Mr. E. Sudhir Reddy	June 10, 2006	-	Reappointed
	-	June 10, 2006	Retired by rotation
	September 27, 2004	-	Reappointed
	-	September 27, 2004	Retired by rotation
Mr. R. Balarami Reddy	August 1, 2005	-	Reappointed
	-	August 1, 2005	Retired by rotation
Mr. D. Devaraja Rao	December 27, 2005		Appointed
		October 25, 2006	Resignation
Mr. A. Krishna Reddy	December 27, 2005	December 31, 2006	Transferred to IVRCL
		October 25, 2006	Resignation
Mr. Mahesh Madduri	June 1, 2006	-	Appointment
Mr. T.N. Chaturvedi	October 25, 2006	-	Appointment

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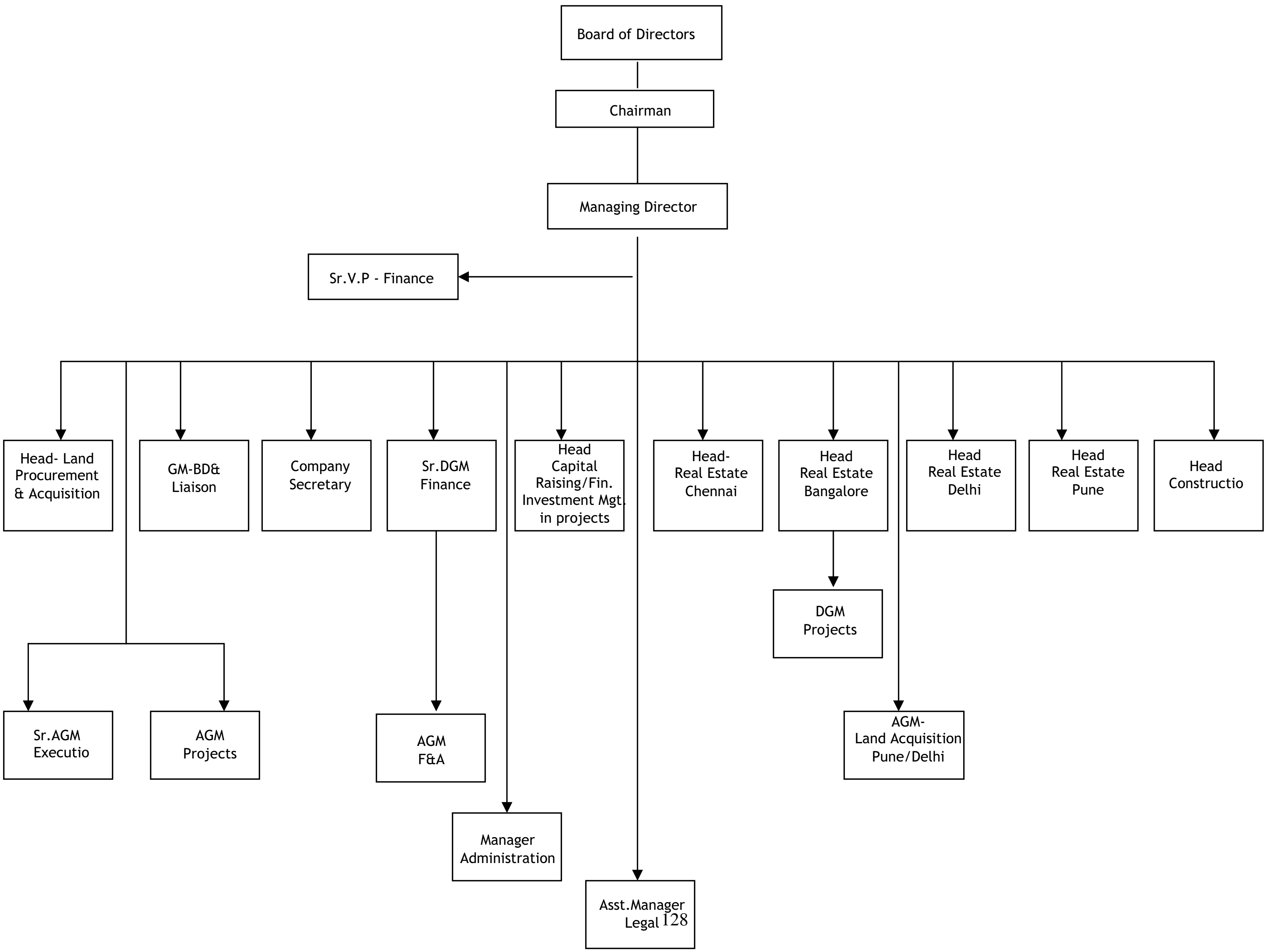
Board of Directors
Chairman
Managing Director
Sr.V.P - Finance
Head- Land Procurement & Acquisition
GM-BD& Liaison
Company Secretary
Sr.DGM Finance
Head Capital Raising/Fin. Investment Mgt. in projects
Head- Real Estate Chennai
Head Real Estate Bangalore
Head Real Estate Delhi
Head Real Estate Pune
Head Constructio
DGM Projects
Sr.AGM Executio
AGM Projects
AGM F&A
AGM- Land Acquisition Pune/Delhi
Manager Administration
Asst.Manager Legal

Key Managerial Personnel

Key Managerial Personnel of the Company

For further details about the aforementioned Key Managerial Personnel, please refer to the section titled "Our Management - Brief Biographies of our Directors" and "Our Management - Payment or benefit to directors/ officers of our Company" on pages 122 and 124.

The details regarding our key managerial personnel are as follows:

Mr. G. Seetharam, aged 55 years, is the Senior Vice President (Finance). Mr. Seetharam is also a member of the ICAI and has obtained a Bachelors in Science from Sri Venkateshwara University, Tirupati. Prior to joining the Company, he was employed with Andhra Bank in various capacities and has 25 years of experience in the banking sector. He joined the Company on March 1, 2001 and is presently responsible for co-ordination with banks and financial institutions for the purpose of obtaining credit facilities for the Company. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 1,590,813.

Mr. G. Nagarajan, aged 51 years, is the Head (Marketing and Real Estate) Chennai Region and is also the Head (Human Resources) for our Company. He completed his Post Graduate Diploma in Personnel Management and Industrial Relations from Xavier Institute, Ranchi, Jharkand. Prior to joining the Company, he was employed with Delphi TVS Diesel Systems Limited, Chennai, and Rane TRW Steering Systems Limited, Trichy and has around 26 years of experience in Human relations and designing of HR policies. He joined the Company on November 8, 2006 and presently heads the marketing and real estate for the Chennai region. His responsibilities in our Company include making business plans and strategy for growth in our marketing share, formulating bidding strategy and providing property management services in the Chennai region. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 1,740,533

Mr. K. Balraj, aged 47 years, is the Head of Land Procurement, Acquisition and Development. He is a graduate in Civil Engineering from Institute of Engineering, Calcutta. Prior to joining our Company, he has his practised on his own, under the name 'K. Balraj- Civil Consultants' and has over 25 years of experience as a civil engineer. His responsibilities currently include land acquisition, identification of new projects, study of the feasibility of such new projects, advising the management of the Company thereto, interacting with architects and finalization of the civil / structural drawings for the new projects, interacting with land owners and ensure the smooth execution of new projects. He joined our Company on April 1, 2006. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 1,241,466.

Mr. S.V.Ram Kumar, aged 36 years, is the Executive Assistant to Chairman and Managing Director. He is a Chartered Accountant with over 15 years of experience. Prior to joining our Company, he was working with our Parent Company and was responsible for fianncial strategic planning. His responsibilities currently include capital raising, investment of funds in projects and fund management. He joined our Company on April 1, 2007.

Mr. M. Sreenivasa Rao, 43 years, General Manager-Projects. He is a graduate in civil engineering from Andhra University. He has 20 years of practical experience in the field of business development and execution of projects having been associated with organizations like Suvarna Cements Limited, Kohinoor Cements Private Limited. He was associated with Development Consultants Limited, and had undertaken supervision of Nagarjuna Fertilisers and Chemicals Semiconductor Complex, Chandigarh; Nuclear Power Corporation, Kudamkulam. He was also associated earlier with Fichtner Consulting Engineers (I) Private Limited, posted at 160 MW CCPP for Gujarat Industries Power Company Limited, and Cogeneration Plant for Madras Refineries Limited, India. He also worked with Bechtel India Private Limited and Lanco Infratech Limited, Hyderabad as Project Director. He joined our Parent Company on May 12, 2003 where he was heading our Delhi Regional Office, controlling the projects under execution in the states of Delhi region and Rajasthan. On April 1, 2007, he was transferred to our Company and is now a permanent employee of our Company. He is the Delhi-regional Head and his responsibilities include acquisition of land, project management and marketing.

Mr. D. Venkatasubramaniam, 37 years, Head-Projects, Chennai Region, is a Bachelors of Engineering (Hons.) in Civil and Master of Science (Hons.) Maths from Birla Institute of Technology and Science, Pilani, Rajasthan He has 20 years of practical experience in the field of execution of Civil and Engineering projects. His has worked as an Assistant to the Plant Manager and coordinator of work shops of Dumez Sogea Borie

Sae, the French contractor for Dul Hasti Hydro Electric Project, Kishtwar, and as Senior Engineer-Civil, Comelegs (a French company). He joined our Parent Company on December 31, 1996 where he was responsible for the business development and execution of projects. On April 1, 2007, he was transferred to our Company and is now a permanent employee of our Company. He is the Chennai-regional Head and his responsibilities include acquisition of land, project management and marketing.

Mr. A.V. Vijaya Kumar Reddy, 45 years, Head – Buildings & Industrial Structures , is a Graduate in Civil Engineering from Jawaharlal Nehru Technological University, Anantapur in 1982. He has around 24 years of experience having been associated with Bharat Heavy Plate & Vessels Limited, Visakhapatnam and Sumkeong Constructions, Singapore. Prior to joining our Parent Company, he was with Nagarjuna Construction Company Limited, Hyderabad as senior executive. He joined our Parent Company on June 5, 2004 where he was responsible for the business development and execution of Projects. On April 1, 2007, he was transferred to our Company and is now a permanent employee of our Company. He is the construction Head for all the projects across the country.

Mr. K. V. Mahadevan, aged 56 years is the General Manager – Business Development and Liaison. He has obtained M.Sc. (Physics) degree from the Indian Institute of Technology, Kharagpur. He has over 30 years of experience in finance, accounts and business development. He was previously employed with Prasad Media Corporation Limited as Head – Finance and Accounts, Kitti Steels Limited, Hyderabad as a Director (Finance), Platinum Finance Limited, Mumbai as an Executive Director and Senior Executive, with the Industrial Development Bank of India, Mumbai. His responsibilities in our Company include looking for business plans and strategy, exploring the possibilities of new real estate projects in Hyderabad. He joined our Company on August 31, 2006. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 1,407,822.

Mr. G. Nagarajan, aged 46 years, is the Deputy General Manager, Projects Bangalore Region. He has obtained a Diploma in Civil Engineering from State Board of Technical Education and Training, Chennai. Prior to joining the Company, he was employed with V.A.Tech Wabag Limited, Chennai and has 28 years of experience in project execution. He joined the Company on October 26, 2006 and presently heads the project execution works for Bangalore region. His responsibilities in our Company include the execution of our projects. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 993,444.

Mr. Mohan Raghavaiah, aged 46 years, is the Assistant General Manager (Projects). He is a graduate in Civil Engineering from JNTU, Hyderabad and has also completed PGCPM from IIM, Kozhikode. Prior to joining the Company, he was employed with Consolidated Construction Limited, Hyderabad, Bharat Sanchar Nigam Limited and Indian Railways and has around 23 years of experience in engineering. He joined the Company on November 9, 2006 and is in charge of the over all execution of our projects. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 748,600.

Mr. B. Kodanda Ramaiah, aged 51 years, is the Assistant General Manager (Finance and Accounts). He is a Chartered Accountant from the ICAI. He also has a Masters Degree in Commerce from Sri Venkateswara University, Tirupathi, Andhra Pradesh. Prior to joining the Company, he was employed with Electrolux Kelvinator Limited, Allwyn Limited and Voltas Limited and has around 16 years of experience. He joined our company on August 1, 2006. His responsibilities in our Company include preparation of MIS, finalisation of the accounts and co-ordination with the bankers of our Company. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 748,600.

Mr. Milind Madhukar Joshi, aged 40 years is the Assistant General Manager (Projects). He is a graduate in Civil Engineering from Nagpur University, Maharashtra. He was previously employed with Bajaj Tempo Limited, Pune, V.M Jog Engineering Limited and Dutco Balfour Beatty LLC, Dubai and has around 19 years of experience. Prior to joining us, he was associated with our Parent Company and he was transferred on permanent basis to our Company on April 1, 2006. He is responsible for land acquisition and identification of new projects in the Pune and Delhi Regions. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 673,740.

Mr. S.Srinivasa Rao, aged 35 years, is the Company Secretary. He is a Master of Commerce from Nagarjuna University, Andhra Pradesh and an associate member of the Institute of Company Secretaries of India. Prior to joining us, he was employed with Shree Papers Limited, Hyderabad and Progressive Constructions Limited, Hyderabad and has 13 years of experience in field of accounts, finance and secretarial matters. He joined the Company on June 1, 2005 and is in charge of our Secretarial Department.

The amount of compensation paid during the last financial year ending March 2007 was Rs. 404,244. He is responsible for the various secretarial functions of our Company.

Mr. K. Krishna, aged 48 years, is the Senior Deputy General Manager -Finance and Accounts. He is a member of Institute of Cost and Works Accountants of India, Institute of Chartered Financial Analyst and Institute of Company Secretaries of India and has also obtained a Masters in Business Administration and Masters in Commerce from the Andhra University. Prior to joining our Company, he was employed with Malabar Buildings Products Limited, Trichur, Kerala as General Manager-Finance and Company Secretary. He has around 23 years of experience in the field of Finance and Accounts. He started his career by joining Sarvaraya Textiles Limited, Kakinada in 1983. He joined in our Company on January 04, 2007 and is presently heads the Finance and Accounts divisions of the Company. The amount of compensation paid to him during the last financial year was Rs. 352,330.

Mr. Vinod Kulkarni, aged 35 years, is the Head-Real Estate for Pune Region. He has obtained his bachelors degree in commerce and degree in law from Osmania University. He has around 19 years of experience in the field of business development. Prior to joining us, he was associated with our Parent Company as he Head-Real Estate for Pune Region and he was transferred to our Company on April 01, 2007. He is responsible for business development and execution of projects.

Mr. Rajesh Mamidwar, aged 36 years, is the Assistant General Manager –Projects, Pune Region. He has obtained degree in Mechanical Engineering from Government College of Engineering, Amaravathi, Maharastra. He has over 13 years of experience in project execution. Prior to joining our Company, he was associated with our Parent Company as Assistant General Manager –Projects and he was transferred on to our Company on April 01, 2007. He is responsible for business development and execution of projects.

All our key managerial personnel are permanent employees of our Company and none of our Directors and our key managerial personnel are related to each other except our Promoter Directors, who are brothers.

Key Managerial Personnel of our Parent Company

The key managerial personnel of our Parent Company, are provided below:

Mr. S. Ramachandran, aged 53 years, Deputy Director (Business Development & Corporate Strategy), is a graduate in Mechanical Engineering from Regional Engineering College, Trichy, Tamil Nadu and a post graduate diploma holder in business management from XLRI, Jamshedpur. He has over 25 years of experience in industrial management. He started his career as a graduate engineer with Tata Steel (Tubes Division), and was also associated with Tata Timken Limited, Jamshedpur, Pennar Aluminium Company Limited, Hyderabad; Texuna Chemicals Inc., Kazaksthan and Vistas Trading, New Delhi. He joined our Parent Company on June 03, 1999 as Senior Vice President (Corporate Strategy) and is presently President (Business Development) and is currently responsible for the business development activity of our Parent Company. The amount of compensation paid during the last financial year ending March 2007 was Rs. 2,299,488.

Mr. N. P. Haran, aged 58 years, Executive Vice-President (Finance & Accounts), is a Fellow Member of the Institute of Chartered Accountants of India with over 29 years of professional experience. His experience includes development and reviewing of internal controls, arrangement of project loans, export finance, developing accounting systems, management audit for better asset performance, introduction of Total Quality Controls and quality Circle concepts and practices. He was earlier associated with Rohtas Industries Limited, Khammam Granites Limited, Balarpur Industries Limited and AP Rayons Limited. He joined our Parent Company on July 07, 1999. He is presently head of the accounts and systems departments. The amount of compensation paid during the last financial year ending March 2007 was Rs. 1,865,300.

Mr. G. Ramakrishna Rao, aged 59 years, company secretary. He is a fellow member of the ICSI. He is also an associate of the Indian Institute of Bankers and is also a law graduate from Andhra University, Vizag. He has 20 years of professional experience in the fields of corporate law and has been associated with DBR Mills Limited, Secunderabad, Goldstar Steel & Alloy Limited, Hyderabad and Vantech Industry Limited, Hyderabad. He joined our Parent Company on September 15, 2000 and now heads the secretarial, legal and insurance departments. The amount of compensation paid during last financial year ending March 2007 was Rs. 1,366,233.

Mr. K. H. K. Prasad, 48 years, Chief Operating Officer, water division, is a graduate in civil engineering from Jawaharlal Nehru Technological University, Kakinada. He has 24 years experience in the field of civil engineering. He was earlier associated with Panchayat Raj Department, Government of Andhra Pradesh and the Visakhapatnam Steel Plant. He worked as a construction engineer with Unitech in Libya for about 5 years and with Unitech, India for about one year. He joined our Parent Company on January 04, 1992 and he heads the Water Supply & Environment Projects Division. The amount of compensation paid during last financial year ending March 2007 was Rs. 2,054,113.

Mr. Raj Kumar Singh, 48 years, Chief Operating Officer, transport division, has a Masters degree in Business Administration from Osmania University, Hyderabad. He has 24 years of experience in general management, having earlier been associated with Methodex Systems Limited and Coramandal Fertilisers Limited. He joined our Parent Company on January 04, 1990 and he is presently heading the roads and bridges division. The amount of compensation paid during the last financial year ending March 2007 was Rs. 2,054,113.

Mr. J. L. Vidya Sagar, 44 years, Chief Operating Officer, Power Division, is Bachelors in Engineering (Electronics) from Osmania University, Hyderabad with specialization in instrumentation and computers and having eight and half years' experience with BHEL (Delhi) in various levels, prior to joining our Parent Company. He joined our Parent Company on July 01, 1996 and his current responsibilities include business development and execution of power projects. The amount of compensation paid during the last financial year ending March 2007 was Rs. 2,054,113.

Mr. R. Venkat Raghavan, 53 years, Chief Operating Officer, Project Monitoring Committee Division. He is a graduate in civil engineering from College of Engineering Guindy, Madras. He has 20 years of experience in the fields of business development and execution of projects. He was Vice President of East Coast Metals & Minerals Private Limited. He executed the project-Coal Handling Plant at Kothagudem Thermal Power Station, Andhra Pradesh. He is Life Member Indian of Concrete Institute. He worked for KRUPP Industries India Limited, Pune. He was also associated with Oriental Electric & Engineering Co .Limited, Calcutta. He is one of the site-in-charges for construction of Civil Structures for Bisha Thermal Power Station (250 MW) in Saudi Arabia, while working for Saudi Ascon Limited. He joined our Parent Company in July 16, 2001 and is now presently in charge of Planning and Coordination Cell which monitors the fulfillment of obligations of our Parent Company under various contracts. The amount of compensation paid during last financial year ending March 2007 was Rs. 2,054,113.

Mr. K. Pandu Ranga Rao, 52 years, Group Head-Human Resources, is a post graduate in Human Resources Management and law graduate from Andhra University, Visakhapatnam. He has 25 years of practical experience in the field of human resource management and having been associated with organizations like Andhra Cement company, Guntur, Nagarjuna Steels, Medak and ITC Agro Tech Limited, Mantralayam, Andhra Pradesh. Prior to joining our Parent Company, he was associated with Electrolux Kelvinator Limited, Hyderabad as Head – Human Resources. He joined our Parent Company on February 28, 2005. His current responsibilities in the company include management of human resources, cultural change, forming and implementation of HR Policies, recruitment of human resources and training and development. The amount of compensation paid during last financial year ending March 2007 was Rs. 1,909,384.

Mr. T.R. Mukherjee, 54 years, General Manager – Projects for Kolkata Region, is a graduate in Civil Engineering from Calcutta University. He has around 32 years of experience in the field of business development and having been associated with AFCONS, Hindustan Construction Company Limited, Larsen & Toubro Limited, Lanco Infratech Limited. Prior to joining our Parent Company, he was associated with Consulting Engineering Services India (P) Limited, as Team Leader / Construction Manager. He joined our Parent Company on May 9, 2005. His current responsibilities in the company include business development and execution of projects. The amount of compensation paid during last financial year ending March 2007 was Rs. 1,345,439.

Mr. R.V.R Murty, 51 years, General Manager – Purchase, is a post graduate in management from BITS – Pilani, Rajasthan in 1977. He has 29 years of experience having been associated with APR Limited, Warangal. Prior to joining our Parent Company, he was with Sirpur Paper Mills Limited, Sirpur as General Manager (Materials). He joined our Parent Company on May 8, 2006. His current responsibilities in the company include overall purchases being made by the company and finding suppliers/vendors and procuring of capital equipments. The amount of compensation paid during last financial year ending March 2007 was Rs. 1,407,822.

Mr. Kelkar Mahesh Sham, aged 38 years, is the Senior Assistant General Manager for Projects. He is a Graduate in Civil Engineering from Mumbai University, Mumbai. Prior to joining us, he was employed with Raheja Corporation, Mindspace, Runwal Developers, Nitin Parulekar Architects Private Limited, Lloyds Realty Limited and Gammon India Limited and has over 16 years of experience in the construction/ real estate development sector. He joined our Company on May 6, 2006 and was in charge of the over-all execution of our projects. On April 1, 2007 he was transferred to our Parent Company where he is currently incharge of overall execution of our projects. The amount of compensation paid to him during the last financial year ending March 2007 was Rs. 865,049.

Mr. A. Krishna Reddy, aged 45 years, is the Chief Operating Officer, Irrigation Division. He is a graduate in Civil Engineering. He has over 21 years experience and was earlier associated with Nagarjuna Construction Company Limited, Hyderabad. He joined IVRCL on March 1, 1989 and was subsequently on deputation to our Company for a short period. He was subsequently transferred from IVR Prime Urban Developers Private Limited on January 1, 2007 to IVRCL and is presently heading their Irrigation Division. The amount of compensation paid to him by IVRCL for part of the last financial year ending March 2007 was Rs. 342,353.

Shareholding of the Key Managerial Personnel

None of our Key Managerial Personnel hold Equity Shares in our Company.

Bonus or profit sharing plan of the Key Managerial Personnel

As on the date of filing this Red Herring Prospectus, we do not have a bonus or profit sharing plan for our Key Managerial Personnel.

Interest of Key Managerial Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in the Company, if any.

None of our Key Managerial Personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the Key Managerial Personnel

The changes in the key managerial personnel in the last three years are as follows:

Name of the Key Managerial Person	Date of becoming Key Managerial Personnel	Date of Leaving	Reason for change
Mr. A. Krishna Reddy	-	January 1, 2007	Transferred to IVRCL
Mr. G. Nagarajan	November 8, 2006	-	Appointment
Mr. K.V.Mahadevan	August 31, 2006	-	Appointment
Mr. K. Balraj	April 1, 2006	-	Appointment
Mr. G.A. Pushpa Raj	-	June 14, 2007	Resigned
Mr. Milind Madhukar Joshi	April 1, 2006	-	Appointment
Mr. S. Srinivasa Rao	June 1, 2005	-	Appointment
Mr. Kelkar Mahesh Sham	-	April 1, 2007	Transferred to IVRCL
Mr. Kodanda Ramaiah	August 1, 2006	-	Appointment
Mr. Mohan Raghavaiah	November 9, 2006	-	Appointment
Mr. G.Nagarajan	October 26, 2006	-	Appointment
Mr. S.V.Ram Kumar	April 1, 2007	-	Transferred from IVRCL
M. Sreenivasa Rao	April 1, 2007	-	Transferred from IVRCL
Mr. D. Venkatsubramaniam	April 1, 2007	-	Transferred from IVRCL
Mr. A.V.Vijay Kumar Reddy	April 1, 2007	-	Transferred from IVRCL
Mr. K. Krishna	January 4, 2007	-	Appointment
Mr. Rajesh Mamidwar	April 1, 2007	-	Transferred from IVRCL
Mr. Vinod Kulkarni	April 1, 2007	-	Transferred from IVRCL

Other than the above changes, there have been no changes to the Key Managerial Personnel of the Company that are not in the normal course of employment.

OUR PROMOTERS AND PROMOTER GROUP

Individuals

Our Company has been promoted by two individual Promoters; Mr. E. Sudhir Reddy, Mr. E. Sunil Reddy and IVRCL Infrastructures and Projects Limited.

Mr. E. Sudhir Reddy

Mr. E. Sudhir Reddy, aged 46 years, is our Chairman and Joint Managing Director, and also a Promoter of the Company. He has obtained a bachelors degree in commerce. He has over 20 years of experience in construction and engineering business and he has been appointed on the board of various companies including that of our Parent Company. He has been on our Board since our incorporation. He is the brother of Mr. E. Sunil Reddy.

His passport number is Z1253980 issued by the Government of India.
His voters ID number is AP/31/213/303377 and driving license number is 1229/HW/2001 P.655/2K1.

Mr. E. Sunil Reddy

Mr. E. Sunil Reddy, aged 45 years, is our Managing Director and also a Promoter of the Company. He has obtained a bachelors degree in commerce and a bachelors degree in law, both from the Osmania University, Hyderabad. He has over 20 years of experience in the legal field and was a practicing lawyer in the High Court of Andhra Pradesh and the Supreme Court of India. He has been appointed on the boards of various companies including IVRCL Infrastructures & Projects Limited and Hindustan Dorr – Oliver Limited. He has been on our Board since our Company was incorporated. He is the brother of Mr. E. Sudhir Reddy.

His passport number is A6627617 issued by the Government of India.
His driving license number is 308931/HYC/1987. He does not have a voters ID.

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

Promoter Group

Relatives of our Promoters that form part of the promoter group under Clause 6.8.3.2(m), Explanation II of the SEBI Guidelines

Promoter	Name of the Relative	Relationship
Mr. E. Sudhir Reddy	Mrs. E. Anupama Reddy	Wife
	Mr. E. Ella Reddy	Father
	Mrs. E. Sujatha Reddy	Mother
	Mr. E. Siddhanth Reddy (minor)	Son
	Mr. E. Sanjeeth Reddy (minor)	Son
	Late M. Venkat Ram Reddy	Wife's Father
	Mrs. M. Vijaya Reddy	Wife's Mother
	Mr. M. Sandeep Reddy	Wife's Brother
Mr. E. Sunil Reddy **Brother of Mr. E. Sudhir Reddy**	Mrs. E. Indira Reddy	Wife
	Mr. E. Ella Reddy	Father
	Mrs. E. Sujatha Reddy	Mother
	Ms. E. Soma Reddy (minor)	Daughter

	Ms. E. Suha Reddy (minor)	Daughter
	Mr. B. Balaiah	Wife's Father
	Mrs. B. Swayam Prabha	Wife's Mother
	Mr. B. Jagan Mohan	Wife's Brother
	Mrs. Prameela	Wife's Sister

Body Corporate

IVRCL Infrastructures & Projects Limited

IVRCL was incorporated on November 16, 1987 as I. Venku Reddy Constructions Private Limited, as a private limited company. The status of the company was subsequently changed to a public limited company by a special resolution of the members passed at an extraordinary general meeting held on September 5, 1994. The fresh certificate of incorporation consequent on change of name was granted to the company on September 29, 1994 by the RoC, Andhra Pradesh.

The name of the company was again changed from I. Venku Reddy Constructions Limited to IVR Constructions Limited and a fresh certificate of incorporation consequent to change of name was granted to the company on December 6, 1994 by the RoC, Andhra Pradesh. The name of the company was again changed from IVR Constructions Limited to IVRCL Infrastructures & Projects Limited. Subsequent, to the change of the name again, a fresh certificate of incorporation was granted to the company on April 7, 1999, by the RoC, Andhra Pradesh. It has its registered office at M-22/3RT, Vijayanagar Colony, Hyderabad 500 057.

The main objects of the company include construction, building, development, maintenance, operation, owning and transfer of infrastructure facilities including housing, roads, highways, bridges, airports, ports, rail systems, water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature, any project for generation and/or distribution of electricity or any other form of power; and any project for providing telecommunication services.

IVRCL is an integrated construction and development company involved in infrastructure construction including water supply and environmental construction, roads, bridges, buildings and industrial structures, as well as power and transmission projects.

IVRCL's operations in buildings and industrial structures began in 1990. The range of services it provides includes the construction of hospital buildings, residential buildings, commercial buildings, independent housing colonies, low cost housing, commercial complexes, factories, airports and other industrial structures. IVRCL also undertakes construction of storm water drains, underground drains and storage tanks, which are supplemental to works it undertakes for the residential and commercial buildings. IVRCL's Buildings and Industrial Structures Division also builds various types of structures as are necessary to support projects undertaken by its other divisions. IVRCL's buildings and industrial structures division entered the real estate development business through our Company which it identified as a special purpose vehicle for the purpose of developing facilities and infrastructure for the National Games 2002 (Games Village Project) at Hyderabad for and on behalf of the state government of Andhra Pradesh.

IVRCL made an initial public offer of 1,862,100 equity shares in the year 1995 and its shares are listed on the BSE and the NSE. IVRCL also made a preferential offer of 4,300,000 equity shares of Rs. 10 each at a premium of Rs. 95 in the year 2000. It made another preferential offer of 6,240,000 equity shares of Rs. 10 each at a premium of Rs. 115 per share in the year 2004. IVRCL made a follow-on public offer of 3,189,870 equity shares of Rs. 10 each at a premium of Rs. 385 per share in the year 2005.

In December 2005 IVRCL further raised US$65,000,000 through issue of zero coupon foreign currency convertible bonds. The bonds are convertible into equity shares of IVRCL on or before November 29, 2010, at the option of the bond holder, at an initial conversion price of Rs. 1,170.17 per share of Rs. 10 each which was subsequently adjusted to Rs. 234.03 per share of Rs. 2 each as a consequence of sub-division of share capital with a fixed conversion rate of Rs. 45.84 per US Dollar. The bonds are listed on the Singapore Exchange Securities Trading Limited (SGX - ST) and are due in 2010.

The board of directors of IVRCL authorized the issue of equity shares of up to US$125 million pursuant to a resolution passed at its meeting held on July 7, 2006 and approved by the shareholders at the EGM dated

August 7, 2006. Pursuant to the said resolutions, IVRCL issued 15,000,000 equity shares at a price of Rs. 370 per share to Qualified Institutional Buyers through a placement memorandum dated December 18, 2006. The said equity shares have been listed on NSE and BSE.

Shareholding as of July 6, 2007

The shareholding pattern of equity shares of IVRCL Infrastructures and Projects Limited is as follows:

Category	No.of share holders	Total shares	Demat shares	Percentage	
				A+B	A+B+C
PROMOTER AND PROMOTER GROUP (A)					
INDIAN A(1)					
Individual / HUF	13	8,775,975	8,775,975	6.77	6.38
Central Government / State Government	-	-	-	-	-
Bodies Corporate	4	4,073,295	4,073,295	3.14	3.53
Financial Instituitons / Banks	-	-	-	-	-
Others	-	-	-	-	-
Sub Total A(1) :	**17**	**12,849,270**	**12,849,270**	**9.91**	**9.91**
FOREIGN A(2)					
Individuals (NRIs / Foreign Individuals)	-	-	-	-	-
Bodies Corporate	-	-	-	-	-
Others					
Foreign Bodies Corporates	-	-	-	-	-
Sub Total A(2) :	**0**	**0**	**0**	**0**	**0**
Total A= A(1) + A (2) :	**17**	**12,849,270**	**12,849,270**	**9.91**	**9.91**
PUBLIC SHAREHOLDING (B)					
INSTITUTIONS B(1)					
Mutual Funds / UTI	59	15,035,439	15,033,939	11.60	11.60
Financial Institutions / Banks	17	665,776	665,776	0.51	0.51
Central Government / State Government (s)	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-
Insurance Companies	2	135,000	135,000	0.10	0.10
Foreign Institutional Investors	138	80,222,086	80,222,086	61.87	61.87
Foreign Venture Capital Investors	-	-	-	-	-
Others	-	-	-	-	-
Sub Total B(1) :	**216**	**96,058,301**	**96,056,801**	**74.08**	**74.08**
NON – INSTITUTIONS B(2)					
Bodies Corporate	1,372	6,212,821	6,201,821	4.79	4.79
Individuals					
(i) Individual holding nominal share capital up to Rs. 1 lakh	82,124	13,140,939	12,912,017	10.13	10.13
(ii) Individual holding nominal share capital in excess of Rs. 1 lakh	5	484,415	429,415	0.37	0.37
Others	-	-	-	-	-
CLEARING MEMBERS	401	496,688	496,688	0.38	0.38
NON RESIDENT INDIANS	1,016	419,656	419,656	0.32	0.32
TRUSTS	1	300	300	0.0002	0.0002
Sub Total B(2) :	**84,919**	**20,754,819**	**20,459,897**	**16.01**	**16.01**
Total B = B(1) + B (2) :	**85,135**	**116,813,120**	**116,516,698**	**90.09**	**90.09**
Total (A + B) :	**85,152**	**129,662,390**	**129,365,968**	**100**	**100**
Shares Held by Custodians, against which Depository Receipts have been	--	--	--	--	--

Category	No.of share holders	Total shares	Demat shares	Percentage	
				A+B	A+B+C
issued					
GRAND TOTAL (A + B + C)	**85,152**	**129,662,390**	**129,365,968**	**100**	**100**

Directors as of July 9, 2007

The Board of Directors of IVRCL Infrastructures and Projects Limited comprises of:

S. No.	Name	Designation
1.	Mr. E. Sudhir Reddy	Chairman and Managing Director
2.	Mr. E. Sunil Reddy	Director
3.	Mr. E. Ella Reddy	Director
4.	Mr. R. Balarami Reddy	Director
5.	Mr. K. Ashok Reddy	Director
6.	Mr. T. N. Chaturvedi	Director
7.	Mr. T. R. C. Bose	Director
8.	Mr. S. K. Gupta	Director
9.	Mr. P. R. Tripathi	Director
10.	Mr. Mahesh Madduri	Director

Financial Results

(Rs. in Million except share data)

Particulars	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005
Sales and other income	23,132.66	15,014.45	10,462.08
Profit/Loss after tax	1,414.62	929.55	567.08
Reserves and Surplus	12,889.01	4.526.42	2,355.05
Equity capital (par value Rs. 2)	259.32	213.88	169.80
Earnings per share	12.38	8.84	33.56
Book value per share	101.40	44.32	148.70*

** Face value of the share was Rs. 10 per share.*

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

The Promoters of IVRCL Infrastructures and Projects Limited are E. Sudhir Reddy, E. Sunil Reddy, E. Sujatha Reddy, E. Siddhanth Reddy, E. Sunjeeth Reddy, E. Soma Reddy, E. Suha Reddy, E. Indira Reddy, V. Thirumala Reddy, V. Rajamohan Reddy, V. Madhusudan Reddy, Eragam Finlease Limited, S.V.Equities Limited, Palladium Infrastructures & Projects Limited and Indus Palms Hotels & Resorts limited. One of the individuals disclosed as a promoter of IVRCL in the initial public offer document in 1995 disposed his shareholding and does not hold any controlling interest in IVRCL.

There has been no change in the management of IVRCL and the main shareholders continue to be E. Sudhir Reddy, E. Sunil Reddy, E. Sujatha Reddy, E. Siddhanth Reddy, E. Sunjeeth Reddy, E. Soma Reddy, E. Suha Reddy, E. Indira Reddy, V. Thirumala Reddy, V. Rajamohan Reddy, V. Madhusudan Reddy, Eragam Finlease Limited, S.V.Equities Limited, Palladium Infrastructures & Projects Limited and Indus Palms Hotels & Resorts Limited.

The details of PAN, bank account number, registration number of IVRCL and the address of the RoC where IVRCL is registered have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

Further, IVRCL has confirmed that it has not been detained as willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

High – low of equity shares of IVRCL Infrastructures and Projects Limited for past six months

The shares of IVRCL Infrastructures and Projects Limited are listed on the NSE and the BSE. The monthly high and low of the market price of the shares on NSE and BSE for the last six months are as follows:

Monthly high and low of prices of shares on NSE:

Month	Traded Value (in Rs.)	
	High	Low
June 2007	379.40	329.00
May 2007	369.40	283.05
April 2007	337.90	241.10
March 2007	308.70	248.4 0
February 2007	439.90	282.20
January 2007	418.90	365.00

Monthly high and low of prices of shares on BSE:

Month	Traded Value (in Rs.)	
	High	Low
June 2007	379.70	330.00
May 2007	369.00	283.00
April 2007	337.50	241.15
March 2007	313.80	248.50
February 2007	439.90	281.20
January 2007	419.00	366.35

Declaration of Dividends

The company declared dividends at the rate of 30%, 50% and 50% for the last three financial years.

Mechanism of Redressal of Investor Grievance

As on June 30, 2007, we have received 22 investor complaints in relation to non receipt of dividend warrant, non receipt or loss of share certificatesand non receipt of electronic credits. We have resolved all the said investor complaints and none are pending as on June 30, 2007.

The Companies/partnerships/joint ventures promoted by our Promoters and forming part of our promoter group under Clause 6.8.3.2(m), Explanation II of the SEBI Guidelines

Our Parent Company has a total of 36 subsidiaries including us (of which 23 companies are subsidiaries of our Company). There are also seven joint ventures in which our Parent Company has a stake, all of which form part of our promoter group and have been disclosed below. For details of loss making entities forming part of our promoter group, please refer to risk factor titled 'Certain entities forming part of our promoter group have incurred losses in the past' on page xxv.

One entity forming part of our Promoter group, i.e Palladium Infrastructures and Projects Limited has the same objects as ours or engage in the same line of business as our Company.

I. Corporate entities

IVR Enviro Projects Private Limited

IVR Enviro Projects Private Limited was incorporated on September 10, 1997 and has its registered office at M-22/3RT, Vijaynagar Colony, Hyderabad 500 057. IVR Enviro Projects Private Limited is engaged in the business of environmental engineering and pollution control related activities such as engineering consultancy for municipal and industrial pollution control, solid and hazardous waste management. IVR Enviro Projects Private Limited is an unlisted company. The company implemented municipal solid waste recycling Project at Tiruppur and is concentrating on operations and maintenance of the same.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	E. Sudhir Reddy	300	0.04
2.	Dr. C. Srinivas	75,000	10.00
3.	IVRCL	674,700	89.96
	Total	**750,000**	**100.00**

Board of Directors as of July 9, 2007

Sl. No.	Name	Designation
1.	E. Sudhir Reddy	Director
2.	R. Balarami Reddy	Director
3.	K. Ashok Reddy	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	0.71	1.26	1.22
Profit/Loss after tax	(1.40)	(1.19)	(0.83)
Equity Capital	7.50	7.50	7.50
Reserves and Surplus	(4.96)	(3.56)	(2.36)
EPS (Rs.)	NIL	NIL	NIL
Book Value (Rs.)	3.39	5.24	6.84

IVRCL PSC Pipes Private Limited

IVRCL PSC Pipes Private Limited, was incorporated on February 16, 1999 under the Companies Act, 1956 and has registered office at M-22/3RT, Vijaynagar Colony, Hyderabad 500 057. IVRCL PSC Pipes is engaged in the business of manufacturing, distributing, selling and dealing in all types of Pre-Stressed Concrete Pipes, poles, sleepers and allied products. Currently the company is manufacturing PSC Pipes intended for various water transmission related projects.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	N. Sakaleswara Reddy	83,500	33.21
2.	E. Sudhir Reddy	500	0.20
3.	B. Chandra Sekhar Reddy	400	0.16
4.	IVRCL	167,000	66.43
	Total	**251,400**	**100.00**

Board of Directors as of July 9, 2007

Sl. No.	Name	Designation
1.	G. Ramakrishna Rao	Director
2.	R. Balarami Reddy	Director
3.	K. Ashok Reddy	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	1.87	1.65	1.80
Profit/Loss after tax	0.24	0.10	0.03
Equity Capital	2.51	2.51	2.51
Reserves and Surplus	0.77	0.51	0.41
EPS (Rs.)	0.96	0.39	0.11
Book Value (Rs.)	13.06	12.02	11.63

First STP Private Limited

FIRST STP Private Limited was incorporated on November 8, 2000 under the Companies Act, 1956 and has its registered office at No: 30A, South Phase, 6th Cross Road, Thiru V. Ka. Industrial Estate, Guindy, Chennai 600 032. It is a joint venture between VA TECH WABAG of Austria and IVRCL. The company is presently engaged in the operation and maintenance of Sewerage Treatment Plant of 12 MLD Capacity to treat Municipal Sewer Water for Alandur Municipality a suburb of Chennai.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	IVRCL Water Infrastructures Limited	2,850,000	95.00
2.	Va Tech Wabagh	150,000	5.00
	Total	**3,000,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	E. Sudhir Reddy	Director
2.	Rajiv Mittal	Director
3.	R. Balarami Reddy	Director
4.	S. Varada Rajan	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	16.87	18.48	11.70
Profit/Loss after tax	1.32	8.18	3.25
Equity Capital	30.00	30.00	5.00
Reserves and Surplus	14.26	12.94	4.76
EPS (Rs.)	0.44	2.73	6.50
Book Value (Rs.)	14.73	14.28	19.33

IVRCL Road Toll Holdings Limited

IVRCL Road Toll Holdings Limited was incorporated on July 13, 2005 under the companies Act, 1956 and has its registered office at M-22/3RT, Vijaynagar Colony, Hyderabad 500 057. The company was incorporated with the object of investing into various companies (special purpose vehicles) engaged in implementing specific projects in the transport sector on Built Own Operate and transfer (BOOT) or Built Own transfer (BOT) basis.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVRCL Infrastructures & Projects Limited	39,062,400	99.9980
2	E. Sudhir Reddy	100	0.0002
3	R. Balarami Reddy	100	0.0002
4	E. Sunil Reddy	100	0.0002
5	K. Ashok Reddy	100	0.0002
6	M. Srinivasa Rao	100	0.0002
7	Raj KumarSingh	100	0.0002
	Total	**3,9063,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1	E. Sudhir Reddy	Director
2	Raj Kumar Singh	Director
3	M. Srinivasa Rao	Director
4	R.Balarami Reddy	Director
5	G. Rama Krishna Rao	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	0.00	Not Applicable
Profit/Loss after tax	(0.04)	(2.74)	Not Applicable
Equity Capital	390.63	390.63	Not Applicable
Reserves and Surplus	1273.55	(1273.59)	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	42.60	42.60	Not Applicable

IVRCL Water Infrastructures Limited

IVRCL Desalination Limited was incorporated on September 5, 2005 under the Companies Act, 1956 and the name of the company was subsequently changed into IVRCL Water Infrastructures Limited. It has its registered office at M-22/3RT, Vijaynagar Colony, Hyderabad 500 057. The company was incorporated as an investment subsidiary for investment into the companies incorporated as Special Purpose Vehicles for executing water related projects under Built Own Operate and transfer (BOOT) and Built Own operate (BOT) system.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	E. Sudhir Reddy	100	0.001
2.	R. Balarami Reddy	100	0.001
3.	Raj Kumar Singh	100	0.001
4.	K. Ashok reddy	100	0.001
5.	S. Ramachandran	100	0.001
6.	E. Sunil Reddy	100	0.001
7.	IVRCL	11,939,400	99.995
	Total	**11,940,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	E. Sudhir Reddy	Director
2.	R. Balarami Reddy	Director
3.	S. Ramachandran	Director
4.	R. Venkata Raghavan	Director
5.	J.L. Vidya Sagar	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	Not Applicable
Profit/Loss after tax	NIL	(1.31)	Not Applicable
Equity Capital	119.40	119.40	Not Applicable
Reserves and Surplus	(1.34)	(1.31)	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	9.89	9.89	Not Applicable

Geo IVRCL Engineering Limited

Geo IVRCL Engineering Limited was incorporated on October 21, 2004 under the Companies Act, 1956 and has its principle place of business at M-22/3RT, Vijaynagar Colony, Hyderabad 500 057. Geo IVRCL Engineering Limited is engaged in the business of undertaking survey, engineering, design, manufacture, maintaining and testing of various jobs or works in the fields of civil, mechanical, electrical and other engineering fields. This company is yet to commence its operations.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVRCL Infrastructures & Projects Limited	49,400	98.80
2	E. Sudhir Reddy	100	0.20
3	E. Sunil Reddy	100	0.20
4	R. Balarami Reddy	100	0.20
5	K. Ashok Reddy	100	0.20
6	G. Rama Krishna Rao	100	0.20
7	G. Seetharam	100	0.20
	Total	**50,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	G. Ramakrishna Rao	Director
2.	K. Ashok Reddy	Director
3.	S.V. Ram Kumar	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	Not Applicable
Profit/ Loss after Tax	NIL	NIL	Not Applicable
Equity Capital	0.50	0.50	Not Applicable
Reserves and Surplus	NIL	NIL	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	9.63	9.63	Not Applicable

Jalandhar Amritsar Tollways Limited

Jalandhar Amritsar Tollways Limited was incorporated on August 17, 2005 under the Companies Act, 1956, and has its registered office at P2 , First floor, Green Park Extension, New Delhi 110 016. The company was incorporated for execution of widening and strengthening of Jalandhar Amritsar Road in the state of Punjab. The company entered into a concession agreement with the National Highway Authority of India (NHAI). The Project execution has commenced having achieved financial closure.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVRCL Infrastructures & Projects Limited	49,400	0.253
2	E. Sudhir Reddy	100	0.0005
3	R. Balarami Reddy	100	0.0005
4	E. Sunil Reddy	100	0.0005
5	K. Ashok Reddy	100	0.0005
6	S. Rama Chandran	100	0.0005
7	Raj Kumar Singh	100	0.0005
8	IVRCL Road Toll Holdings Limited	1,9594,000	99.744
	Total	**19,644,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1	R. Balarami Reddy	Director
2	Raj Kumar Singh	Director
3	M. Srinivasa Rao	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	Not Applicable
Profit/ Loss after Tax	NIL	NIL	Not Applicable
Equity Capital	196.44	195.00	Not Applicable
Reserves and Surplus	133.26	132	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	16.78	16.72	Not Applicable

Chennai Water Desalination Limited

Chennai Water Desalination Limited was incorporated on August 18, 2005 under the Companies Act, 1956, and has its registered office at No: 30A, South Phase, 6th Cross Road, Thiru V. Ka. Industrial Estate, Guindy, Chennai 600 032. It is a joint venture between BEFESA CTA of Abengoa Group, Spain (25% plus one share) and IVRCL (75% less one share) to undertake sea water desalination pursuant to a shareholders agreement dated August 31, 2005 between IVRCL, BEFESA CTA and the company. The company is setting up a 100 MLD Capacity plant at Minjur, Chennai in accordance with Bulk Water Purchase agreement with Chennai Metropolitan Water Supply and Sewerage Board on Design, Built Own Operate and Transfer (DBOOT) basis with the Government of Tamil Nadu.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	E. Sudhir Reddy	100	0.00
2.	R. Balarami Reddy	100	0.00
3.	E. Sunil Reddy	100	0.00
4.	K. Ashok Reddy	100	0.00
5.	S. Ramachandran	100	0.00
6.	D. Venklata Subramanian	100	0.00
7.	IVRCL	49,400	0.97
8.	IVRCL Water Infrastructures Limited	50,799,999	74.93
9.	BEFASA CTA	16,950,000	25.00
10.	Ravi Bondada	1	0.00
	Total	**67,800,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	R. Balarami Reddy	Director
2.	S. Ramachandran	Director
3.	D. Venkata Subramaniam	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	Not Applicable
Profit/ Loss after Tax	NIL	NIL	Not Applicable
Equity Capital	333.20	20.50	Not Applicable
Reserves and Surplus	NIL	NIL	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	9.99	9.98	Not Applicable

Salem Tollways Limited

Salem Tollways Limited was incorporated on November 7, 2005 under the Companies Act, 1956 and has its registered office at M-22/3RT, Vijaynagar Colony, Hyderabad – 500 057. The company is a special purpose vehicle to design, construct, develop, finance, operate and maintain 53 K.M. section of National Highway 47, from Salem to Kumarapalayam in the state of Tamil Nadu. It is a subsidiary of IVRCL Road Toll Holdings Limited. The company is not listed.

Shareholding pattern as of July 9, 2007

	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	IVRCL Infrastructures & Projects Limited	49,400	0.173
2	R. Balarami Reddy	100	0.0005
3	Raj Kumar Singh	100	0.0005
4	K. Ashok Reddy	100	0.0005
5	S. Rama Chandran	100	0.0005
6	A. Krishna Reddy	100	0.0005
7	G. Rama Krishan Rao	100	0.0005
8	IVRCL Road Toll Holdings Limited	28,426,800	99.824
	Total	**28,476,800**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1	R. Balarami Reddy	Director
2	Raj Kumar Singh	Director
3	Vinod Kulkarni	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	Not Applicable
Profit/ Loss after Tax	NIL	NIL	Not Applicable
Equity Capital	284.77	220.50	Not Applicable
Reserves and Surplus	424.96	328.55	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	24.92	24.90	Not Applicable

Kumarapalayam Tollways Limited

Kumarapalayam Tollways Limited was incorporated on November 7, 2005 under the Companies Act, 1956 and has its registered office at M-22/3RT, Vijaynagar Colony, Hyderabad – 500 057. The company is a special purpose vehicle to design, construct, develop, finance, operate and maintain 47 K.M. section of National Highway 47, from Kumarapalayam to Chengapalli in the state of Tamil Nadu. It is a subsidiary of IVRCL Road Toll Holdings Limited.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	IVRCL Infrastructures & Projects Limited	49400	0.190
2	R. Balarami Reddy	100	0.0004
3	Raj Kumar Singh	100	0.0004
4	K. Ashok Reddy	100	0.0004
5	S. Rama Chandran	100	0.0004
6	A. Krishna Reddy	100	0.0004
7	G. Rama Krishan Rao	100	0.0004
8	IVRCL Road Toll Holdings Limited	26,000,000	99.8081
	Total	**26,050,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1	R. Balarami Reddy	Director
2	Raj Kumar Singh	Director
3	M. Srinivasa Reddy	Director

Financial Results

(*Rs. in million except share data*)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	Not Applicable
Profit/ Loss after Tax	NIL	NIL	Not Applicable
Equity Capital	260.50	260.50	Not Applicable
Reserves and Surplus	388.30	390.00	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	24.90	24.90	Not Applicable

Hindustan Dorr -Oliver Limited

Hindustan Dorr-Oliver Limited was incorporated under the Indian Companies Act on July 26, 1974. It was subsequently taken over by IVRCL in the year 2005 by acquiring 70% stake in the company. IVRCL acquired 2,961,338 equity shares of Rs. 10 each amounting to 70% of the total shareholding of HDO, at a certain purchase price, through a share purchase agreement dated April 27, 2005, from Jumbo World Holdings Limited and Firestorm Finance and Trading Private Limited. The company has its registered office at Dorr-Oliver House, Chakala, Andheri (East), Mumbai 400 099. The company is engaged in the business of providing engineering solutions for solid-liquid separation to projects related to pulp and paper, mineral processing, oil and petroleum and environmental areas for various process industries. The company is listed.

The company made a preferential allotment of 1,570,000 equity shares of Rs. 10 each at Rs. 320 per share aggregating to Rs. 502,400,000 to 15 allottees on October 14, 2005 and to one allottee on October 16, 2005. The company further allotted 200,000 warrants to our Parent Company, IVRCL, on October 14, 2005, which were converted into 10,00,000 equity shares of Rs. 2 each at Rs. 62 per warrant on September 23, 2006. The company's share capital was subdivided from shares of Rs. 10 each to Rs. 2 each with effect from May 3, 2006.

Further the company declared bonus in the ratio of 1:5 and allotted 6,000,484 bonus shares on November 27, 2006. .

The company received listing and trading permissions for all the shares from National Stock Exchange and Bombay Stock Exchange; except in relation to 1,250,000 shares of Rs. 2 each allotted on preferential basis to two allottees and the bonus shares thereon numbering 250,000 shares of Rs. 2 each. The relevant background is that two investors, Mr. Prem Kumar Agarwal and Mr. Adit G Mehta, were allotted 50,000 equity shares and 200,000 equity shares, respectively on preferential basis on October 14, 2005. Paragraph 13.3.1(g) of the SEBI Guidelines provides that shares issued on preferential basis should be locked in from the relevant date upto a period of six months from the date of alltement. Mr. Prem Kumar Agarwal and Mr. Adit G Mehta had however sold 392 equity shares and 16,000 equity shares respectively, during the lock in period. Due to this default, the stock exchnages have kept the listing aplications in abeyance. The company has also made an application dated March 29, 2007 to SEBI under clause 17.2A.1(b) of Chapter XVII of the SEBI Guidelines to direct the stock exchanges for listing the said shares allotted to the allottees on the ground that the non-compliance with SEBI Guidelines by the investors was only accidental and that the gains made by them in selling the pre-preferential allotment shares were negligible compared to the investments made by such investors in the preferential offer. The application is yet to be heard by SEBI. In the meantime, BSE and NSE have, on December 13, 2006 and May 16, 2007 respectively, granted their in-principle approval for the listing of 250,000 equity shares of Rs.2 each allotted to one of the allottees. The BSE further intimated that with respect to the listing of 1 million equity shares allotted in the name of Mr. Adit G. Mehta, the other allottee should be kept in abeyance for non compliance with respect to the lock in provisions contented in paragraph 13.3.1 (g) of the SEBI Guidelines.

Shareholding pattern as of July 6, 2007

Category	No.of share holders	Total shares	Demat shares	Percentage	
				A+B	A+B+C
PROMOTER AND PROMOTER GROUP (A)					
INDIAN A(1)					
Individual / HUF	0	0	0	0.00	0.00

Category	No.of share holders	Total shares	Demat shares	Percentage	
				A+B	A+B+C
Central Government / State Government				0.00	0.00
Bodies Corporate	1	19,000,998	19,000,998	52.78	52.78
Financial Instituitons / Banks				0.00	0.00
Others				0.00	0.00
Sub Total A(1) :	**1**	**19,000,998**	**19,000,998**	**52.78**	**52.78**
FOREIGN A(2)					
Individuals (NRIs / Foreign Individuals)	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0.00
Others				0.00	0.00
Foreign Bodies Corporates				0.00	0.00
Sub Total A(2) :	0	0	0	0.00	0.00
Total A= A(1) + A (2) :	**1**	**19,000,998**	**19,000,998**	**52.78**	**52.78**
PUBLIC SHAREHOLDING (B)					
INSTITUTIONS B(1)					
Mutual Funds / UTI	10	2,475,433	2,475,433	6.88	6.88
Financial Institutions / Banks	0	0	0	0.00	0.00
Central Government / State Government (s)	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0.00
Foreign Institutional Investors	3	1,063,983	1,063,983	2.96	2.96
Foreign Venture Capital Investors	0	0	0	0.00	0.00
Others	0	0	0	0.00	0.00
Sub Total B(1) :	**13**	**3,539,416**	**3,539,416**	**9.83**	**9.83**
NON – INSTITUTIONS B(2)					
Bodies Corporate	401	6,133,115	6,113,405	17.04	17.04
Individuals					
(i) Individual holding nominal share capital up to Rs. 1 lakh	6,907	4,221,636	3,611,268	11.73	11.73
(ii) Individual holding nominal share capital in excess of Rs. 1 lakh	8	2,793,748	1,293,748	7.76	7.76
Others					
CLEARING MEMBERS	172	213,289	213,289	0.59	0.59
NON RESIDENT INDIANS	104	98,542	98,542	0.27	0.27
TRUSTS	1	2160	0	0.01	0.01
FOREIGN NATIONALS	-	-	-	-	-
Sub Total B(2) :	**7,593**	**13,462,490**	**11,330,252**	**37.39**	**37.39**
Total B = B(1) + B (2) :	**7,606**	**17,001,906**	**14,869,668**	**47.22**	**47.22**
Total (A + B) :	**7,607**	**36,002,904**	**33,870,666**	**100.00**	**100.00**
Shares Held by Custodians, against which Depository Receipts have been issued	0	0	0	0.00	0.00
GRAND TOTAL (A + B + C)	**7,607**	**36,002,904**	**33,870,666**	**100.00**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1	Mr. E. Sudhir Reddy	Vice Chairman
2	Mr. P.R. Tripathi	Chairman
3	Mr. R. Balarami Reddy	Director
4	Mr. K.H.K. Prasad	Director
5	Mr. E. Sunil Reddy	Managing Director
6	Mr. S.C. Sekharan	Director
7	Mr. T.N. Chaturvedi	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	2136.0	1438.77	867.86
Profit/ Loss after Tax	153.6	64.74	11.17
Equity Capital	72.0	58.01	42.31
Reserves and Surplus	1012.6	832.08	304.96
EPS (Rs.)	4.32	13.06	2.64
Book Value (Rs.)	36.03	153.45	82.09

High – low of equity shares of HDO for past six months

The shares of HDO are listed on the NSE and the BSE. The monthly high and low of the market price of the shares on NSE and BSE for the last six months are as follows:

Monthly high and low of prices of shares on NSE:

Month	Traded Value (in Rs.)	
	High	Low
June 2007	117.50	78.00
May 2007	88.20	67.00
April 2007	86.35	56.55
March 2007	81.15	57.00
February 2007	102.50	80.00
January 2007	105.95	87.00

Monthly high and low of prices of shares on BSE:

Month	Traded Value (in Rs.)	
	High	Low
June 2007	117.50	78.05
May 2007	88.25	66.15
April 2007	86.50	57.25
March 2007	82.95	57.00
February 2007	103.00	79.25
January 2007	106.00	87.00

Declaration of Dividends

The company declared dividends at the rate of 20% on share of Rs. 2 each, 12% on shares of Rs. 10 each and 12% on shares of Rs. 10 each for the last three financial years 2006, 2005 and 2004 respectively. For the financial year 2007, the board of directors have proposed a dividend of 25%.

Mechanism of Redressal of Investor Grievance

As on June 30, 2007, we have received 13 investor complaints in relation to non receipt of dividend warrant, non receipt or loss of share certificates, non receipt of certificate after transfer and non receipt of Annual Report. We have resolved all the said investor complaints and none are pending as onJune 30, 2007.

IVRCL Steel Constructions and Services Limited

IVRCL Steel Constructions and Services Limited was incorporated on June 23, 2005 with its registered office at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057. The company is engaged in the business of executing works connected with the steel industry. The company is yet to commence its commercial operations.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVRCL Infrastructures & Projects Limited	49,400	98.80
2	E. Sudhir Reddy	100	0.20
3	R. Balarami Reddy	100	0.20
4	E. Sunil Reddy	100	0.20
5	K. Ashok Reddy	100	0.20
6	S.K. Gupta	100	0.20
7	S. Rama chandran	100	0.20
	Total	**50,000**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	S.K. Gupta	Director
2.	S. Rama Chandran	Director
3.	G. Rama Krishna Rao	Director
4.	Dinesh Digwekar	Director

Financial Results

(*Rs. in million except share data*)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	Not Applicable
Profit/ Loss after Tax	NIL	NIL	Not Applicable
Equity Capital	0.50	0.50	Not Applicable
Reserves and Surplus	NIL	NIL	Not Applicable
EPS (Rs.)	NIL	NIL	Not Applicable
Book Value (Rs.)	9.40	9.40	Not Applicable

Soma Hotels & Resorts Limited

Soma Hotels and Resorts Limited was incorporated as Soma Softech Limited. Subsequently, the name of the company was changed to Soma Hotels and Resorts Limited. The registered office of the company is situated at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057. The company is engaged in the business of construction of hotels, management of Hotels, resorts and other related activities in the field of hospitality sector.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	E. Ella Reddy	100	0.01
2.	E. Sudhir Reddy	492,600	46.88
3.	E. Sunil Reddy	492,600	46.88
4.	Mohan Rao	25,100	2.39
5.	A. Anantha Reddy	100	0.01
6.	P. Srinivasa Reddy	25,100	2.64
7.	C. Padmanabha Reddy	100	0.01
8.	R. Balarami Reddy	10,000	0.95
9.	K. Ashok Reddy	5,000	0.48
	Total	**1,050,700**	**100.00**

Board of Directors as of July 9, 2007

Sl. No.	Name	Designation
1.	E. Sudhir Reddy	Director
2.	E. Sunil Reddy	Director
3.	G. Seetharam	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	NIL	NIL	NIL
Profit/ Loss after Tax	NIL	NIL	NIL
Equity Capital	10.51	0.50	0.50
Reserves and Surplus	NIL	NIL	NIL
EPS (Rs.)	NIL	NIL	NIL
Book Value (Rs.)	9.94	8.77	8.77

Palladium Infrastructure and Projects Limited

Palladium Infrastructure and Projects Limited was incorporated on December 4, 2003 with its registered office at Plot No: 8-2-348, Road No: 3, Banjara Hills, Hyderabad – 500 034.The company is engaged in the business of construction, building, development, maintenance, operation, owning and transfer of infrastructure facilities including housing, roads, highways, bridges, water supply projects, irrigation projects, inland water ways, sanitation and sewerage systems, or any other public facilities of a similar nature; any project for generation and/or distribution of electricity or any other form of power.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	E. Sudhir Reddy	54,000	30.62
2.	E. Sunil Reddy	1,000	0.57
3.	E. Sujatha Reddy	1,000	0.57
4.	E. Indira Reddy	76,000	43.10
5.	V. Madhusudan Reddy	1,000	0.57
6.	B. Mallikarjuna Reddy	1,000	0.57
7.	B. Vajravathamma	1,000	0.57
8.	Others (Individual shareholders)	41,330	23.44
	Total	**176,330**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	E. Sudhir Reddy	Director
2.	E. Sunil Reddy	Director
3.	E. Indira Reddy	Director
4.	E. Sujatha Reddy	Director
5.	V. Madhusudan Reddy	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	168.87	144.60	467.76
Profit/Loss after Tax	5.42	10.17	11.42
Equity Capital	1.76	1.35	0.60
Reserves and Surplus	34.80	21.58	11.41
EPS (Rs.)	30.76	75.30	190.28
Book Value (Rs.)	207.38	169.26	198.47

S.V. Equities Limited

S.V. Equities Limited was originally incorporated on September 9, 1991 as S.V. Services and Holdings Private Limited. The name of the company was changed to S.V. Equities Private Limited on September 5, 1996 and further changed to S.V. Equities Limited on September 19, 1996. The company is engaged in the business of finance, investment and acquisition of shares, stocks, securities, debentures and equity investment. S.V. Equities Limited is an unlisted company and has its registered office at M-22/3RT, Vijaya Nagar colony, Hyderabad – 500 057.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	V. Raja Mohan Reddy	1,100	0.11
2.	V. Madhusudan Reddy	150	0.01
3.	B. Ramalinga Reddy	36,260	3.61
4.	B. Ramasubbamma	10,825	1.08
5.	B. Aruna	7,185	0.72
6.	B. Anithamma	3,750	0.37
7.	E. Sudhir Reddy	529,720	52.75
8.	Others (individuals)	415,214	41.35
	Total	**1,004,204**	**100.00**

Board of Directors as of July 9, 2007

S. No.	Name	Designation
1.	E. Sudhir Reddy	Director
2.	G. Seetharam	Director
3.	E. Sunil Reddy	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	82.28	0.98	0.95
Profit/ Loss after Tax	82.21	0.897	0.87
Equity Capital	1.00	1.00	1.00
Reserves and Surplus	84.72	2.51	1.62
EPS (Rs.)	822.08	8.97	8.68
Book Value (Rs.)	857.23	35.13	26.16

Eragam Finlease Limited

Eragam Finlease Limited was initially incorporated as IVR Finlease Private Limited on January 9, 1997. Subsequently, the name of the company was changed to Eragam Finlease Limited on January 17, 2006. The registered office of the company is at M-22/3RT, Vijaya Nagar Colony, Hyderabad 500 057. The company is engaged in the business of finance, investment and acquisition of shares, stocks, securities, debentures and equity investment.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	R. Balarami Reddy	300	0.03
2.	K. Ashok Reddy	100	0.01
3.	Dr. Suresh Shukla	100	0.01
4.	E. Sudhir Reddy	244,300	22.50
5.	B. Venku Reddy	17,500	1.61
6.	R. Gopal Reddy	22,500	2.07
7.	P. Bhaskar Reddy	40,100	3.69
8.	K. Anil Kumar Reddy	50,100	4.61
9.	K. Giridhar Reddy	51,900	4.78
10.	B. Kodandarami Reddy	18,000	1.66
11.	E. Sunil Reddy	2,000	0.18
12.	Other (Individuals)	639,100	58.85
	Total	**1,086,000**	**100.00**

Board of Directors as of July 9, 2007

Sl. No.	Name	Designation
1.	G. Seetharam	Director
2.	V. Raja Mohan Reddy	Director
3.	V. Madhusudan Reddy	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	11.28	7.29	4.04
Profit/ Loss after Tax	8.22	5.09	2.96
Equity Capital	0.90	0.90	0.50
Reserves and Surplus	21.21	13.01	7.92
EPS (Rs.)	91.10	56.46	59.17
Book Value (Rs.)	245.14	153.98	167.78

Telcon Ecoroad Resurfaces Private Limited

Telcon Ecoroad Resurfaces Private Limited was incorporated on October 17, 2003 having its registered office at Jubilee Building, 45, Museum Road, Bangalore in the state of Karnataka. The company is engaged in the business of recycling of the road surfaces with the same material by using latest technology so that the addition of fresh inputs is to the minimum achieving savings in cost. The company is not listed.

Shareholding pattern as of July 9, 2007

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1	IVRCL Infrastructures & Projects Limited	240,000	24.00
2.	Green Arm Company limited	200,000	20.00
3.	Telcon Ecoroad	360,000	36.00
4.	Hitachi	200,000	20.00
	Total	**1,000,000**	**100.00**

Board of Directors as of July 9, 2007

Sl. No.	Name	Designation
1	Mr. Ranaveer Sinha	Director
2	Mr. S. Mazumdar	Director
3	Mr. H. Hosokawa	Director
4	Mr. M. Shimoda	Director
5	Mr. S. Ramachandran	Director

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income	50.26	23.12	10.89
Profit/ Loss after Tax	(60.59)	(27.86)	(7.35)
Equity Capital	100.00	100.00	0.20
Reserves and Surplus	NIL	NIL	NIL
EPS (Rs.)	(60.59)	(28.25)	(3672.88)
Book Value (Rs.)	39.15	64.36	(3662.88)

II. Other entities

SPCL-IVRCL

This joint venture was formed between IVRCL and Shapoorji Pallonji Company Limited on May 17, 2001 for road widening and strengthening NH-5 from Srikakulam to Palasa in Andhra Pradesh as part of the Prime Minister's Golden Quadrilateral Project of the National Highways Authority of India. The execution of the project was completed in May 2006.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	SPCL	49%
2.	IVRCL	51%

Partners as of July 9, 2007

The partners are SPCL and IVRCL.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	1.21	132.95	934.70
Profit/ Loss after Tax	0.58	Nil	Nil
Capital Fund	NIL	Nil	Nil
Reserves and Surplus	NIL	Nil	Nil
EPS (Rs.)	NIL	Nil	Nil
Book Value (Rs.)	NIL	Nil	Nil

UAN Raju IVRCL Construction

This joint venture was formed between IVRCL and UAN Raju Construction on August 31, 2002 for execution of the tunnels work for laying broad gage line for Konkan railways in the State of Jammu and Kashmir. The joint venture completed 24% of the total work by the year ended March 31, 2006.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1	IVRCL Infrastructures & Projects Limited	51%
2	U.A.N.Raju Construction	49%

Partners as of July 9, 2007

The partners are IVRCL and U.A.N. Raju Construction.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	279.94	274.97	128.46
Profit/ Loss after Tax	7.88	46.02	26.93
Capital Fund	NIL	Nil	Nil
Reserves and Surplus	NIL	Nil	Nil
EPS (Rs.)	NIL	Nil	Nil
Book Value (Rs.)	NIL	Nil	Nil

IVRCL-Harsha (JV)

This joint venture was formed between IVRCL and Sri Harsha Constructions on June 30, 2005 to bid for and execute the work of construction of MGR Link Line and earth works in the formation of railway, road and bridge work and permanent way work for National Thermal Power Corporation Limited. The joint venture has completed 53% of the work by the year ended March 31, 2006.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	IVRCL (Lead Partner)	80%
2.	Sri Harsha Constructions	20%

Partners as of July 9, 2007

The partners are IVRCL and Sri Harsha Constructions.

Financial Results

(Rs. in million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	228.11	178.26	Nil
Profit/ Loss after Tax	18.87	14.31	Nil
Capital Fund	NIL	Nil	Nil
Reserves and Surplus	33.19	14.31	Nil
EPS (Rs.)	NIL	Nil	Nil
Book Value (Rs.)	NIL	Nil	Nil

IVRCL, SEW & PRASAD

IVRCL entered into joint venture arrangements with Sew Constructions Limited and Prasad & Company (Project Works) Limited on July 6, 2004 for quoting and execution of certain irrigation works including the Telugu Ganga Project II and III, Sriram Sagar, Jagtiyal FFC, Polavaram package 8.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	IVRCL (Lead Partner)	50%
2.	Sew Constructions Limited	25%
3.	Prasad & Company (Project Works) Limited	25%

Partners as of July 9, 2007

The partners are IVRCL (Lead Partner), Sew Constructions Limited, Prasad & Company (Project Works) Limited.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	4133.85	4033.78	Nil
Profit/ Loss after Tax	178.10	143.08	Nil
Capital Fund	Nil	Nil	Nil
Reserves and Surplus	Nil	Nil	Nil
EPS (Rs.)	Nil	Nil	Nil
Book Value (Rs.)	Nil	Nil	Nil

Navayuga, IVRCL & SEW

This joint venture was formed between IVRCL, Navayuga Engineering Company Limited and Sew Constructions Limited on October 12, 2005 for quoting and execution of project works of Kalavakurthi Lift Irrigation Scheme viz., Stage 2 pumping station (5x30MW) of Kalwakurthy Lift Irrigation Scheme at Jonnalaboguda Balancing reservoir near Khanpur village, Koderu Mandal, Mahabubnagar district in the State of Andhra Pradesh on EPC basis. The work is being executed on a sharing basis as per the agreed percentages.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Navayuga Engineering Company Limited (Lead partner)	35.75%
2.	IVRCL	35.75%
3.	Sew Constructions Limited	28.5%

Partners as of July 9, 2007

The partners are Navayuga Engineering Company Limited (Lead partner), IVRCL and Sew Constructions Limited.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	888.01	86.70	Not Applicable
Profit/ Loss after Tax	19.19	1.70	Not Applicable
Capital Fund	Nil	Nil	Not Applicable
Reserves and Surplus	Nil	Nil	Not Applicable
EPS (Rs.)	Nil	Nil	Not Applicable
Book Value (Rs.)	Nil	Nil	Not Applicable

IVRCL, Navayuga, & SEW

This joint venture was formed between IVRCL, Navayuga Engineering Company Limited and Sew Constructions Limited on March 9, 2005 for quoting and execution of Sripada Sagar Lift Irrigation Project.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	IVRCL (Lead Partner)	35.75%
2.	Navayuga Engineering Company Limited	35.75%
3.	Sew Constructions Limited	28.5%

Partners as of July 9, 2007

The partners are IVRCL, Navayuga Engineering Company Limited and Sew Constructions Limited.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	4599.42	567.73	Not Applicable
Profit/ Loss after Tax	114.26	11.79	Not Applicable
Capital Fund	Nil	Nil	Not Applicable
Reserves and Surplus	Nil	Nil	Not Applicable
EPS (Rs.)	Nil	Nil	Not Applicable
Book Value (Rs.)	Nil	Nil	Not Applicable

Bhanu IVRCL Associates

This joint venture with Bhanu Construction Company Limited was formed on May 18, 2000 to bid for the construction of 400 KV Vizag- Khammam Double Circuit Line (4 packages) under Simhadri-Vizag Transmission System Project of Power Transmission Corporation of Andhra Pradesh Limited. This is an unincorporated joint venture in the nature of partnership, the execution of the project is complete and we have received the completion certificate dated May 10, 2002 from Power Transmission Corporation of Andhra Pradesh Limited.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1	Bhanu Construction (Lead partner)	60%
2	IVRCL	40%

Partners as of July 9, 2007

The partners are Bhanu Construction and IVRCL.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	NIL	0.12	Nil
Profit/ Loss after Tax	(0.04)	0.03	(0.14)
Capital Fund	Nil	Nil	Nil
Reserves and Surplus	Nil	Nil	Nil
EPS (Rs.)	Nil	Nil	Nil
Book Value (Rs.)	Nil	Nil	Nil

IVRCL –Tantia Joint Venture

This joint venture with Tantia Construction Company Limited was formed on December 19, 2000 for the execution of infrastructure works awarded by Delhi State Industrial Development Corporation Limited. This is an unincorporated joint venture in the nature of partnership. The execution of the project is complete and we have received the completion certificate dated February 6, 2004.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	IVRCL	50
2.	Tantia Construction	50

Partners as of July 9, 2007

The partners are IVRCL and Tantia Construction.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	Nil	Nil	Nil
Profit/ Loss after Tax	Nil	Nil	Nil
Capital Fund	Nil	Nil	Nil
Reserves and Surplus	Nil	Nil	Nil
EPS (Rs.)	Nil	Nil	Nil
Book Value (Rs.)	Nil	Nil	Nil

IVRCL - JL (Joint Venture)

This joint venture with Jyothi Limited was formed on August 4, 2006 for framing offers on behalf of the joint venture and for the successful implementation of the civil works in relation to the HNSS M.C to be undertaken by the joint venture. This is an unincorporated joint venture in the nature of partnership.

Capital and Profit Sharing Ratio as on July 9, 2007

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	IVRCL	90
2.	Jyothi Limited	10

Partners as of July 9, 2007

The partners are IVRCL and Jyothi Limited.

Financial Results

(Rs. in Million except share data)

Particulars	For the fiscal year ended March 31, 2007	For the fiscal year ended March 31, 2006	For the fiscal year ended March 31, 2005
Sales & Other Income(excluding closing stock)	286.14	Not Applicable	Not Applicable
Profit/ Loss after Tax	NIL	Not Applicable	Not Applicable
Capital Fund	NIL	Not Applicable	Not Applicable
Reserves and Surplus	NIL	Not Applicable	Not Applicable
EPS (Rs.)	NIL	Not Applicable	Not Applicable
Book Value (Rs.)	NIL	Not Applicable	Not Applicable

Interest of our Promoters

The individual Promoters, Mr. E. Sudhir Reddy and E. Sunil Reddy, hold shares in our Company as nominees of IVRCL. Further, the individual Promoters who are also the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. All our Promoter Directors may also be deemed to be interested to the extent of Equity Shares held by their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, some of our Promoter Directors are also directors on the boards of one of our Subsidiary; IVR Hotels and Resorts Limited and promoter group companies and they may be deemed to be interested to the extent of the payments made by the Company, if any, to these companies. For a list of such Promoters who are the directors of our Subsidiary or promoter group companies, please refer to the section titled "Our Promoters and Promoter Group - Promoter Group" beginning on page 135 of this Red Herring Prospectus.

For the payments that are made by our Company to our Subsidiaries or promoter group companies, please refer to the section titled "Related Party Transactions" on page 159 of this Red Herring Prospectus. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Further, except as disclosed in the sections titled "Our Promoters and Promoter Group - Promoter Group" and "Related Party Transactions" beginning on pages 135 and 160 respectively of this Red Herring Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Apart from what has been disclosed in this section, there are no other companies/partnerships/entities that form part of our promoter group or that have been promoted by our Promoters.

Except Hindustan Dorr-Oliver Limited, none of the companies listed hereunder are listed on any stock exchange in India. Further, in relation to the losses incurred by certain entities forming part of our promoter group for the last three years, please refer to the section titled Risk Factors "*Certain of our promoter group companies have incurred losses in the past* " on page xxv of this Red Herring Prospectus.

Common Pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For, further details on the related party transactions, to the extent of which our Company is involved, see "Related Party Transactions" on page 159 of this Red Herring Prospectus.

Sick Company

Further, none of the promoter group entities listed hereunder have been termed as sick companies under the SICA. A winding up petition has been filed before the High Court of Bombay against Hindustan Dorr-Oliver Limited by Keppel Seghers Belgium but no orders have been given till date. Except in case of HDO, there are no winding up proceedings against any of other companies.

Disassociation by the Promoters in the last three years

Name of the Company	Relationship with the Promoter	Reasons for Disassociation	Date of Disassociation
Snehanjali Chits Private Limited	Mr. E. Sudhir Reddy was a director and a subscriber to its memorandum of association	The Promoters have divested their shareholding in favour of others so as to concentrate on the activities of the Company	Resigned as a director from the company on September 28, 2004 and diluted his shareholding on November 15, 2004.
Hope IVRCL E-Services Private Limited	IVRCL was a major shareholder of the company	The Promoters have divested their shareholding in favour of others so as to concentrate on the activities of the Company	IVRCL has diluted its entire shareholding in the company.

Details of Common Pursuits among Group Companies

There are no common pursuits between us, our Promoters, our Subsidiaries and our promoter group companies that may give rise to a conflict of interest. One entity forming part of our promoter group, i.e Palladium Infrastructures and Projects Limited has the same objects as ours or engage in the same line of business as our Company. If any such situations arise in the future, we shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

Companies struck off from the RoC

No companies have been struck off/have applied to the Registrar of Companies for the same.

RELATED PARTY TRANSACTIONS

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Information regarding Related Party Transactions as per Accounting Standard AS-18 issued by the Institute of Chartered Accountants of India, is given below:

List of related parties:

a. Holding Company
IVRCL Infrastructures & Projects Ltd

b. Entity holding 20% of Share Capital
Soma Hotel & Resorts Ltd.

c. Subsidiary Company
IVR Hotels & Resorts Limited
IVRCL Megamalls Limited

d. Fellow Subsidiaries
IVRCL PSC Pipes Private Limited
IVR Enviro Projects Private Limited
Hindustan Dorr-Oliver Limited
IVRCL Road Toll Holdings Limited
IVRCL Water Infrastructures Limited
IVRCL Steel Constructions & Services Limited
Geo-IVRCL Engineering Limited
Jalandhar Amritsar Tollways Limited
Salem Tollways Limited
Kumarapalayam Tollways Limited
Chennai Water Desalination Limited
First STP Private Limited
HDO Technologies Limited

e. Entities where control exists

S.V. Equities Ltd.,
Palladium Infrastructure & Projects Ltd.,
Soma Hotels & Resorts Ltd.,
Eragam Holdings Ltd.,

f. Key Management Personnel

Mr. E. Sudhir Reddy	Chairman & Joint Managing Director
Mr. E. Sunil Reddy	Managing Director

DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON MARCH 31, 2007. (Previous year figures are given in brackets below the current year figures)

Rs. Million

	Holding Company	Subsidiary	Fellow Subsidiary	Others
Acquisition of Development Rights				
IVRCL PSC Pipes Private Limited			63.96 (0)	
IVRCL Water Infrastructures Limited			55.5 (0)	
Hindustan Dorr - Oliver Limited			45.35 (0)	
GEO - IVRCL Engineering Limited			38.49 (0)	
IVR Envior Projects Private Limited			37.19 (0)	
IVRCL Road Toll Holdings Limited			13.72 (0)	
IVRCL Megamalls Limited		26.81 (0)		
IVR Hotels & Resorts Limited		24.79 (0)		
Jalandhar Amritsar Tollways Limited			25.16 (0)	
First STP Private Limited			63.12 (0)	
Indus Palms Hotels & Resorts				453.1 (0)
Soma Hotels & Resorts Limited				115.65 (0)
Palladium Infrastructures & Projects Limited				34.65 (0)
S.V. Equities Limited				19.01 (0)
IVRCL Infrastructures & Projects Limited	6,220.99 (0)			
	6,220.99 (0)	**51.60 (0)**	**342.49 (0)**	**622.41 (0)**
Advance Received				
IVRCL Infrastructures & Projects Limited	150.00 (150.00)			
	150.00 (150.00)			
Retention Money Payable				
IVRCL Infrastructures & Projects Limited	16.29 (7.37)			
	16.29 (7.37)			
Unsecured Loan Received				
IVRCL Infrastructures & Projects Limited	2,027.55 (0)			

	2,027.55 **(0)**			
Amount Payable				
IVRCL Infrastructures & Projects Limited	28.44 (172.23)			
	28.44 **(172.23)**			
Amount Payable in respect of Development Rights				
IVRCL Infrastructures & Projects Limited	6,178.65 (0)			
	6,178.65 **(0)**			
Subscription towards Share Capital				
Soma Hotels & Resorts Limited				90.00 (10.00)
				90.00 **(10.00)**
Subcontractor Expenses				
IVRCL Infrastructures & Projects Limited	469.23 (383.55)			
	469.23 **(383.55)**			

Key Management Personnel/ Relatives	Designation	Remuneration	Rent
Mr. E. Sunil Reddy	Managing Director	16.75 (7.15)	0.30 (0)
Mr. E. Sudhir Reddy	Chairman & Joint Managing Director	0 (0)	0.30 (0)

DIVIDEND POLICY

We have not declared any dividends in the past and our Company does not have any dividend policy, as on date of filing of this Red Herring Prospectus. The declaration and payment of dividend will be recommended by our Board of Directors and approved by our shareholders at their discretion and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend. All dividend payments will be made in cash to the shareholders of our Company.

SECTION V: FINANCIAL STATEMENTS

UNCONSOLIDATED FINANCIAL INFORMATION OF IVR PRIME URBAN DEVELOPERS LIMITED

UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES AND UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED AND UNCONSOLIDATED CASH FLOWS, AS RESTATED, UNDER INDIAN GAAP AS AT AND FOR THE YEARS ENDED 31st MARCH 2007, 2006, 2005, 2004 and 2003.

The Board of Directors,
IVR Prime Urban Developers Limited
M-22/3RT, Vijayanagar Colony,
Hyderabad

Dear Sirs,

1. We have examined the financial information of IVR Prime Urban Developers Limited ('the Company') annexed to this report and initialled by us for identification. The said financial information has been prepared by the Company in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended vide notification SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005 issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification and in terms of our engagement agreed with you in accordance with our engagement letter dated January 25, 2007 in connection with its Proposed Initial Public Offer ("IPO") of Equity Shares. The financial information has been prepared by the Company and approved by the Board of Directors.

2. **Financial Information as per Audited Financial Statements**

   We have examined the attached 'Restated Summary Statement of Assets and Liabilities' of the Company as at 31 March, 2007, 2006, 2005, 2004 and 2003 (Annexure I) and the attached 'Restated Summary Statement of Profits and Losses' (Annexure II) each of the years ended 31 March 2007, 2006, 2005, 2004 and 2003 together referred to as 'Restated Summary Statements'. These Summary Statements have been extracted from the non consolidated financial statements of the Company for the years ended 31 March, 2003, 2004, 2005 and 2006 audited by T.Vijayakumar, Chartered Accountant, being the auditor of the Company for those years, and have been approved /adopted by the Board of Directors / Members for those respective years/period. The non consolidated financial statements of the Company for the year ended 31 March, 2007, have been approved by the Board of Directors and audited by us. Based on our examination of these summary statements, we state that:

   i. The 'Restated Summary Statements' have to be read in conjunction with the notes given in Annexure III to this report.

   ii. The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31 March 2007, as stated in the Notes forming part of the restated Summary Statements vide Annexure III to this report.

   iii. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the year / period to which they are related as described in Para 3 of the 'Notes Forming Part of the Restated Summary Statements' appearing in Annexure III.

   iv. There are no extra ordinary items that need to be disclosed separately in the Restated Summary Statements

   v. There are no qualifications in the auditors' report that require adjustments to the Restated Summary Statements.

3. **Other Financial Information**

We have examined the following information (restated) relating to the Company in respect of the years ended 31 March 2007, 2006, 2005, 2004 and 2003 of the Company, proposed to be included in the Red Herring Prospectus (RHP), as approved by the Board of Directors and annexed to this report:

vi. Cash Flow Statement as restated for the year ended 31 March 2007 (Annexure IV)

vii. Details of Secured and Unsecured Loans as restated at March 31 2003, 2004, 2005, 2006 and 2007. (Annexure – V)

viii. Details of Loans and Advances as restated at March 31 2003, 2004, 2005, 2006 and 2007 (Annexure – VI)

ix. Details of Sundry Debtors as restated at March 31 2003, 2004, 2005, 2006 and 2007 (Annexure – VII)

x. Statement of Summary of Investments as restated at March 31 2003, 2004, 2005, 2006 and 2007 (Annexure – VIII)

xi. Details of Current Liabilities and Provisions as restated at March 31 2003, 2004, 2005, 2006 and 2007 (Annexure – IX)

xii. Statement giving details of Other Income as restated for the years ending 31 March 2003, 2004, 2005, 2006 and 2007 (Annexure – X)

xiii. Summary of Accounting Ratios based on adjusted profits related to earnings per share, net asset value and return on net worth (Annexure – XI)

xiv. Statement of Tax shelters (Annexure – XII)

xv. Capitalisation Statement of the Company as at 31 March 2007 (Annexure – XIII)

xvi. Related Party Disclosure as at and for the years ending 31 March 2003, 2004, 2005, 2006 and 2007 (Annexure – XIV)

xvii. Consolidated Summary Statement of Assets and Liabilities as restated as at March 31, 2007 (Annexure – XV and XV a to XV d)

xviii. Consolidated Summary Statement of Profits and Losses as restated for the year ended March 31, 2007 (Annexure – XVI and XVI a)

xix. Consolidated Summary Statement of Cash Flow as restated for the year ended March 31, 2007 (Annexure XVII)

xx. Significant Accounting Policies (Annexure – XVIII) and the Notes on Consolidated Accounts (Annexure – XVIII).

xxi. Consolidated Summary of Accounting Ratios for the year and as at March 31, 2007 (Annexure XIX).

xxii. Consolidated Summary of Related Party transactions as at March 31, 2007 and for the year ended March 31, 2007 (Annexure – XVIII A)

The Consolidated Summary Statements as referred in Serial Nos. xvii to xxii above have been extracted from the Consolidated Financial Statements of the Company as at and for the year ended March 31, 2007. The financial statements of the Company for the years ended March 31, 2003, 2004, 2005, 2006 and of its the subsidiary for the years ended March 31, 2006 and 2007 have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as they relate to the amounts included in respect of the entities audited by other auditors, are based solely on the basis of these reports

4. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the years ended 31 March 2007, 2006, 2005, 2004

and 2003 have been prepared in accordance with Part IIB of schedule II of the Act and the SEBI Guidelines.

5. This report should not be in any way be construed as a reissuance or redating of any of the previous audit report by other firms of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

6. This report is intended solely for your information and for inclusion in RHP in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for DELOITTE HASKINS & SELLS
Chartered Accountants

P.R.Ramesh
Partner
Membership No. 70928

Secunderabad
Dated: June 25, 2007

ANNEXURE I

Statement of Assets & Liabilities , as Restated

Assets & Liabilities of the Company as at the end of each financial year read with significant accounting policies, after making adjustments as stated in notes to accounts, are set out below.

(Rs. in Million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
Fixed Asset					
Gross Block	86.54	2.87	1.76	1.23	1.23
Less : Depreciation	4.60	0.58	0.42	0.28	0.17
Net Block	81.94	2.29	1.34	0.95	1.06
Capital Work in Progress	8,213.39	43.98	-	-	-
Total – A	8,295.33	46.27	1.34	0.95	1.06
Investments – B	0.99	0.50	-	-	-
Deferred Tax Asset-C	0.79	-	3.65	7.91	-
Current Assets, Loans & Advances					
Inventories	594.06	901.04	1,671.45	1,480.72	1,219.03
Sundry Debtors	676.43	600.17	67.08	-	-
Cash & Bank Balances	21.20	11.68	2.58	1.73	4.39
Loans & Advances	1,100.84	63.28	0.36	44.65	46.23
Total – D	2,392.53	1,576.17	1,741.47	1,527.10	1,269.65
Total Assets(A+B+C+D)=E	10,689.64	1,622.94	1,746.46	1,535.96	1,270.71
Less : Liabilities & Provisions					
Secured Loans	628.05	675.14	858.08	825.79	900.30
Unsecured Loans	2,527.86	-	237.82	197.52	-
Current Liabilities & Provisions	6,734.82	453.72	369.53	380.27	242.75
Deferred Tax Liability	-	0.14	-	-	-
Total Liabilities-F	9,890.73	1,129.00	1,465.43	1,403.58	1143.05
NET WORTH (E-F)	798.91	493.94	281.03	132.38	127.66
REPRESENTED BY					
Share Capital	500.00	400.00	300.00	78.01	78.01
Share Application Money	-	10.00	-	72.00	72.00
Reserves & Surplus	314.10	83.94	-	-	-
Less:					
Miscellaneous Expenditure	15.19	-	0.13	0.27	0.41
(To the extent not written off or adjusted)					
Profit & Loss Account (Dr)			18.84	17.36	21.94
Net Reserves & Surplus	298.91	83.94	(18.97)	(17.63)	(22.35)
NET WORTH	798.91	493.94	281.03	132.38	127.66

The accompanying significant accounting policies and notes (Annexure-III) are an integral part of this statement.

ANNEXURE II

Statement of Profit & Loss Account, as Restated

The profit and loss statement of the Company for five financial years ended March 31, 2003 to 2007 read with significant accounting policies, after making certain regroupings for comparability and making adjustments as stated in notes to accounts:

(Rs. In Million)

	For the Year ended 31.03.2007	**For the Year ended 31.03.2006**	**For the Year ended 31.03.2005**	**For the Year ended 31.03.2004**	**For the Year ended 31.03.2003**
INCOME					
Income from Sale of Villas & Flats	1,338.85	1,332.60	218.47	-	-
Gross Work Bills	138.77	30.96	-	-	-
Other Income	0.65	0.69	0.02	0.21	1.66
Total	1,478.27	1,364.25	218.49	0.21	1.66
EXPENDITURE					
Construction Expenses	1,024.95	1,204.66	197.85	-	-
Employee Remuneration & Benefits	38.61	8.83	1.05	0.85	0.82
Administrative and other Expenditure	39.02	14.66	7.39	2.58	4.39
Total	1,102.58	1,228.15	206.29	3.43	5.21
Operating Profit Before Finance Cost, Amortisation & Depreciation and Prior Period Expenditure	375.69	136.10	12.20	(3.22)	(3.55)
Finance Charges	56.85	-	-	0.20	15.03
Depreciation	4.01	0.17	0.13	0.11	0.11
	60.86	0.17	0.13	0.31	15.14
Operating Profit Before Prior Period Expenditure	314.83	135.93	12.07	(3.53)	(18.69)
Prior Period Adjustment	(6.33)	(0.75)	0.20	-	30.88
Profit Before Tax and Extraordinary Items	308.50	135.18	12.27	(3.53)	12.19
Less : Provision for Income Tax	102.20	14.32	0.94	-	-
Deferred Tax	(0.92)	3.78	4.25	(7.91)	-
Fringe Benefit Tax	0.43	0.04	-	-	-
Net Profit After Tax	206.79	117.04	7.08	4.38	12.19
Impact of material adjustments for restatement in corresponding years	(23.37)	14.26	8.56	(0.20)	31.63
Adjusted Profit / (Loss)	230.16	102.78	(1.48)	4.58	(19.44)
Carry forward from Previous Year	83.94	(18.84)	(17.36)	(21.94)	(2.50)
Total	314.10	83.94	(18.84)	(17.36)	(21.94)

ANNEXURE - III

Summary of Significant Accounting Policies

1. Method of Accounting

The financial statements are based on historical cost convention and prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Use of Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

3. Inventories

Inventories are valued at lower of cost and net realisable value. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with AS-16.

4. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, duties and taxes and incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalised until fixed assets are ready for use.

5. Development Rights

The cost of development rights of land is accounted as intangible asset. The cost of development rights are amortised over the period of revenue recognised by the sale of development rights or other development on the land.

6. Depreciation

Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956. Assets of small value (costing less than Rs.5,000/- each or below) are fully depreciated in the year of purchase.

7. Revenue Recognition

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard (AS) 9, Revenue Recognition. However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in Accounting Standard AS-7 (revised 2002), Construction Contracts.

8. Investments

Long term investments are carried at cost less provision for permanent diminution in value of such investments.

9. Employee Benefits

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS)-15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India.

10. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale. All other borrowing costs are charged to revenue.

11. Taxes on Income

Current tax in respect of income for the year has been provided as per the provisions of the Income Tax Act. Deferred tax asset and liability are recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or subsequently enacted by the reporting date.

12. Foreign currency transaction

Current assets and current liabilities are translated at the exchange rate prevailing on the Balance sheet date. Gains/Losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise. Exchange fluctuations relating to liabilities incurred for acquiring fixed assets from outside India are adjusted to the cost of fixed assets.

13. Earnings per Share (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'.

B. NOTES TO ACCOUNTS

1. All amounts in the financial statements are presented in Rupees in million except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit & Loss items and in respect of Balance Sheet items as on the Balance sheet date of the previous year. Figures of the previous year have been regrouped/rearranged wherever considered necessary to conform to presentation in the current years.

2. Adjustments/Regroupings

Impact of Restatement:

	Fiscal 2007	**Fiscal 2006**	**Fiscal 2005**	**Fiscal 2004**	**Fiscal 2003**
Net Profit/(loss) as per audited statement of account	206.79	117.04	7.08	4.38	12.19
1. Prior period items in respective years	(23.37)	14.26	8.36	-	0.75
2. Interest charged to revenue capitalised	-	-	0.20	(0.20)	30.88
Adjusted Profit/(loss)	230.16	102.78	(1.48)	4.58	(19.44)

1. Prior Period Items: These represent adjustment in respect of transaction items being material charges or credits which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more periods and/or material adjustments necessitated by circumstances which though related to previous periods are determined in the current period.

2. Interest: The Company had charged interest on term loans borrowed for the purpose of construction of properties held as work-in-progress. As per accounting policy of the Company the interest should be added to inventories. Accordingly in fiscal 2003 interest expense was reversed and added to inventory. Hence the restatement of interest expense charged in fiscal 2002.

3. Share Capital :

During the year, 10,000,000 share warrants were converted into 10,000,000 equity shares of Rs.10 each and allotted to holders of warrants on exercise of options attached thereto.

4. Components of Deferred Tax Asset and Liabilities:

Rs. Million

	As at 31.03.2007	As at 31.03.2006
Deferred Tax Liability:		
Difference between book and tax Depreciation	(0.78)	(0.14).
Total Deferred Tax Liability	(0.78)	(0.14)
Deferred Tax Asset:		
Provision for bonus and Exgratia	0.23	-
Provision for Gratuity and Leave Encashment	1.32	-
Total Deferred Tax Asset	1.57	-
Net Deferred Tax Asset/(Liability)	0.79	(0.14)

5. In terms of the disclosures required to be made under the accounting standard(AS)7 (revised 2002) Issued by the Institute of Chartered Accountants of India for 'Construction Contracts', the amounts Considered in the financial statements up to the Balance Sheet date are as follows:

Rs. Million

	31.03.2007	31.03.2006
Contract Revenue recognised as revenue during the year	138.77	30.96
Contract costs incurred and recognised profits, less losses	138.77	30.96
Advances received, net of recoveries from progressive bills	Nil	19.72
Gross amount due from customers for contract works	7.46	5.71
Gross amounts due to customers for contract work	Nil	Nil

6. Contingent Liabilities

Rs. Million

Particulars	**31.03.2007**	**31.03.2006**

Contingent Liabilities not provided for	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs. 5.32 million)	7.34	Nil

7. Managerial Remuneration:

		Rs. Million
	2006-2007	2005-2006
Salary and Allowances	1.77	2.14
Commission	14.66	5.00
Contribution to Provident & other funds	0.14	0.01
Total:	16.57	7.15

7.1 Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956.

		Rs. Million
Particulars	2006-2007	2005-2006
Profit before tax	314.83	135.93
Add: 1. Commission to Managing Director	14.66	5.00
2. Salary and allowances to Directors	1.77	2.14
3. Contribution to Provident &Other fund to Directors	0.14	0.01
Net Profit as per Sec.309(5) for the year	331.40	143.08
Maximum Commission/Remuneration payable To Managing Director	16.57	7.15
Less: Remuneration paid to Managing Director	1.91	2.14
Commission payable to Managing Director	14.66	5.00

8. Construction material and stores consumed:

				Rs. million
	2006-2007		2005-2006	
	Value	%	Value	%
Indigenous	8.96	100	--	--
Imported	--	--	--	--
Total:	8.96	100	--	--

9. Expenditure in foreign currency:

Particulars	**2006-2007**	**2005-2006**
Consultancy Charges	4.05	Nil
Travelling Expenses	0.12	Nil

10. Related Party Disclosure

Information regarding Related Party Transactions as per Accounting Standard AS-18 issued by the Institute of Chartered Accountants of India, is given below:

10.1. List of related parties:

a. Holding Company
IVRCL Infrastructures & Projects Ltd

b. Entity holding 20% of Share Capital
Soma Hotel & Resorts Ltd.

c. Subsidiary Company
IVR Hotels & Resorts Limited
IVRCL Megamalls Limited

d. Fellow Subsidiaries
IVRCL PSC Pipes Private Limited
IVR Enviro Projects Private Limited
Hindustan Dorr-Oliver Limited
IVRCL Road Toll Holdings Limited
IVRCL Water Infrastructures Limited
IVRCL Steel Constructions & Services Limited
Geo-IVRCL Engineering Limited
Jalandhar Amritsar Tollways Limited
Salem Tollways Limited
Kumarapalayam Tollways Limited
Chennai Water Desalination Limited
First STP Private Limited
HDO Technologies Limited

e. Entities where control exists

S.V. Equities Ltd.,
Palladium Infrastructure & Projects Ltd.,
Soma Hotels & Resorts Ltd.,
Eragam Holdings Ltd.,

f. Key Management Personnel

Mr. E. Sudhir Reddy	Chairman & Joint Managing Director
Mr. E. Sunil Reddy	Managing Director

10.2 DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON MARCH 31, 2007. (Previous year figures are given in brackets below the current year figures)

Rs. Million

	Holding Company	Subsidiary	Fellow Subsidiary	Others
Acquisition of Development Rights				
IVRCL PSC Pipes Private Limited			63.96 (0)	
IVRCL Water Infrastructures Limited			55.5 (0)	
Hindustan Dorr - Oliver Limited			45.35 (0)	
GEO - IVRCL Engineering Limited			38.49 (0)	
IVR Enviro Projects Private Limited			37.19 (0)	
IVRCL Road Toll Holdings Limited			13.72 (0)	
IVRCL Megamalls Limited		26.81 (0)		
IVR Hotels & Resorts Limited		24.79 (0)		
Jalandhar Amritsar Tollways Limited			25.16 (0)	
First STP Private Limited			63.12 (0)	
Indus Palms Hotels & Resorts				453.1 (0)
Soma Hotels & Resorts Limited				115.65 (0)
Palladium Infrastructures & Projects Limited				34.65 (0)
S.V. Equities Limited				19.01 (0)
IVRCL Infrastructures & Projects Limited	6,220.99 (0)			
	6,220.99 (0)	**51.60 (0)**	**342.49 (0)**	**622.41 (0)**
Advance Received				
IVRCL Infrastructures & Projects Limited	150.00 (150.00)			
	150.00 (150.00)			
Retention Money Payable				
IVRCL Infrastructures & Projects Limited	16.29 (7.37)			
	16.29 (7.37)			
Unsecured Loan Received				
IVRCL Infrastructures & Projects Limited	**2,027.55** (0)			

	Holding Company	Subsidiary	Fellow Subsidiary	Others
Guarantee given on behalf of the Company by IVRCL Infrastructures & Projects Limited	**980.00** (675.72)	-	-	-
Interest to IVRCL Infrasstructures & Projects Limited	**105.77** (0)	-	-	-
Amount Payable				
IVRCL Infrastructures & Projects Limited	28.44 (172.23)			
	28.44 (172.23)			
Amount Payable in respect of Development Rights				
IVRCL Infrastructures & Projects Limited	6,178.65 (0)			
	6,178.65 (0)			
Subscription towards Share Capital				
Soma Hotels & Resorts Limited				90.00 (10.00)
				90.00 (10.00)
Subcontractor Expenses				
IVRCL Infrastructures & Projects Limited	469.23 (383.55)			
	469.23 (383.55)			

Key Management Personnel/ Relatives	Designation	Remuneration	Rent
Mr. E. Sunil Reddy	Managing Director	16.57 (7.15)	0.30 (0)
Mr. E. Sudhir Reddy	Chairman & Joint Managing Director	0 (0)	0.30 (0)

11. The company has entered into agreements for acquiring development rights and all economic rights with the following for the transfer of development rights of land.

Company	Area of Land Acres	(Rs. Million)
Indus Palms Hotels & Resorts Ltd.,	96.03	453.10
Venkat	42.43	176.52
Soma Hotels & Resorts Ltd.,	36.59	115.65
IVRCL PSC Pipes Pvt. Ltd.,	35.16	63.96
First STP Pvt. Ltd.,	35.47	63.12
IVRCL Water Infrastructures Ltd.,	27.03	55.50
Hindustan Dorr-Oliver Ltd.,	45.64	45.35
Geo IVRCL Engineering Ltd.,	45.65	38.49

Company	Area of Land Acres	(Rs. Million)
IVRCL Enviro Projects Pvt. Ltd.,	39.52	37.19
Palladium Infrastructure & Projects Ltd.,	34.38	34.65
IVRCL Mega Malls Ltd.,	30.57	26.81
Jalandhar Amristar Toll Ways Ltd.,	23.36	25.16
IVR Hotels & Resorts Ltd.,	25.23	24.79
S.V.Equities Ltd.,	31.58	19.01
IVRCL Road Toll Holdings Ltd.,	36.03	13.72
Rudrayya Channayya Loninath	20.02	11.84
Vinod Kulkarni	11.67	8.78
Eragam Finlease Pvt. Ltd.,	43.30	25.42
IVRCL Clubs Ltd.,	31.94	25.11
Sumedha Estates (P) Ltd.,	49.57	145.63
Anuppampattu Developers Pvt. Ltd.,	27.40	21.08
Kunnam Developers Pvt. Ltd.,	27.32	143.71
Pappankuzhi Developers Pvt. Ltd.,	27.92	161.79
Ilavampedu Developers Pvt. Ltd.,	25.45	19.58
Agaram Developers Pvt. Ltd.,	26.53	12.07
M.M.Kuppam Developers Pvt. Ltd.,	35.76	108.39
Sammeetteri Developers Pvt. Ltd.,	30.65	18.68
Mummidi Developers Pvt. Ltd.,	16.40	11.48
	958.60	**1906.58**

11.1 During the year, the Holding Company, IVRCL Infrastructures & Projects Limited has transferred to the company, vide Memorandum of Understanding dated 14th February, 2007, for the rights for development of 100.41 acres of leasehold land at NOIDA for a total consideration of Rs.6,220.99 Million.

12 .The Profit and Loss Account includes a net debit of Rs. 17.03 Million relating to past years, the composition of which is :

a) Income from sale of Flats and Villas	Rs. (19.49) Million
b) Construction Expenditure	Rs. 36.52 Million
	Rs. 17.03 Million

13.DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 15 (REVISED 2005)

Consequent to the early application of Accounting Standard 15 (Revised 2005) "Employee Benefits" issued by the Institute of Chartered Accountants of India, all Employee benefits have been determined in accordance with Standard.

13.1 Description of Employee Benefits:

13.2 **Gratuity**

This is a defined benefit plan the liability for which is determined on the basis of actuarial valuation and is not funded.

13.3 **Accounting Policy for recognizing actuarial gains and losses**.

Immediate recognition in the Statement of Profit and Loss.

13.4 **Scheme Description**

The scheme provides for a lump sum benefit, subject to a vesting period of 5 years in case of early Separation, based on final salary and years of service.

13.5 **Actuarial valuation method**: Projected Unit Credit.

13.6. Leave Benefits

Leave benefit to employees is considered a short term liability which is determined in accordance with AS (15) Revised – Employee benefits.

13.7 Disclosures required in accordance with the AS 15 (Revised) are set out in the table below:

Components of Employer Expense

Particulars	Rs. Millions
Current Service Cost	0.05
Interest Cost	0.01
Expected Return on Plan Assets	-
Actuarial Losses/(Gains)	1.13
Total expense recognised in the Statement of Profit & Loss Account	**1.19**

Actual Contribution & Benefit Payments

Particulars	Rs. Million
Actual Benefit Payments	-
Actual Contributions	-

Net Asset/(Liability) recognized in Balance Sheet

Particulars	Rs. Million
Present Value of Defined Benefit Obligation	1.19
Fair Value on Plan Assets	-
(Net Asset)/Liability recognised in Balance Sheet	1.19

Change in Defined Benefit Obligations (DBO)

Particulars	Rs. Million
Present Value of DBO at Beginning of Year	-
Current Service Cost	0.05
Interest Cost	0.001
Actuarial (Gains)/Losses	1.13
Benefits Paid	-
Present Value of DBO at the End of Year	1.19

Change in Fair Value of Plan Assets during the year

Particulars	Rs. Million
Plan Assets at Beginning of Year	-
Acquisition Adjustment	-
Actual Return on Plan Assets	-
Actual Company Contributions	-
Benefits Paid	-
Plan Assets at the End of Year	**-**

Actuarial Assumptions

- Discount Rate: 8.00%

- Expected Return on Plans Assets 8.00 %
- Salary escalation – 5%

14. Capital work-in-progress includes Rs. 8,213.39 Million (Nil) towards “rights for development “of land. The company proposes to develop residential and commercial complexes, malls etc on the said land.

15. Miscellaneous expenditure includes Rs.15.19 Million incurred towards legal expenses, fees to Securities Exchange Board of India and Stock Exchanges in connection with the company’s proposed Initial Public Offering of shares.

16. Dues to small scale industrial undertakings- Rs. Nil

The above has been complied in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.

The Company had not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterpirses Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been given.

***17. Auditor’s Remuneration**:*

	Rs. Million	
	31.03.07	***31.03.06***
a) Towards Audit Fees	1.00	0.40
b) Tax Audit Fees	0.00	0.15
c) Service Tax	0.12	0.07
Total:	1.12	0.62

***18. Segment Reporting**:*

Business Segment:

The Company has considered “Urban Infrastructure Development” as one business segment for disclosure in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India. The Company is engaged in the business of, Urban Infrastructure Development segment only for the year under report.

Geographical Segment:
During the year, the Company’s business was only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosure is required.

19. Information required under 4C, of Part-II of schedule VI to the Companies Act, 1956 relating to the licensed capacity, installed capacity and actual production is not applicable.

ANNEXURE IV

Summary of Cash Flow as Restated

								(Rs. in Million)		
		For the year ended 31.03.2007		**For the year ended 31.03.2006**		**For the year ended 31.03.2005**		**For the year ended 31.03.2004**		**For the year ended 31.03.2003**
A.CASH FLOW FROM OPERATING ACTIVITIES										
NET PROFIT		**331.87**				**3.72**				

BEFORE TAX AND EXTRAORDINARY ITEMS				**120.93**				**(3.33)**		**(19.44)**
Adjustment for:										
Depreciation	4.01		0.17		0.13		0.11		0.11	
Interest paid (net)	55.88	59.89	(0.69)	(0.52)	(0.02)	0.11	0.20	0.31	13.37	13.48
OPERATING PROFIT BEFORE WORKING CAPITAL AND OTHER CHANGES		**391.76**		**120.41**		**3.83**		**(3.02)**		**(5.96)**
(Increase)/ Decrease in Inventories	306.98		770.41		(190.73)		(261.69)		(573.51)	
(Increase)/ Decrease in Debtors	(76.26)		(533.09)		(67.08)		-		-	
(Increase)/ Decrease in Loans and Advances	(952.14)		(46.52)		44.28		(1.20)		49.31	
Increase/ (Decrease) in Current Liablities	(61.34)	(782.76)	47.41	238.21	(11.68)	(225.21)	137.53	(125.22)	(21.65)	(545.71)
CASH GENERATED FROM OPERATIONS		**(391.00)**		**358.62**		**(221.38)**		**(128.24)**		**(551.67)**
Direct taxes paid		(92.98)		6.01		-		2.79		(0.50)
NET CASH GENERATED FROM OPERATIONS		**(483.98)**		**364.63**		**(221.38)**		**(125.45)**		**(552.17)**
B. CASH FLOW FROM INVESTING ACTIVITIES										
Purchase of Fixed Assets	(88.98)		(45.09)		(0.53)		(0.01)		(0.03)	
Developmetn Rights	(1,990.77)	-	-	-	-	-	-	-	-	-
(Purchase)/ Sale of Investments (including share application money)	(8.49)		(0.50)		-		-		-	
Interest Received	0.26		0.69	(44.90)	0.02	(0.51)	-	(0.01)	1.66	1.63
NET CASH USED IN INVESTING ACTIVITIES		**(2,087.98)**		**(44.90)**		**(0.51)**		**(0.01)**		**1.63**
C. CASH FLOW FROM FINANCING ACTIVITIES										
Proceeds from issue of Share Capital	90.00		110.00		150.00		-		(100.00)	
Proceeds from Long Term Borrowings(net of repayments)	2,530.84		(182.95)		32.30		(74.52)		599.79	
Proceeds from ShortTerm Borrowings (net of repayments)	(50.38)		(237.82)		40.30		197.52		-	
Interest and Finance Charges Paid	26.21		-		-		(0.20)		(15.03)	
Expenditure incurred in connection with initial Public Offering of shares	(15.19		0.14		0.14		0.14		0.14	
NET CASH FROM FINANCING ACTIVITIES		**2,581.48**		**(310.63)**		**222.74**		**122.94**		**484.90**
NET		9.52								

INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9.10	0.85	(2.66)	(65.78)
CASH AND CASH EQUIVALENTS (Opening Balance)	11.68	2.58	1.73	4.39	70.17
CASH AND CASH EQUIVALENTS AS AT (Closing Balance)	**21.20**	**11.68**	**2.58**	**1.73**	**4.39**

ANNEXURE V					
SECURED LOANS					*(Rs.in Million)*
	As at 31.03.2007	**As at 31.03.2006**	**As at 31.03.2005**	**As at 31.03.2004**	**As at 31.03.2003**
TERM LOANS					
From Banks					
Karnataka Bank Ltd.	624.70	674. 95	857.78	-	-
ICICI Bank	-	-	-	-	600.00
LIC Housing Finance Limited	-	-	-	606.92	-
Punjab National Bank	-	-	-	88.89	100.00
SICOM	-	-	-	129.89	200.00
Hire Purchase Loan	3.35	0.18	0.30	0.09	0.30
Total Secured Loans	628.05	675.13	858.08	825.79	900.30
1. Term Loans: Secured by way of equitable mortgage of land admeasuring 38.37 acres situated at Gachibowli village and hypothecation of all moveables assets and corporate guarantee of IVRCL Infrastructures & Projects Limited.					
2. Hire Purchase loan is secured against hypothecation of respective assets.					

DETAILS OF SECURED LOANS OUTSTANDING AS ON March 31, 2007

(Rs.in Million)

Particulars	**Institution / Bank**	**Sanctioned Amount**	**Amount Outstanding**	**Rate of Interest p.a (%)**	**Repayment Terms**	**Securties offered**
Term Loan	Karnataka Bank Ltd.	980.00	624.70	8.15	Payable in 9 Quarterly instalments	Secured by way of equitable mortgage of land admeasuring 38.37 acres situated at Gachibowli village and hypothecation of all moveables assets and corporate guarantee of IVRCL Infrastructures & Projects Limited.
Hire Purchase Loan	ICICI Bank Ltd	-	0.05	-	Payable in Monthly Instalments	-
Hire Purchase Loan	Tamilnad Mercantile Bank	-	3.30	-	Payable in 36 Monthly Instalments	

UNSECURED LOANS

	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
From Holding Company *	2,027.55	-	237.82	197.52	-
From Indian Overseas Bank	500.31				
Total Unsecured Loans	2,527.86	-	237.82	197.52	-

*Amount repayable in six half yearly installments with a moratorium of one year with interest at the prevailing Prime Lending Rate

ANNEXURE VI

LOANS & ADVANCES *(Rs.in Million)*

	As at 31.03.2007	**As at 31.03.2006**	**As at 31.03.2005**	**As at 31.03.2004**	**As at 31.03.2003**
(Unsecured, considered good)					
Advances recoverable in cash or in kind or for value to be received (includes capital advances of Rs. 5.32 million) and share application money of Rs. 8 million	23.75	28.06	0.26	26.55	25.35
Interest Receivable	-	-	-	-	-
Security Deposit with APIIC	-	-	-	18.00	18.00
Other Deposits	1.57	0.11	0.10	0.10	0.10
Advance for purchase of Land	986.90	18.70	-	-	-
Other advances	0.10	-	-	-	-
Tax Deducted at Source & Advance Tax	88.52	16.41	-	-	2.78
	1,100.84	63.28	0.36	44.65	46.23

ANNEXURE VII

SUNDRY DEBTORS (Rs.in Million)

	As at 31.03.2007	**As at 31.03.2006**	**As at 31.03.2005**	**As at 31.03.2004**	**As at 31.03.2003**
(Unsecured and considered good)					
Outstanding for a period exceeding six months	212.57	-	-	-	-
Other Debts	463.87	600.17	67.08	-	-
TOTAL AS PER AUDITED STATEMENT	676.43	600.17	67.08	-	-

ANNEXURE VIII

INVESTMENTS (Rs.in Million)

	As at 31.03.2007	**As at 31.03.2006**	**As at 31.03.2005**	**As at 31.03.2004**	**As at 31.03.2003**

IVR Hotels & Resorts Limited (Subsidiary)	0.50	0.50	-	-	-
IVR Mega Malls Limited (Subsidiary)	0.49				
Total Investments	0.99	0.50	-	-	-

ANNEXURE IX

CURRENT LIABILITIES & PROVISIONS

(Rs.in Million)

	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
CURRENT LIABILITIES					
Advances received from contractee clients	-	19.73	-	-	-
Sundry Creditors	64.67	44.44	101.40	2.47	5.21
Leave encashment	2.72				
Dues to Holding Company	28.44	172.23	-	126.07	15.68
Advances received from purchasers of Flats / Villas	160.94	165.06	255.11	86.03	57.15
Retention Money	16.30	7.38	-	10.46	9.31
Other Laibilities	21.74	7.16	2.97	4.49	0.04
Advance for Share Application Money	-	-	-	150.00	150.00
Interest Accrued but not due on loans	82.03	-	-	-	4.61
Amounts Payable to Holding /Company in respect of Development Rights	6,178.65				
Overdrawn balance in Current Account	75.69	-	-	-	-
With scheduled banks	6,631.18	416.00	359.48	379.52	242.00
PROVISIONS					
Provision for Income Tax	102.20	14.32	0.94	-	-
Provision for Fringe Benefit Tax	0.25	0.03	-	-	-
Provision for Employee Benefits	1.19	-	-	-	-
	103.64	14.35	0.94	-	-
TOTAL AS PER AUDITED STATEMENT	6,734.82	430.35	360.42	379.52	242.00
Add : Prior Period Adjustment	-	23.37	9.11	0.75	0.75
ADJUSTED CURRENT LIABILITIES & PROVISIONS	6,734.82	453.72	369.53	380.27	242.75

ANNEXURE X (Rs.in Million)

OTHER INCOME

	Financial Year/Period Ended						
	March 31, 2007	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**	**Nature of Income**	**Related or not related to Business**
Sources of Income							
Interest on Deposits with Banks	0.26	0.69	0.02	-	1.66	Recurring	Related
Miscellaneous Income	0.39	-	-	0.21	-	Non - recurring	Not related
Total	0.65	0.69	0.02	0.21	1.66		
Net Profit Before Tax as restated	331.87	135.93	12.07	(3.53)	(18.69)		
Percentage (%)	0.20	0.51	0.17	(5.95)	(8.88)		

Note: The classification of Income into recurring and non-recurring is based on the current operations and business activity of the Company.

ANNEXURE XI

SUMMARY ACCOUNTING RATIOS

	Financial Year/Period Ended				
	March 31,2007	**March 31,2006**	**March 31,2005**	**March 31,2004**	**March 31,2003**
1.Adjusted PAT to Revenue(%)	15.57	7.53	(0.68)	2,180.95	NA
2.Basic EPS	5.11	3.42	(0.06)	0.59	(8.36)
3.Diluted EPS	NA	NA	NA	NA	NA
4.Cash EPS	5.20	3.43	(0.06)	0.60	(8.33)
5.Return on Net Worth(%) *annualised	28.81	20.81	(0.53)	3.46	(15.23)
6.Return on Avg.Net Worth(%)*annualised	35.60	26.52	(0.72)	3.52	(10.38)
7.Net Asset value per Share	17.74	16.45	11.81	16.97	54.95
Weighted Average No. of Equity Shares(Basic)	45,041,096	30,027,397	23,796,304	7,800,500	2,323,240

Notes to Accounting Ratios:

1.Adjusted Profit as a percentage to Income from Operations has been computed by dividing Adjusted Profit by Income from Operations for each Financial Years.

2.Earning per Share represents earning per Share calculated on the basis of Adjusted Profit divided by the weighted average number of Equity Shares as at the end of the year.

3.Cash earning per Share represents Adjusted Profit plus non cash charges divided by the weighted average number of Equity Shares as at the end of the year.

4.Net Asset value has been computed on the basis of Net Equity Method(Net Worth at the end of each financial year divided by the weighted average number of Equity Shares at the end of each financial year).

5.Return on Net worth as a percentage represents Adjusted Profit divided by Net worth at the end of each financial year.

6.Return on Average Net worth as a percentage represents Adjusted Profit divided by the Average Net worth as at the end of each financial year.

Average Net worth is the aggregate net worth at the beginning of the year and at the end of the year divided by two.

7.Profit & Loss as restated has been considered for the purpose of computing the above ratios.

ANNEXURE XII

STATEMENT OF TAX SHELTER

Particulars	March 31,2007	For the Financial year / Period ended March 31,2006	March 31,2005	March 31,2004	March 31,2003
Profit/(loss) before tax but after extraordinary items as per books (A)	314.83	135.94	12.07	(3.53)	(18.69)
Tax thereon – rate	0.34	0.34	0.37	-	-
Tax at the above rates	105.97	45.76	4.42	-	-
Adjustments					
Permanent Differences					
Deduction u/s 80 IB/Others	17.68	64.22	-	-	-
Total Permanent Differences (B)	17.68	64.22	-	-	-
Timing Differences					
Brought Forward Losses/Others	(4.62)	13.39	11.96	-	-
Depreciation	1.86	0.07	0.11	0.02	0.06
Total Timing Differences (C)	(2.76)	13.46	12.07	0.02	0.06
Net Adjustments (B+C)	14.92	77.68	12.07	0.02	0.06
Tax Expense/(Saving) thereon	5.02	26.15	4.42	-	-
Profit/(Loss) as per Income Tax as returned	299.92	58.26	-	(3.55)	(18.75)
Taxable Income/(Loss) (D + E)	299.92	58.26	-	(3.55)	(18.75)
Taxable Income as per MAT	-	-	11.79	-	-
Tax as per Income Tax as returned	100.95	19.61	9.25	-	-

Note: 1.The information pertaining to the years ended March 31 2000 to 2004 are as per the return of income filed by the Company. The effect of assessment / appellate orders have not been considered above.

2. The statement of tax shelter has been prepared based on income tax return filed by the Company, except for the year ended 31.03.2007 and not based on restated profits as per annexure I.

ANNEXURE XIII

CAPITALISATION STATEMENT

Particulars	Pre-issue as at March 31, 2007	Post-issue as at
Borrowings:		(Refer note no.3)
Short-term Debt(Refer note no.2)	500.31	
Long-term Debt	2,655.60	
Total Debts	3,155.91	
Shareholders Funds:		
Share Capital – Equity	500.00	
Advance against Share application	0.00	
Reserves – Surplus as per Profit and Loss Account	314.10	
Miscellaneous Expenditure (To the extent not written off or adjusted)	15.19	
Total Shareholders Funds	798.91	
Total Capitalisation	3,954.82	
Long-term Debt/Equity Ratio	3.95	

Notes:

1.The above has been computed on the basis of restated statement of accounts.

2.Short-term Debts are debts maturing within the next one year from the date of the above statement.

3.The Statement for the Post-issue period will be made on conclusion of the Book Building Process.

ANNEXURE XIV

DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON MARCH 31, 2007. (Previous year figures are given in brackets below the current year figures)

Rs. Million

	Holding Company	**Subsidiary**	**Fellow Subsidiary**	**Others**
Acquisition of Development Rights				
IVRCL PSC Pipes Private Limited			63.96 (0)	
IVRCL Water Infrastructures Limited			55.5 (0)	
Hindustan Dorr - Oliver Limited			45.35 (0)	
GEO - IVRCL Engineering Limited			38.49 (0)	
IVR Envior Projects Private Limited			37.19 (0)	
IVRCL Road Toll Holdings Limited			13.72 (0)	
IVRCL Megamalls Limited		26.81 (0)		
IVR Hotels & Resorts Limited		24.79 (0)		
Jalandhar Amritsar Tollways Limited			25.16 (0)	
First STP Private Limited			63.12 (0)	
Indus Palms Hotels & Resorts				453.1 (0)
Soma Hotels & Resorts Limited				115.65 (0)
Palladium Infrastructures & Projects Limited				34.65 (0)
S.V. Equities Limited				19.01 (0)
IVRCL Infrastructures & Projects Limited	6220.99 (0)			
	6220.99 (0)	**51.60 (0)**	**342.49 (0)**	**622.41 (0)**
Advance Received				
IVRCL Infrastructures & Projects Limited	150.00 (150.00)			
	150.00 (150.00)			
Retention Money Payable				
IVRCL Infrastructures & Projects Limited	16.29 (7.37)			
	16.29 (7.37)			
Unsecured Loan Received				

	Holding Company	Subsidiary	Fellow Subsidiary	Others
IVRCL Infrastructures & Projects Limited	2,027.55 (0)			
	2,027.55 (0)			
Amount Payable				
IVRCL Infrastructures & Projects Limited	28.44 (172.23)			
	28.44 (172.23)			
Amount Payable in respect of Development Rights				
IVRCL Infrastructures & Projects Limited	6,178.75 (0)			
	6,178.75 (0)			
Subscription towards Share Capital				
Soma Hotels & Resorts Limited				90.00 (10.00)
				90.00 (10.00)
Subcontractor Expenses				
IVRCL Infrastructures & Projects Limited	469.23 (383.55)			
	469.23 (383.55)			
Guarantee given on behalf of the Company by IVRCL Infrastructures & Projects Limited	**980.00** (675.72)	-	-	-
Interest to IVRCL Infrastructures & Projects Limited	**105.77 (0)**	-	-	-

Key Management Personnel/ Relatives	Designation	Remuneration	Rent
Mr. E. Sunil Reddy	Managing Director	16.57 (7.15)	0.30 (0)
Mr. E. Sudhir Reddy	Chairman & Joint Managing Director	0 (0)	0.30 (0)

CONSOLIDATED FINANCIAL INFORMATION OF IVR PRIME URBAN DEVELOPERS LIMITED

ANNEXURE XV

Statement of Consolidated Assets & Liabilities , as Restated

Assets & Liabilities of the Company as at the end of each financial year read with significant accounting policies, after making adjustments as stated in notes to accounts, are set out below along with the assets & liabilities as at March 31, 2007.

Rs. in Million

Particulars	As at 31.03.2007	As at 31.03.2006
Fixed Asset		
Gross Block	88.80	5.13
Less : Depreciation	4.60	0.58
Net Block	84.20	4.55
Capital Work in Progress	8,214.05	44.53
Total – A	**8,298.25**	**49.08**
Goodwill on Consolidation – B	0.13	0.05
Deferred Tax Asset-C	0.79	-
Current Assets, Loans & Advances		
Inventories	594.06	901.04
Sundry Debtors	676.43	600.17
Cash & Bank Balances	29.85	11.71
Loans & Advances	1,098.37	68.81
Total – D	**2,398.71**	**1,581.72**
Total Assets(A+B+C+D)=E	**10,697.88**	**1,630.86**
Less : Liabilities & Provisions		
Secured Loans	628.05	675.14
Unsecured Loans	2,527.86	-
Current Liabilities & Provisions	6,734.95	453.78
Deferred Tax Liability	-	0.14
Total Liabilities-F	**9,890.86**	**1,129.06**
NET WORTH (E-F)	**807.02**	**501.80**
REPRESENTED BY		
Share Capital	500.00	400.00
Share Application Money	-	10.00
Reserves & Surplus	314.10	83.94
Less:		
Miscellaneous Expenditure	15.19	-
(To the extent not written off or adjusted)		
Profit & Loss Account (Dr)		
Net Reserves & Surplus	298.91	83.94
Minority Interest	8.11	7.86
NET WORTH	**807.02**	**501.80**

ANNEXURE XVI

Statement of Consolidated Profit & Loss Account, as Restated

The profit and loss statement of the Company for the financial year ended March 31, 2006 read with significant accounting policies, after making certain regroupings for comparability and making adjustments as stated in notes to accounts, along with the profit and loss statement for the year ended March 31, 2007 are set out below:

	For the Year ended 31.03.2007	For the Year ended 31.03.2006
INCOME		
Income from Sale of Villas & Flats	1338.85	1,332.60
Gross Work Bills	138.77	30.96
Other Income	0.65	0.69
Total	**1478.27**	**1,364.25**
EXPENDITURE		
Construction Expenses	1,024.95	1,204.66
Employee Remuneration & Benefits	38.61	8.83
Administrative and other Expenditure	39.02	14.66
Total	**1102.58**	**1,228.15**
Operating Profit Before Finance Cost, Amortisation & Depreciation and Prior Period Expenditure	375.69	136.10
Finance Charges	56.85	-
Depreciation	4.01	0.17
	60.86	0.17
Operating Profit Before Prior Period Expenditure	314.83	135.93
Prior Period Adjustment	(6.33)	(0.75)
Profit Before Tax and Extraordinary Items	**308.50**	**135.18**
Less : Provision for Income Tax	102.20	14.32
Deferred Tax	(0.92)	3.78
Fringe Benefit Tax	0.43	0.04
Net Profit After Tax	**206.79**	**117.04**
Impact of material adjustments for restatement in corresponding years	(23.37)	14.26
Adjusted Profit / (Loss)	**230.16**	**102.78**
Carry forward from Previous Year	83.94	(18.84)
Balance carried to Balance Sheet	**314.10**	**83.94**

ANNEXURE XVII

Summary of Consolidated Cash Flow as Restated

				Rs.in Million
		For the year ended 31.03.2007		**For the year ended 31.03.2006**
A.CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		**331.87**		**120.93**
Adjustment for:				
Depreciation	4.01		0.17	
Interest paid (net)	55.88	59.89	(0.69)	(0.52)
OPERATING PROFIT BEFORE WORKING CAPITAL AND OTHER CHANGES		**391.76**		**120.41**
(Increase)/ Decrease in Inventories	306.98		770.41	
(Increase)/ Decrease in Debtors	(76.26)		(533.09)	
(Increase)/ Decrease in Loans and Advances	(952.14)		(52.04)	
Increase/ (Decrease) in Current Liablities	(61.28)	(782.70)	47.45	232.73
CASH GENERATED FROM OPERATIONS		(390.94)		353.14
Direct taxes paid		(92.98)		6.01
Misc expenses not written off		-		-
NET CASH GENERATED FROM OPERATIONS		**(483.92)**		**359.15**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(89.17)		(47.94)	
Development Rights	(1,990.77)		-	
(Purchase)/ Sale of Investments	-		-	
Interest Received	0.26			
NET CASH USED IN INVESTING ACTIVITIES		**(2,079.68)**		**(47.94)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	90.00		110.00	
Proceeds from Long Term Borrowings(net of repayments)	2,530.85		(182.95)	
Proceeds from ShortTerm Borrowings (net of repayments)	(50.38)		(237.82)	
Increase in Minority Interest	0.26		7.86	
Expenditure incurred in connection with Initial Public Offering of shares & Miscellaneous Expenditure to the extent not written off	(15.19)		0.14	

Interest and Finance Charges Paid	26.21		0.69	
NET CASH FROM FINANCING ACTIVITIES		**2,581.74**		**(302.08)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**18.14**		**9.13**
CASH AND CASH EQUIVALENTS (Opening Balance)		**11.71**		**2.58**
CASH AND CASH EQUIVALENTS AS AT (Closing Balance)		**29.85**		**11.71**

ANNEXURE XVIII

Summary of Significant accounting policies

1. Method of Accounting

The financial statements are based on historical cost convention and prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) comprising of the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Use of Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Examples of such estimates include accounting for balance cost to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

3. Inventories

Inventories are valued at lower of cost and net realisable vaue. In respect of work-in-progress, comprising of developing long term properties and assets, the qualifying assets are valued at direct cost of construction including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with Accounting Standard-16.

4. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, duties and taxes and incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalised until fixed assets are ready for use.

5. Development Rights

The cost of development rights of land is accounted as intangible asset. The cost of development rights are amoritised over the period of revenue recognised by the sal of development rights or other development on the land.

6. Depreciation

Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956. Assets of small value (acquired for less than Rs.5,000/- each) are fully depreciated in the year of purchase.

7. Revenue Recognition

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the amount of sale consideration is determined through agreement of sale or registration of sale deed as per Accounting Standard (AS) 9, Revenue Recognition. However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in Accounting Standard -7 (revised 2002), Construction Contracts.

8. Investments

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments.

9. Employee Benefits

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS)-15 (revised) 'Employee Benefits' issued by the Institute of Chartered Accountants of India.

10. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale. All other borrowing costs are charged to revenue.

11. Taxes on Income

Current tax in respect of income for the year has been provided as per the provisions of the Income Tax Act. Deferred tax asset and liability are recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or substantively enacted by the reporting date.

12. Foreign Currency Transaction

Current assets and current liabilities are translated at the exchange rate prevailing on the Balance Sheet date. Gains/losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss account in the period in which they arise. Exchange fluctuations relating to liabilities incurred for acquiring fixed assets outside India are adjusted to the cost of fixed assets.

13. Earnings per Share (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'.

Notes to Consolidated Accounts

1. All amounts in the financial statements are presented in Rupees in million except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit & Loss items, and in respect of Balance Sheet items as on the Balance sheet date of the previous year. Figures of the previous year have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year.

2. CRITERIA FOR PREPARATION OF CONSOLIDATED ACCOUNTS

2.1 IVR Prime Urban Developers Limited has presented consolidated Financial Statements by consolidating its stand-alone financial statements with its Subsidiary Company in accordance with Accounting Standard-21 (Consolidated Financial Statements).

2.2 The Financial Statements of the subsidiary have been prepared according to uniform accounting policies and in accordance with generally accepted accounting principles and accounting policies of the parent Company. The effects of inter-Company transactions between consolidated Companies are eliminated in consolidation.

3. Disclosure of Particulars regarding the subsidiary considered in the consolidation for the periods of account:

Name of the Subsidiary	**Controlling Interest With Voting Power**	**Country of Incorporation**
IVR Hotels and Resorts Limited	64.00%	India
IVR Megamalls Limited	97.91%	India

4. **Principles of consolidation:**

The Consolidated Financial Statements relate to IVR Prime Urban Developers Ltd, (the Company) and its subsidiary Company. The Consolidated Financial Statements have been prepared on the following basis:

4.1 The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 – Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

4.2 The difference between the cost of investments in the subsidiary companies over the net assets is recognised in the financial statements as Goodwill upon consolidation.

4.3 The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the parent company i. e., March 31, 2007.

4.4 Minority interests' share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders.

5. **Adjustments/Regroupings**

Impact of Restatement:

(Rs. in million)

	Fiscal 2007	**Fiscal 2006**
Net Profit/(loss) as per audited statement of account	206.79	117.04
1. Prior period items in respective years	(23.37)	14.26
2. Interest charged to revenue capitalised	-	-
Adjusted Profit/(loss)	230.16	102.78

6. **Components of Deferred Tax Asset and Liabilities:**

Rs. Million

	As at 31.03.2007	As at 31.03.2006
Deferred Tax Liability:		
Difference between book and tax Depreciation	(0.78)	(0.14).
Total Deferred Tax Liability	(0.78)	(0.14)
Deferred Tax Asset:		
Provision for bonus and Exgratia	0.23	-
Provision for Gratuity and Leave Encashment	1.32	-
Total Deferred Tax Asset	1.57	-
Net Deferred Tax Asset/(Liability)	0.79	(0.14)

7. In terms of the disclosures required to be made under the accounting standard(AS)7 (revised 2002) Issued by the Institute of Chartered Accountants of India for 'Construction Contracts', the amounts Considered in the financial statements up to the Balance Sheet date are as follows:

Rs. Million

	31.03.2007	31.03.2006
Contract Revenue recognised as revenue during the year	138.77	30.96
Contract costs incurred and recognised profits, less losses	138.77	30.96
Advances received, net of recoveries from progressive bills	Nil	19.72
Gross amount due from customers for contract works	7.46	5.71
Gross amounts due to customers for contract work	Nil	Nil

8. Contingent Liabilities

Rs. million

Particulars	31.03.2007	31.03.2006
Contingent Liabilities not provided for	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs. 5.32 million)	7.34	Nil

9. Managerial Remuneration:

Rs. Million

	31.03.2007	31.03.2006
Salary and Allowances	1.77	2.14
Commission	14.66	5.00
Contribution to Provident & other funds	0.14	0.01
Total:	16.57	7.15

10. Construction material and stores consumed:

Rs. million

	31.03.07		31.03.06	
	Value	%	Value	%
Indigenous	8.96	100	--	--

Imported --		--	--	--
Total:	8.96	100	--	--

11. Expenditure in foreign currency:

Particulars	2006-2007	2005-2006
Consultancy Charges	4.05	Nil
Travelling Expenses	0.12	Nil

12. Related Party Disclosure (**ANNEXURE XVIIIA**)

Information regarding Related Party Transactions as per Accounting Standard AS-18 issued by the Institute of Chartered Accountants of India, is given below:

12.1. List of related parties:

a. Holding Company
IVRCL Infrastructures & Projects Ltd

b. Entity holding 20% of Share Capital
Soma Hotel & Resorts Ltd.

c. Fellow Subsidiaries
IVRCL PSC Pipes Private Limited
IVR Enviro Projects Private Limited
Hindustan Dorr-Oliver Limited
IVRCL Road Toll Holdings Limited
IVRCL Water Infrastructures Limited
IVRCL Steel Constructions & Services Limited
Geo-IVRCL Engineering Limited
Jalandhar Amritsar Tollways Limited
Salem Tollways Limited
Kumarapalayam Tollways Limited
Chennai Water Desalination Limited
First STP Private Limited
HDO Technologies Limited

d. Entities where control exists

S.V. Equities Ltd.,
Palladium Infrastructure & Projects Ltd.,
Soma Hotels & Resorts Ltd.,
Eragam Holdings Ltd.,

e. Key Management Personnel

Mr. E. Sudhir Reddy	Chairman & Joint Managing Director
Mr. E. Sunil Reddy	Managing Director

12.2 DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON MARCH 31, 2007. (Previous year figures are given in brackets below the current year figures)

Rs. Million

	Holding Company	Fellow Subsidiary	Others

	Holding Company	Fellow Subsidiary	Others
Acquisition of Development Rights			
IVRCL PSC Pipes Private Limited		63.96 (0)	
IVRCL Water Infrastructures Limited		55.5 (0)	
Hindustan Dorr - Oliver Limited		45.35 (0)	
GEO - IVRCL Engineering Limited		38.49 (0)	
IVR Enviro Projects Private Limited		37.19 (0)	
IVRCL Road Toll Holdings Limited		13.72 (0)	
Jalandhar Amritsar Tollways Limited		25.16 (0)	
First STP Private Limited		63.12 (0)	
Indus Palms Hotels & Resorts			453.1 (0)
Soma Hotels & Resorts Limited			115.65 (0)
Palladium Infrastructures & Projects Limited			34.65 (0)
S.V. Equities Limited			19.01 (0)
IVRCL Infrastructures & Projects Limited	6220.99 (0)		
	6220.99 (0)	**342.49 (0)**	**622.41 (0)**
Advance Received			
IVRCL Infrastructures & Projects Limited	150.00 (150.00)		
	150.00 (150.00)		
Retention Money Payable			
IVRCL Infrastructures & Projects Limited	16.29 (7.37)		
	16.29 (7.37)		
Interest to IVRCL Infrastructures & Projects Limited	**150.77 (0)**		
Unsecured Loan Received			
IVRCL Infrastructures & Projects Limited	2,027.55 (0)		
	2,027.55 (0)		
Amount Payable			
IVRCL Infrastructures & Projects Limited	28.44 (172.23)		
	28.44 (172.23)		
Amount Payable in respect of Development Rights			

	Holding Company	Fellow Subsidiary	Others
IVRCL Infrastructures & Projects Limited	6,178.65 (0)		
	6,178.65 (0)		
Subscription towards Share Capital			
Soma Hotels & Resorts Limited			90.00 (10.00)
			90.00 (10.00)
Subcontractor Expenses			
IVRCL Infrastructures & Projects Limited	469.23 (383.55)		
	469.23 (383.55)		

Key Management Personnel/ Relatives	Designation	Remuneration	Rent
Mr. E. Sunil Reddy	Managing Director	16.57 (7.15)	0.30 (0)
Mr. E. Sudhir Reddy	Chairman & Joint Managing Director	0 (0)	0.30 (0)

13. The company has entered into agreements for acquiring development rights and all economic rights with the following for the transfer of development rights of land.

Company	Area of Land Acres	*(Rs. Million)*
Indus Palms Hotels & Resorts Ltd.,	96.03	453.10
Venkat	42.43	176.52
Soma Hotels & Resorts Ltd.,	36.59	115.65
IVRCL PSC Pipes Pvt. Ltd.,	35.16	63.96
First STP Pvt. Ltd.,	35.47	63.12
IVRCL Water Infrastructures Ltd.,	27.03	55.50
Hindustan Dorr-Oliver Ltd.,	45.64	45.35
Geo IVRCL Engineering Ltd.,	45.65	38.49
IVRCL Enviro Projects Pvt. Ltd.,	39.52	37.19
Palladium Infrastructure & Projects Ltd.,	34.38	34.65
Jalandhar Amristar Toll Ways Ltd.,	23.36	25.16
S.V.Equities Ltd.,	31.58	19.01
IVRCL Road Toll Holdings Ltd.,	36.03	13.72
Rudrayya Channayya Loninath	20.02	11.84
Vinod Kulkarni	11.67	8.78
Eragam Finlease Pvt. Ltd.,	43.30	25.42
IVRCL Clubs Ltd.,	31.94	25.11
Sumedha Estates (P) Ltd.,	49.57	145.63
Anuppampattu Developers Pvt. Ltd.,	27.40	21.08
Kunnam Developers Pvt. Ltd.,	27.32	143.71

Company	Area of Land Acres	*(Rs. Million)*
Pappankuzhi Developers Pvt. Ltd.,	27.92	161.79
Ilavampedu Developers Pvt. Ltd.,	25.45	19.58
Agaram Developers Pvt. Ltd.,	26.53	12.07
M.M.Kuppam Developers Pvt. Ltd.,	35.76	108.39
Sammeetteri Developers Pvt. Ltd.,	30.65	18.68
Mimmidi Developers Pvt. Ltd.,	16.40	11.48

13.1 During the year, the Holding Company, IVRCL infrastructures & Projects Limited has transferred to the company, vide Memorandum of Understanding dated 14th February, 2007, for the rights for development of 100.41 acres of leasehold land at NOIDA for a total consideration of Rs.6,220.99 Million.

14 .The Profit and Loss Account includes a net debit of Rs. 17.03 Million relating to past years, the composition of which is :

a) Income from sale of Flats and Villas	Rs. (19.49) Million
b) Construction Expenditure	Rs. 36.52 Million
	Rs. 17.03 Million

15. DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 15 (REVISED 2005)

Consequent to the early application of Accounting Standard 15 (Revised 2005) "Employee Benefits" issued by the Institute of Chartered Accountants of India, all Employee benefits have been determined in accordance with Standard.

15.1 Description of Employee Benefits:

15.2 **Gratuity**

This is a defined benefit plan the liability for which is determined on the basis of actuarial valuation and is not funded.

15.3 **Accounting Policy for recognizing actuarial gains and losses**.

Immediate recognition in the Statement of Profit and Loss.

15.4 **Scheme Description**

The scheme provides for a lump sum benefit, subject to a vesting period of 5 years in case of early Separation, based on final salary and years of service.

15.5 **Actuarial valuation method**: Projected Unit Credit.

15.6. Leave Benefits

Leave benefit to employees is considered a short term liability which is determined in accordance with AS (15) Revised – Employee benefits.

15.7 Disclosures required in accordance with the AS 15 (Revised) are set out in the table below:

Components of Employer Expense

Particulars	*Rs. Millions*
Current Service Cost	0.05
Interest Cost	0.01
Expected Return on Plan Assets	-
Actuarial Losses/(Gains)	1.13
Total expense recognised in the Statement of Profit & Loss Account	**1.19**

Actual Contribution & Benefit Payments

Particulars	*Rs. Million*
Actual Benefit Payments	-
Actual Contributions	-

Net Asset/(Liability) recognized in Balance Sheet

Particulars	*Rs. Million*
Present Value of Defined Benefit Obligation	1.19
Fair Value on Plan Assets	-
(Net Asset)/Liability recognised in Balance Sheet	1.19

Change in Defined Benefit Obligations (DBO)

Particulars	*Rs. Million*
Present Value of DBO at Beginning of Year	-
Current Service Cost	0.05
Interest Cost	0.001
Actuarial (Gains)/Losses	1.13
Benefits Paid	-
Present Value of DBO at the End of Year	1.19

Change in Fair Value of Plan Assets during the year

Particulars	*Rs. Million*
Plan Assets at Beginning of Year	-
Acquisition Adjustment	-
Actual Return on Plan Assets	-
Actual Company Contributions	-
Benefits Paid	-
Plan Assets at the End of Year	**-**

Actuarial Assumptions

- Discount Rate: 8.00%
- Expected Return on Plans Assets 8.00 %
- Salary escalation – 5%

16. Capital work-in-progress includes Rs. 8,213.39 Million (Nil) towards "rights for development "of land. The company proposes to develop residential and commercial complexes, malls etc on the said land.

17. Miscellaneous expenditure includes Rs.15.19 Million incurred towards legal expenses, fees to Securities Exchange Board of India and Stock Exchanges in connection with the company's proposed Initial Public Offering of shares

***18. Auditors' Remuneration**:*

	Rs. Million	
	31.03.07	***31.03.06***
a) Towards Audit Fees	1.00	0.40
b) Tax Audit Fees	0.00	0.15
c) Service Tax	0.12	0.07

***19. Segment Reporting**:*

Business Segment:

The Company has considered "Urban Infrastructure Development" as one business segment for disclosure in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India. The Company is engaged in the business of, Urban Infrastructure Development segment only for the year under report.

Geographical Segment:
During the year, the Company's business was only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosure is required.

20. Information required under 4C, of Part-II of schedule VI to the Companies Act, 1956 relating to the licensed capacity, installed capacity and actual production is not applicable.

ANNEXURE XIX

(CONSOLIDATED) SUMMARY ACCOUNTING RATIOS

	Financial Year Ended	
	As at March 31,2007	**March 31,2006**
1.Adjusted PAT to Revenue(%)	15.57	7.53
2.Basic EPS	5.11	3.42
3.Diluted EPS	NA	NA
4.Cash EPS	5.20	3.43
5.Return on Net Worth(%)	28.52	20.48
*annualised		
6.Return on Avg.Net Worth(%)	35.17	26.26
*annualised		
7.Net Asset value per Share	17.91	16.71
Weighted Average No. of Equity Shares(Basic)	45,041,096	30,027,397

Notes to Accounting Ratios:

1.Adjusted Profit as a percentage to Income from Operations has been computed by dividing Adjusted Profit by Income from Operations for each Financial Years.

2.Earning per Share represents earning per Share calculated on the basis of Adjusted Profit divided by the weighted average number of Equity Shares as at the end of the year.

3.Cash earning per Share represents Adjusted Profit plus non cash charges divided by the weighted average number of Equity Shares as at the end of the year.

4.Net Asset value has been computed on the basis of Net Equity Method(Net Worth at the end of each financial year divided by the weighted average number of Equity Shares at the end of each financial year).

5.Return on Net worth as a percentage represents Adjusted Profit divided by Net worth at the end of each financial year.

6.Return on Average Net worth as a percentage represents Adjusted Profit divided by the Average Net worth as at the end of each financial year.

Average Net worth is the aggregate net worth at the beginning of the year and at the end of the year divided by two.

7.Profit & Loss as restated has been considered for the purpose of computing the above ratios.

ANNEXURE XV.a

(CONSOLIDATED) SECURED LOANS *(Rs.in Million)*

	As at March 31, 2007	**March 31, 2006**
TERM LOANS		
From Financial Institutions & Banks		

Karnataka Bank Ltd.	624.70	674.96
Hire Purchase Loan	3.35	0.18
Total Secured Loans	**628.05**	**675.14**

1. Term Loans: Secured by way of equitable mortgage of land admeasuring 38.37 acres situated at Gachibowli village and hypothecation of all moveables assets and corporate guarantee of IVRCL Infrastructures & Projects Limited.
2. Hire Purchase loan is secured against hypothecation of respective assets.

DETAILS OF SECURED LOANS OUTSTANDING AS ON March 31, 2007

(Rs.in Million)

Particulars	Institution / Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest p.a (%)	Repayment Terms	Securties offered
Term Loan	Karnataka Bank Ltd.	980.00	624.70	8.15%	Payable in 9 Quarterly instalments	Secured by way of equitable mortgage of land admeasuring 38.37 acres situated at Gachibowli village and hypothecation of all moveables assets and corporate guarantee of IVRCL Infrastructures & Projects Limited.
Hire Purchase Loan	ICICI Bank Ltd	-	0.05	-	Payable in Monthly Instalments	-
Hire Purchase Loan	Tamil nad Mercantile Bank Ltd	-	3.30	-	Payable in Monthly Instalments	-

(CONSOLIDATED) UNSECURED LOANS *(Rs.in Million)*

	As at March 31, 2007	March 31, 2006
From Holding Company	2,027.55	-
From Indian Overseas Bank	500.31	-
Total Unsecured Loans	**2,527.86**	**-**

ANNEXURE XV.b

(CONSOLIDATED) LOANS & ADVANCES *(Rs.in Million)*

	As at March 31, 2007	March 31, 2006
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	15.75	28.06
Interest Receivable	-	-
Security Deposit with APIIC	-	-
Other Deposits	1.57	0.11
Advance for purchase of Land	991.90	5.00
Other advances	0.63	19.23
Tax Deducted at Source & Advance Tax	88.52	16.41
	1,098.37	**68.81**

ANNEXURE XV.c

(CONSOLIDATED) SUNDRY DEBTORS *(Rs.in Million)*

	As at March 31, 2007	March 31, 2006
(Unsecured and considered good)		
Outstanding for a period exceeding six months	212.57	-
Other Debts	463.86	600.17
Due from Directors	-	-
TOTAL AS PER AUDITED STATEMENT	**676.43**	**600.17**

ANNEXURE XV.d

(CONSOLIDATED) CURRENT LIABILITIES & PROVISIONS *(Rs.in Million)*

	As at March 31, 2007	March 31, 2006
CURRENT LIABILITIES		
Advances received from contractee clients	-	19.73
Sundry Creditors	64.80	13.44
Leave Encashment	2.72	-
Dues to Holding Company	28.44	172.23
Advances received from purchasers of Flats / Villas	160.94	165.06
Retention Money	16.30	7.38
Other Statutory Laibilities	21.74	7.16
Advance for Share Application Money	-	31.06
Interest Accrued but not due	82.03	-

Amounts payable to Holding company in respect of development	6,178.65	-
Overdrawn balance in Current Account	75.69	-
	6,631.31	**416.06**
PROVISIONS		
Provision for Income Tax	102.20	14.32
Provision for Fringe Benefit Tax	0.25	0.03
Provision for Employee Benefits	1.19	-
	103.64	**14.35**
TOTAL AS PER AUDITED STATEMENT	**6,734.95**	**430.41**
Add : Prior Period Adjustment	-	23.37
ADJUSTED CURRENT LIABILITIES & PROVISIONS	**6,734.95**	**453.78**

ANNEXURE XVI.a

(CONSOLIDATED) OTHER INCOME *(Rs.in Million)*

	For the year ending March 31, 2007	**March 31, 2006**
Sources of Income		
Interest on Deposits with Banks	0.26	0.69
Miscellaneous Income	0..39	-
Total	**0.65**	**0.69**
Net Profit Before Tax as restated	331.87	120.92
Other Income as Percentage on Adjusted Profit Before Tax	**0.20**	**0.51**

Note: The classification of Income into recurring and non-recurring is based on the current operations and business activity of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated audited financial statements for the fiscal years ended March 31, 2007, 2006, 2005 and 2004 under Indian GAAP, including schedules, annexures and notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are restated as described in the Auditor's Report of M/S Deloitte Haskins & Sells, Chartered Accountants, dated June 25, 2007 on the financial statements for the fiscal year ended March 31, 2007 in the section "Financial Information" and as to the financial statements for the fiscal years ended March 31, 2006, 2005 and 2004 are restated as described in the auditor's report of T. Vijay Kumar, Chartered Accountant, dated June 25, 2007 included in the section "Financial Information". Indian GAAP differs from US GAAP and from International Accounting Standards in certain material respects.

Summary of Profit & Loss Account, as Restated

(Rs. in millions)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
INCOME				
Income from operations	1,477.62	1363.56	218.47	-
Other Income	0.65	0.69	0.02	0.21
Total	1,478.27	1364.25	218.49	0.21
EXPENDITURE				
Construction Expenditure	1,024.95	1204.66	197.85	-
Personnel Expenses	38.61	8.83	1.05	0.85
Administrative & other expenses	39.02	14.66	7.39	2.58
Total	1,102.58	1228.15	206.29	3.43
Operating Profit before Finance cost, Depreciation and Prior period expenses	375.69	136.10	12.20	(3.22)
Interest & Finance charges	56.85	-	-	0.20
Depreciation & obsolescence	4.01	0.17	0.13	0.11
Prior Period /Income(Expenses)	(6.33)	(0.75)	0.20	-
Profit before Tax & Extraordinary Items	308.50	135.18	12.27	(3.53)
Current Tax	102.20	14.32	0.94	-
Deferred Tax	(0.92)	3.78	4.25	(7.91)
Fringe Benefit Tax	0.43	0.04	-	-
Net Profit after Tax	206.79	117.04	7.08	4.38
Impact of material adjustments for restatement in corresponding years	(23.37)	14.26	8.56	(0.20)
Adjusted Profit	230.16	102.78	(1.48)	4.58
Carry Forward Profit/Loss from Previous Year	83.94	(18.84)	(17.36)	(21.94)
Total	314.10	83.94	(18.84)	(17.36)

Overview

IVR Prime Urban Developers Limited (the "Company" or "IVR PUDL"), a subsidiary of IVRCL, is a growing real estate development company focusing on integrated townships, residential developments, and commercial projects, including hotels, retail malls, IT parks and other projects in various parts of India. We currently have Land Reserves consisting of 2,478.85 acres, representing approximately 75.45 million sq. ft. of saleable area (including 0.1 million sq. ft. in relation to unsold villas and flats in Hill Ridge Project), in the cities of Hyderabad, Vishakhapatnam, Chennai, Bangalore, Pune and Noida.

Factors affecting Results of Operations

Our income and expenses depend on various factors, including the following:

- The condition and performance of the real estate market;
- General economic and demographic conditions in India;
- Regulations affecting the Indian real estate industry;
- Our ability to acquire suitable land at reasonable cost;
- Our ability to identify suitable projects and execute them in a timely and cost effective manner;
- The availability of financing on favourable terms for ourselves and for our customers; and
- Competition.

See "Risk Factors" and "Our Industry" on page ix and page 46, respectively.

Income

Our total income consists of income from operations, which includes income from development and construction of residential and commercial (real estate) projects and other income.

Income from Operations

We are in the business of developing residential and commercial projects on our Land Reserves. We generate income from sale of constructed residential and commercial space. The total income from sale of such projects in fiscal 2007, 2006, 2005 and 2004 was Rs. 1,477.62 million, Rs. 1,363.56 million, Rs. 218.47 million, and Rs. 0, respectively, which was 99.96%, 99.94%, 99.99% and 0% of our total income in such respective periods. We account for income from sales by the revenue recognition method under AS-9 and the "percentage of completion" method under AS-7.

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership, and the amount of sale consideration is fixed through agreement of sale or registration of sale deed as per Accounting Standard (AS) 9, Revenue Recognition. However, in cases where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership (as, for example, when we sell housing units prior to completion of construction), revenue is recognised on a proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in Accounting Standard AS-7 (revised 2002), Construction Contracts. Since the construction of the Gachibowli Village Project was completed before we began sales of units, those sales were accounted for under AS-9. For future projects, we expect to commence sales prior to completion of the project.

Under percentage of completion method, income in respect of a project is recognised based on the project cost actually incurred as a proportion of total estimated project cost and the proportion of the estimated saleable area in the project in respect of which bookings have been made. Estimates of saleable area and the related income as well as project costs are reviewed periodically. The effect of any changes to estimates is recognised in the financial statements for the period in which such changes are determined.

The percentage of completion method requires us to identify which development, or which component in a particular development, is to be treated as a separate project. This provides us with considerable flexibility as to how we are going to treat a particular development and divide it into individual projects. Once we have defined a project, we generally will not change the definition.

We estimate the saleable area of a project and the income from it based on the size, specifications and location, among other things, of the project. We typically enter into contracts with our customers while the project is still under development. Accordingly, bookings of saleable area and project cost incurred, rather than actual amounts received, determine revenue recognition under the percentage of completion method.

We estimate the total cost of a project, based on similar considerations, prior to its commencement. Our project planning and execution teams have extensive experience from prior projects, which enables them to estimate and monitor project costs. Our project execution teams re-evaluate project costs periodically, particularly when in their opinion there have been significant changes in market conditions, costs of labour and materials and other contingencies. Material re-evaluations will affect our income in the relevant fiscal periods.

The major source of our future sales revenue is our ongoing and forthcoming projects, which are described in the section titled "Our Business" on page 54

As part of the growth and diversification of our business, we intend to earn future revenue from development of integrated townships, residential complexes and commercial properties such as malls, multiplexes, shopping complexes and hotels.

Other Income

Other income includes income from, among other things, interest earned from securities and bank deposits, all of which are collected from customers at the time the property sold is handed over. These charges are recurring in nature. The total income from such other sources in the fiscal 2007, 2006, 2005 and 2004 was Rs. 0.65 million, Rs. 0.69 million, Rs. 0.02 million and Rs. 0.21 million, respectively, which was 0.04%, 0.06%, 0.01% and 100% of our total income in such respective periods.

Expenditure

Our expenditure consists of construction expenses, employee remuneration and benefits, administrative and other expenses, finance charges and depreciation.

Construction Expenses

Construction expenses consist of the cost of acquisition of land and the cost of acquisition of development rights, cost of materials, sub-contractor work bills for services provided by architects and other contract labourers, and other direct expenses assigned to the projects. The construction expenses of a particular project are recognized as an expense proportionate to the sales recognized.

We incurred construction expenses amounting to Rs. 1,024.95 million, Rs. 1,204.66 million, Rs. 197.85 million, Rs. 0, which was 92.96%, 98.09%, 95.91% and 0% of our total expenditure infiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004, respectively.

Employee Remuneration and Benefits

These include staff welfare and salary costs, including the managing director's remuneration. We incurred employee remuneration and benefit expenses amounting to Rs. 38.61 million, Rs. 8.83 million, Rs. 1.05 million and Rs. 0.85 million, which was 3.50%, 0.72%, 0.51% and 24.78% of our total expenditure infiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004, respectively.

Administrative and Other Expenses

The administrative costs relate to expenses incurred for general administration that are not assignable to any specific project. These include registration expenses, sales tax and advertising and marketing expenses. We incurred a cost of Rs. 39.02 million, Rs. 14.66 million, Rs. 7.39 million and Rs. 2.58 million, which was 3.53%, 1.19%, 3.58% and 68.98% of the total expenses incurred by us infiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004, respectively.

Finance Charges

Borrowing charges that are attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of such assets until such time that such assets are ready for intended use. A qualifying asset is one that requires a substantial period of time to get ready for its intended use. All other interest and finance costs are charged to the profit and loss account as period costs. Interest and finance charges are reflected in the profit and loss account after the construction of the qualifying asset is completed.

We incurred expenses amounting to Rs. 56.85 million in fiscal 2007, which was 3.84% of our total income for such period, and we had no finance charges for fiscal 2006, and fiscal 2005. Our finance charges amounted to Rs. 0.20 million in fiscal 2004.

Depreciation

Depreciation of plant and machinery, furniture, fixtures, motor vehicles, computers and certain other items used in construction and offices amounted to expenses of Rs. 4.01 million, Rs. 0.17 million, Rs. 0.13 million and Rs. 0.11 million, which was 0.27%, 0.01%, 0.06% and 2.94% of our total income incurred in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004, respectively.

Prior Period Adjustments

See "*Impact of Restatement*" on page 213.

Taxes

Current Income tax in respect of the income for the year is provided as per the provisions of the Income Tax Act. Deferred tax assets and liabilities are recognized on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or substantively enacted by the reporting date. Fringe Benefit Tax liabilities are provided in respect of certain expenses such as travel, vehicle maintenance and the like.

Provision for direct taxes was Rs. 101.71 million, Rs. 18.14 million, Rs. 5.19 million and Rs. (7.91) million for fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004, respectively.

Our Critical Accounting Policies

Our financial statements are based on historical cost convention and prepared in accordance with generally accepted accounting principles in India (Indian GAAP) comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of assumptions and estimates of our management. For further details, see "Financial Statements Significant Accounting Policies".

Use of Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Examples of such estimates include accounting for the balance of costs to complete ongoing projects, income taxes and future obligation under employee retirement benefit plans. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

Depreciation

Depreciation on fixed assets is provided on the straight-line method as per rates prescribed in Schedule XIV to the Companies Act, 1956.

Assets of small value (acquired for less than Rs. 5000 each) are fully depreciated in the year of purchase.

Recognition of Revenue

Revenue on sale of property is recognised on transferring the significant risks and rewards of ownership and the amount of sale consideration is fixed through agreement of sale or registration of sale deed as per Accounting Standard (AS) 9, Revenue Recognition. However, in case the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on a proportionate basis as the acts are progressively performed by applying the percentage of completion method as explained in Accounting Standard AS-7 (revised 2002), Construction Contracts.

Inventory

Inventories include land and the cost of development and construction. Inventories are valued at cost. Cost is determined on a first-in-first-out method in compliance with AS-2. In respect of work-in-progress, consisting of developing long term properties and assets, the qualifying assets are valued at direct cost of construction, including borrowing and other costs incidental thereto incurred up to the state of keeping those qualifying assets ready for sale in compliance with AS-16.

Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use or sale. All other borrowing costs are charged to revenue.

Our Results of Operations

The following table sets forth certain information with respect to our income, expenditure and profits, for the periods indicated.

(Rs. in millions)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Total Income	1,478.27	1,364.25	218.49	0.21
Construction Expenditure	1,024.95	1,204.66	197.85	-
Construction expenditure as a percentage of Total Income	69.33%	88.30%	90.55%	-
Personnel expenses	38.61	8.83	1.05	0.85
Personnel expenses as a percentage to Total Income	2.61%	0.65%	0.48%	404.76%
Administrative & other expenses	39.02	14.66	7.39	2.58
Administrative & other expenses as a percentage of Total Income	2.64%	1.07%	3.38%	1228.57%
Interest & Finance charges	56.85	-	-	0.20
Interest & Finance charges as a percentage to Total Income	3.85%	-	-	95.24%
Depreciation & obsolescence	4.01	0.17	0.13	0.11
Depreciation & obsolescence as a percentage of Total Income	0.27%	0.01%	0.06%	52.38%
Profit before tax & extraordinary items	308.50	135.18	12.27	(3.53)
Profit before tax & extraordinary items as a percentage to Total Income	20.87%	9.91%	5.62%	-
Adjusted Net Profit after Tax	230.16	102.78	(1.48)	4.58
Net Profit after tax as a percentage of Total Income	15.57%	7.53%	(0.68)%	-

Fiscal 2007 Compared to Fiscal 2006

Total Income

Total Income consists of Income from sale of villas and flats, gross work bills from contract and interest received on deposits. Our total income increased by 8.36% from Rs. 1,364.25million in fiscal 2006 to Rs. 1,478.27 million in fiscal 2007. The revenue increase in fiscal 2007 compared to fiscal 2006 resulted from a substantial increase in the number of flats and villas sold and significantly better price realization per flat/villa. The Company sold 130 flats and 20 villas during fiscal 2007 compared to 346 flats and 58 villas during fiscal 2006.Revenue from gross works bill was Rs. 138.77 million in fiscal 2007 as compared to 30.96 in fiscal 2006. Interest income was Rs. 0.26 million in fiscal 2007 as compared to Rs. 0.69 million in fiscal 2006.

Construction Expenses

Our construction expenses decreased by 14.92% from Rs. 1,204.66 million fiscal 2006 to Rs. 1,024.95 million in fiscal 2007. Construction expenditure as a percentage of total income decreased to 69.33% in fiscal 2007 compared to 88.30% in fiscal 2006. This reduction was primarily due to completion of construction of the Gachibowli Village Project. This reduction was also attributable to better price realization per unit sold during fiscal 2007. The average realization of revenue from the sale of flats in fiscal 2007 was Rs. 3,329.00 per square foot as compared to Rs. 1,525.00 per square foot during fiscal 2006.

Employee Remeneration and Benefits

Our employee remuneration and benefit expenses increased by 337.26% from 8.83 million in fiscal 2006 to Rs. 38.61 million in fiscal 2007. Employee remuneration and benefit expenses as a percentage of total income increased from 0.65% in fiscal 2006 to 2.61% in fiscal 2007. This increase was primarily due to an increase in employee headcount.

Administration & other expenses

Administration and other expenses consist of advertisement, sales promotion, rates and taxes. Our administrative and other expenses increased by 166.17% from Rs. 14.66 million in fiscal 2006 to Rs. 39.02 million in fiscal 2007. Administrative and other expenses increased as a percentage of total income from 1.07% in fiscal 2006 to 2.64% in fiscal 2007, resulting from an increase in advertising, sales promotion and tax costs.

Profit before Tax & Extraordinary Items

Profit before tax & extraordinary items increased by 128.22% from Rs. 135.18 million in fiscal 2006 to Rs. 308.50 million in fiscal 2007. Profit before tax and extraordinary items as a percentage of total income increased to 20.87% in fiscal 2007 as compared to 9.91% in fiscal 2006. The increase was primarily attributable to the decrease in construction costs resulting from the completion of construction of the Gachibowli Village Project and better realization in selling price.

Adjusted Net Profit after Tax

Net profit after tax increased by 123.93% from Rs. 102.78 million in fiscal 2006 to Rs. 230.16 million in fiscal 2007. Net Profit after Tax as a percentage of total income for fiscal 2007 was 15.57% as compared to 7.53% for fiscal 2006 reflecting the above increases in revenues and margins.

Fiscal 2006 Compared to Fiscal 2005

Total Income

Total Income consists of Income from sale of villas and flats, gross work bills from contract and interest received on deposits. Our total income increased by 524.40% from Rs. 218.49 million in fiscal 2005 to Rs. 1364.25 million in fiscal 2006. The revenue increase in fiscal 2006 compared to fiscal 2005 resulted from a substantial increase in the number of flats and villas sold and significantly better price realization per flat/villa. The Company sold 346 flats and 58 villas during fiscal 2006 compared to 104 flats and 33 villas during fiscal 2005. Revenue from gross work bills was Rs. 30.96 million in fiscal 2006 while there were no revenues from gross work bills in fiscal 2005. Interest income was Rs. 0.69 million in fiscal 2006 as compared to Rs. 0.02 million in fiscal 2005.

Construction Expenses

Our construction expenses increased by 508.88% from Rs. 197.85 million in fiscal 2005 to Rs. 1,204.66 million in fiscal 2006. Construction expenditure as a percentage of total income decreased to 88.30% in fiscal 2006 compared to 90.55% in fiscal 2005. This reduction was due to better price realization per unit sold during fiscal 2006. The average realization of revenue from the sale of flats in fiscal 2006 was Rs. 1375 per square feet as compared to Rs. 898 per square feet during fiscal 2005.

Employee Remuneration and Benefits

Our employee remuneration and benefit expenses increased by 740.95% from Rs. 1.05 million in fiscal 2005 to Rs. 8.83 million in fiscal 2006. Employee remuneration and benefit expenses as a percentage of total income increased from 0.48% in fiscal 2005 to 0.65% in fiscal 2006. This increase was primarily due to additional headcount and first-time remuneration paid to the Managing Director during fiscal 2006.

Administration & other expenses

Administration and other expenses consist of advertisement, sales promotion, rates and taxes. Our administrative and other expenses increased by 98.38% from Rs. 7.39 million in fiscal 2005 to Rs. 14.66 million in fiscal 2006. However, administration and other expenses as a percentage of total income declined to 1.07% in fiscal 2006 from 3.38% in fiscal 2005. This decrease was on account of our increased revenues.

Profit before Tax & Extraordinary Items

Profit before tax & extraordinary items increased by 1001.71% from Rs. 12.27 million in fiscal 2005 to Rs. 135.18 million in fiscal 2006. Profit before tax and extraordinary items as a percentage of total income increased to 9.91% in fiscal 2006 as compared to 5.62% in fiscal 2005. The increase was primarily attributable to better realization in selling price and savings in Administration and other expenditures in fiscal 2006 as a percentage of total income.

Adjusted Net Profit after Tax

Net profit/loss after tax increased from Rs. (1.48) million in fiscal 2005 to Rs. 102.78 million in fiscal 2006. Net Profit after Tax as a percentage of total income for fiscal 2006 was 7.53% as compared to (0.68)% for fiscal 2005 reflecting the above increases in revenues and margins.

Current tax as a percentage of Profit before Tax and Extraordinary Items is 10.59% for fiscal 2006 and 7.66% for fiscal 2005. The Company was taxed under the minimum alternative tax for the fiscal 2005 since there was no taxable income because of losses carried forward from previous years. During fiscal 2006, the Company claimed a rebate under Chapter VI A (Section 80 IB) of the Income Tax Act, 1961 on eligible projects/units.

Fiscal 2005 Compared to Fiscal 2004

Total Income

Our total income was Rs. 218.49 million in fiscal 2005 and Rs. 0.21 million in fiscal 2004. The periods are not comparable as the Company had not commenced sales of developed property.

Construction Expenses

Our construction expenses were Rs. 197.85 million in fiscal 2005 and Rs. 0 in fiscal 2004. The periods are not comparable as the Company had not commenced sales of developed property.

Employee Remeneration and Benefits

Our employee remuneration and benefit expenses were Rs. 1.05 million in fiscal 2005 and Rs. 0.85 in fiscal 2004. The Company began hiring employees to commence operations in fiscal 2004.

Administration & other expenses

Our administrative and other expenses increased by 186.43% from Rs. 2.58 million in fiscal 2004 to Rs. 7.39 million in fiscal 2005. The periods are not comparable as the Company had not commenced sales of developed property, and we were ramping up operations, including administration in fiscal 2004.

Profit before Tax & Extraordinary Items

Our profit before tax & extraordinary items was Rs. 12.27 million in fiscal 2005 and our loss before tax & extraordinary items was Rs. 3.53 million in fiscal 2004. The periods are not comparable as the Company had not commenced sales of developed property in fiscal 2004.

Adjusted Net Profit after Tax

Our net loss after tax was Rs. 1.48 million in fiscal 2005 and our net profit after tax was Rs. 4.58 million in fiscal 2004. The periods are not comparable as the Company had not commenced sales of developed property.

Summary of Assets & Liabilities, as Restated

(Rs. in millions)

	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
Fixed Assets				
Gross Block	86.54	2.87	1.76	1.23
Less: Depreciation	4.60	0.58	0.42	0.28
	81.94	2.29	1.34	0.95
Capital work-in-progress	8,213.39	43.98	-	-
Net Block – A	8,295.33	46.27	1.34	0.95
Investments – B	0.99	0.50	-	-
Deferred Tax asset-C	0.79	-	3.65	7.91
Current Assets, Loans & Advances				
Inventories	594.06	901.04	1,671.45	1,480.72
Sundry Debtors	676.43	600.17	67.08	-
Cash & Bank Balances	21.20	11.68	2.58	1.73
Loans & Advances	1,100.84	63.28	0.36	44.65
Total – D	2,392.53	1,576.17	1,741.47	1,527.10
Total Assets(A+B+C+D)=E	10,689.64	1,622.94	1,746.46	1,535.96
Less: Liabilities & Provisions				
Secured Loans	628.05	675.14	858.08	825.79
Unsecured Loans	2,527.86	-	237.82	197.52
Deferred Tax Liability	-	0.14	-	-
Current liabilities & Provisions	6,734.82	453.72	369.53	380.27
Total Liabilities- F	9,890.73	1,129.00	1,465.43	1,403.58
NET WORTH (E-F)	798.91	493.94	281.03	132.38
REPRESENTED BY				
Share Capital	500.00	400.00	300.00	78.01
Advance against Share Application Money	-	10.00	-	72.00
Reserves & Surplus	314.10	83.94	-	-
Less: Profit & Loss Account-Dr	-	-	(18.84)	(17.36)
Less: Misc. Expenditure	(15.19)	-	(0.13)	(0.27)
Net Reserves & Surplus	298.91	83.94	(18.97)	(17.63)
NET WORTH	798.91	493.94	281.03	132.38

Review of Assets & Liabilities

Fixed Assets

Our fixed assets (including capital work-in-progress) were Rs. 0.95 million, Rs. 1.34 million, Rs. 46.27 million and Rs. 8,295.33 million at the end of fiscal 2004, 2005, 2006 and 2007, respectively. Our fixed assets mainly comprise vehicles, equipment and capital work-in-progress.

Investments

We have invested Rs. 0.50 million and Rs. 0.49 million in equity shares of two of our Subsidiaries, IVR Hotels & Resorts Limited and IVR Megamalls Limited, respectively, both of which do not haveoperations.

Liquidity and Capital Resources

Our primary liquidity requirements have been to finance our working capital requirements and for development of our projects. We have met these requirements from cash flows from operations, short-term and long-term borrowings from the IVRCL Group and external borrowings.

Net worth

As of fiscal 2007, 2006, 2005 and 2004, our net worth, defined as the difference between (a) total assets and (b) total liabilities and provisions, was Rs. 798.91 million, Rs. 493.94 million, Rs. 281.03 million and Rs. 132.38 million, respectively.

Current Assets, Loans & Advances

The total current assets, loans and advances of the Company was Rs. 1,527.10 million, Rs. 1,741.47 million, Rs. 1,576.17 million and Rs. 2,392.53 million at the end of fiscal 2004, 2005, 2006 and2007, respectively. Our current assets consist of inventory, sundry debtors, cash and bank balances and loans and advances.

Inventory

Our inventory consists of work-in-progress of flats and villas, *i.e.* construction and other expenditures incurred on unsold flats and villas and the costs of balance freehold land available for development. Our inventory was Rs. 1,480.72 million, Rs. 1,671.45 million, Rs. 901.04 million and Rs. 594.06 million at the end of fiscal 2004, 2005,2006 and 2007, respectively.

Sundry Debtors

Our total amount outstanding from sundry debtors was Rs. 0, Rs. 67.08, Rs. 600.17 million and Rs. 676.43 million at the end of fiscal 2004, 2005, 2006 and 2007, respectively. Our sundry debtors are primarily customers who have purchased properties and have made partial payment to us. Sundry debtors in fiscal 2006 mainly pertain to parties to whom properties were sold during the last quarter. This increase in sundry debtors is due to the increase in total income from Rs. 218.49 million to Rs. 1,364.25 million, an increase of 524.40 percent. Similarly sundry debtors in fiscal 2007 mainly pertain to parties to whom properties were sold during the last two quarters.

Loans and Advances

Our total loans and advances were Rs. 44.65 million, Rs. 0.36 million, Rs. 63.28 million and Rs. 1,100.84 million for fiscal 2004, 2005, 2006 and2007, respectively. Unsecured loans from the Parent Company were Rs. 197.52 million, Rs. 237.82 million, Rs. 0 and Rs. 2,027.55 million at the end of fiscal 2004, 2005, 2006 and2007, respectively. Such Parent Company loans bore interest at average rates of 13%, 13%, 13% and at prime lending rates as prescribed at the end of fiscal, 2004, 2005, 2006, and2007, respectively. We also had an unsecured loan of Rs. 500.31 million from Indian Overseas Bank at the end of fiscal 2007, which bore interest at an average rate of 11.25%. Our loans and advances consist primarily of advances made by us for the acquisition of land and and earnest money deposits paid as per joint development agreements. The total amount of advances paid for acquisition of land and earnest money deposits paid as at the end of fiscal 2007 was Rs. 986.90 million.

Current Liabilities & Provisions

Our total current liabilities were Rs. 380.27 million, Rs. 369.54 million, Rs. 453.71 million and Rs. 6,734.82 million at the end of fiscal 2004, 2005, 2006 and2007, respectively. Our current liabilities include sundry creditors, advances from customers and balance cost to complete the sold portion of flats and villas.

Net Cash Flows

The table below summarizes our net cash flows for the fiscal year 2007and for the fiscal years 2006, 2005 and 2004.

(Rs. in millions)

	For the year ended March 31,			
	2007	**2006**	**2005**	**2004**
Net cash from/(used) in operating activities.	(483.98)	364.63	(221.38)	(125.45)
Net cash from/(used) in investing activities.	(2,087.98)	(44.90)	(0.51)	(0.01)
Net cash from/(used) in financing activities.	2,581.48	(310.63)	222.74	122.94
Net increase/(decrease) in cash and cash equivalents	9.52	9.10	0.85	(2.66)

Our net cash flow used for operating activities in the fiscal year 2007 was Rs. (483.98) million, our profit before taxes was Rs. 331.87 million, and working capital changes for such period was Rs. (782.76) million. Net cash flow from operating activities in the fiscal year 2006 was Rs. 364.63 million, our profit before taxes was Rs. 120.93 million and working capital changes for such period was Rs. 238.21 million, respectively. Net cash used for operating activities in the fiscal year 2005 was Rs. (221.38) million, our profit before taxes was Rs. 3.72 million and working capital changes for such period was Rs. (225.21) million. Net cash used for operating activities in the fiscal year 2004 was Rs. (125.45) million, our profit before taxes was Rs. (3.33) million and working capital charges for such period was Rs. (125.22) million.

Our net cash flow used for investing activities was Rs. (2,087.98) million, Rs. (44.90) million, Rs. (0.51) million and Rs. (0.01) million for the fiscal years 2007, 2006, 2005 and 2004, respectively. Net cash used in investing activities reflects investments consisting of the purchase of investments, fixed assets comprising work-in-progress, plant and equipment used in our construction and manufacturing business, and offset in each fiscal year by disposal of such fixed assets, sales of investments and interest received.

Our net cash provided by (used in) financing activities was Rs. 2,581.48 million, Rs. (310.63) million, Rs. 222.74 million and Rs. 122.94 million and for the fiscal years 2007, 2006, 2005 and 2004, respectively. The net cash provided by financing activities in fiscal 2007 reflected an increase in borrowings by Rs. 2,480.46 million.

Transactions with Associate Companies and Related Parties

We have transactions with our Parent Company and its affiliated companies, which are controlled by the individual members of our Promoter group and with individual Promoters. For details please refer to the section titled "Financial Statements—Related Party Transactions".

Off-Balance Sheet Arrangements

As of March 31, 2007, 2006 and 2005 our contingent liabilities were Rs.0.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risk from changes in interest rates. The following discussion is based on our financial statements under Indian GAAP.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt services obligations. We have borrowings with fixed and floating interest rates. Our interest costs will be subjected to changes in market interest rates, which are currently on a rising trend. The cost of borrowings will be negatively impacted by an increase in interest rates.

Commodity Price Risk

We are exposed to market risk with respect to the prices of raw materials used in our projects. These commodities include steel, cement and timber. The costs for these raw materials are subject to fluctuation based on commodity prices. In the normal course of business, we purchase these raw materials either on a purchase order basis or pursuant to supply agreements.

Effect of New Accounting Pronouncements

The following are accounting pronouncements issued by the ICAI during the last three fiscal years that have had or may have an effect on our financial reporting:

Accounting for Provisions, Contingent Liabilities and Contingent Assets

The ICAI issued Accounting Standard 29 ("AS 29") for Provisions, Contingent Liabilities and Contingent Assets, which prescribes appropriate recognition criteria and measurement basis to be applied for Provisions and Contingent Liabilities. AS 29 requires that an enterprise should disclose sufficient information to enable users to understand their nature, timing and amount. AS 29 came into effect for the fiscal year beginning 2005 and became mandatory for us from that date. We do not envisage that adoption of AS 29 has had a material impact on our financial statements and results of operations.

Known Trends or Uncertainties

Other than as described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page ix and 202 of this Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Costs and Income

Other than as described in the section entitled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operations" on page ix and 202 of this Red Herring Prospectus, to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

New Products or Business Segment

Other than as described in this Red Herring Prospectus, we do not have any new products or business segments.

Inflation

In recent years, India has experienced some fluctuation in inflation rates. Inflation in the value of housing units can significantly benefit our business if we can obtain price increases for flats or villas sold later on in the sales process because values of units have increased over time. Such price increases provided us with a significant benefit in our Gachibowli project. On the other hand, inflation in materials or labour costs can adversely affect our business.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, there have been no other events or transactions to our knowledge, which may be described as "unusual" or "infrequent".

Seasonality of Business

Our operations may be adversely affected by difficult working conditions during monsoons that restrict our ability to carry on construction and sales activities and prevent us from fully utilizing our resources. Notwithstanding the foregoing, we generally do not believe that our business is seasonal.

Competitive Conditions

We expect competition in the real estate development sector from existing and potential competitors to intensify. For further details please refer to the discussions of our competition in the sections entitled "Risk Factors" and "Our Business" beginning on pages ix and 54, respectively, of this Red Herring Prospectus.

Significant Developments after March 31, 2007 that may affect our future Results of Operations

In compliance with AS 4, to our knowledge no circumstances have arisen, except as disclosed below, since the date of the last financial statements as disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of the Company, or the value of our assets or their ability to pay their material liabilities:

Our Company has entered into a loan agreement dated August 1, 2006 with our Parent Company, as amended pursuant to an agreement dated February 4, 2007 and again up to Rs. 4,000 million pursuant to another agreement dated May 29, 2007pursuant to the terms of which we are entitled to borrow up to Rs. 4,000 million. These advances have been made on a regular basis and since the date of the last financial statements until July 9, 2007, we have borrowed Rs. 2,760.55 million from our Parent Company.

Impact of Restatement

The impact of the restatement of prior period financial statements for purposes of this Red Herring Prospectus is set forth in Annexure IV, Note 3 of the Notes to Financial Statements.

FINANCIAL INDEBTEDNESS

As on July 9, 2007, the details of our secured and unsecured indebtedness is as follows:

A. Secured Loans

S. No	Agreement with Lender	Nature of Borrowing/ Debt	Amount Sanctioned (Rs. In Million)	Amount Outstanding (Rs. In Million)	Repayment	Security
1.	Hypothecation Agreement dated November 4, 2004 with Karnataka Bank Limited	Term loan	Rs. 300	Rs. 66.64	Repayable by August 4, 2007 by way of monthly instalments by way of Rs. 33.3 million each commencing from April 2007	• The borrower hypothecated moveable assets of the Company worth Rs. 1.23 million, present and future; • The Company executed a demand promissory note dated November 4, 2004 for Rs. 300 million in favour of Karnataka Bank at an interest of PLR less 4% but not less than 8% per annum; and • Corporate guarantee from IVRCL.
2.	Hypothecation Agreement dated February 2, 2005 with Karnataka Bank Limited	Term loan	Rs. 680	Rs. 353.03	Repayable by January 31, 2008 by way of montly instalments by way of Rs. 50.00 million each commencing from May 2007.	• The borrower hypothecated moveable assets of the Company worth Rs. 1.23, present and future; • The Company executed a demand promissory note dated February 7, 2005 for Rs. 680 million in favour of Karnataka Bank at an interest of PLR less 3.85% but not less than 8.15% per annum; and • Corporate guarantee from IVRCL.
3.	Sanction letter (No. IOB/RPR/80/2006-07) dated January 27, 2007 from Indian Overseas Bank	Short term loan for a period of six months to enable our Company to meet the funds requirement for preliminary expenses in relation to its various projects*	Rs. 500 million	Rs. 500.00	The loan has been disbursed in and is repayable within six months from January 27, 2007	• The Company executed a demand promissory note dated January 31, 2007 for Rs. 500 million in favour of Indian Overseas Bank at an interest of 10.75% per annum payable in monthly rests.
4.	Hire purchase agreement and Hypothecation Deed dated April 21, 2007	Hire purchase loan	Rs. 6 million	The Company has provided post-dated cheques.	Repayable in 36 equal monthly instalments of Rs. 197,857	• Pursuant to the hypothecation deed, the Company agreed to mortgage the AUDI car purchased

S. No	Agreement with Lender	Nature of Borrowing/ Debt	Amount Sanctioned (Rs. In Million)	Amount Outstanding (Rs. In Million)	Repayment	Security
	with Tamilnad Mercantile Bank Limited				from May 21, 2007.	with the said loan. • The Company executed a demand promissory note dated April 21, 2007 for Rs. 6 million in favour of Tamilnad Mercantile Bank Limited at an interest of 11.50% per annum.
5.	Hire purchase agreement and Hypothecation Deed dated March 31, 2007 with Tamilnad Mercantile Bank Limited	Hire purchase loan	Rs. 3.30 million	The Company has provided post-dated cheques	Repayable in 36 equal monthly instalments of Rs. 105,709 from April 30, 2007.	• Pursuant to the hypothecation deed, the Company agreed to mortgage the Mercedes Benz car purchased with the said loan. • The Company executed a demand promissory note dated March 31, 2007 for Rs. 3.30 million in favour of Tamilnad Mercantile Bank Limited at an interest of 9.5% per annum.

**The sanction letter provides that the limits are valid for a period of six months from the date of sanction and may be renewed at the option of the bank provided there is no substantial alteration in the Company's existing position. Further, it is provided that the bank may cancel/ withdraw the sanctioned limits at any time, at its sole discretion, without assigning any reasons. These limits are operative only upon execution of proper documents and upon complying with the terms and conditions of the sanction. The loan amount is required to be utilised for the purpose of the sanction. If the Company fails to do so, the sanction may be cancelled/ withdrawn.*

B. Unsecured Loans from our Parent Company

Our Company has entered into a Loan Agreement dated August 1, 2006 amended on February 1, 2007 and subsequently on May 29, 2007 ("**Loan Agreement**") with our Parent Company, wherein our Parent Company has granted a loan upto Rs.1,500 million (Rupees One Thousand Five Hundred Million Only), which was increased to Rs. 4,000 million (Rupees Four Thousand Hundred Million Only) through amendment agreements dated February 1, 2007 and May 29, 2007, including the present borrowings by way of Inter Corporate Deposits ("**ICD**") on interest ("**Loan**"). For a disclosure on some of the important terms and conditions of this loan agreement, please see the section on *"Objects of the Issue- Repayment of the loan taken from our Parent Company"* on page 29 of this RHP.Our Parent Company have pursuant to a Board resolution dated October 30, 2006 agreed to lend up to a sum of Rs. 4,000.00 million to our Company for the purpose of acquiring various lands. As on July 9, 2007, a sum of Rs. 2,760.55 million is yet to be repaid to our Parent Company.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, the Directors, the Promoters, the promoter group and our Subsidiaries and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits or arrears on preference shares issued by the Company, the Directors, the Promoters, the promoter group companies and the Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company, the Directors, the Promoters, the promoter group and the Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, the Directors, the Promoters, the promoter group and the Subsidiaries that would result in a material adverse effect on our consolidated business taken as a whole.

Further, except as disclosed hereunder, our Company, our Subsidiaries, Promoters, individuals and entities constituting the Promoter group have not been detained as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.

For details of contingent liabilities of our Company and our Subsidiaries, please refer to the financial statements of the Company and the Subsidiaries on page 163 of this Red Herring Prospectus.

Cases against the Company

1. Dr. S.S.Murthy (Complainant) filed a complaint (C.D.No.344 of 2006) against our Company and certain other parties before the Consumer Disputes Redressal Forum-I, Hyderabad for payment of a sum of Rs. 153,750 as damages for alleged delay in handing over a flat purchased by him from our Company. The matter is posted to June 29, 2007 for orders. Mean while, the Company has filed a transfer petition (Tr. No. 4 of 2006) to stay the above proceedings. The transfer petition was dismissed on January 4, 2007. The Company is in the process of filing an appeal before the National Consumer Disputes redressal Forum against the dismissal of the transfer petition. The Complainant filed another complaint (C.D.No.468 of 2006) against our Company for restoration of certain amenities and has claimed Rs. 25,000 from the Company. This matter was disposed on February 18, 2007 and the court ordered our Company to pay Rs. 2,000 to the Complainant and further ordered the Complainant to clear the pending dues.

2. Vijay Ganapathy filed a suit (O.S.No. 801 of 2006) before II Additional District Judge, Ranga Reddy District for specific performance of an agreement for sale with respect to the purchase of two flats in the Games village project. The matter is posted to July 18, 2007 and the court has ordered status quo.

3. A. Varaprasada Rao filed two suits against the Company (O.S.No. 191 of 2007 and O.S.No. 192 of 2007) before the II, Additional District Judge, Ranga Reddy District, with respect to specific performance for registration of villa no. 39, at Hill Ridge Villas and flat no. 302 in Hill Ridge Springs. The matter is posted to August 3, 2007 for framing issues and interim arguments.

Legal Notices

4. M.K.Mohan Krishnamachari (Complainant) issued a notice to the Company, Mr. Sudhir Reddy, Mr. Sunil Reddy and four others under section 138 of the Negotiable Instruments Act for dishonour of a cheque for an amount of Rs. 21,800,000 of which Rs. 12,800,000 is alleged to be payable by the Company. The relevant background is that the Company had entered into a MOU with the complainant for procurement of 600 acres of land in Santhavellore village for a certain consideration. As the complainant failed to procure the lands within the given time, the MOU was terminated. Aggreived by this, the complainant filed a criminal complainant against Mr. Venkatasubramaniam and two others alleging that they were directly dealing with the land owners

thereby causing loss to the complainant. The complainant further preferred a petition (No. 6194 of 2007) before the Madras High Court claiming a sum of Rs. 22,800,000 from Mr. Venkatasubramaniam and others including the Company. The Madras High Court by its order dated April 5, 2007 ordered the police to conduct investigation and seize the property. Pursuant to the said order the police have detained Mr. Dhandapani and Mr. Abhineshbabu. Subsequently, at the instance of the police, Mr. Abhineshbabu paid Rs. 1.00 million and the Company on behalf of the other accused individuals issued a cheque for Rs. 21,800,000 whereupon the police released the said individuals from detention. Aggrieved by this, the accused individuals, namely Mr. Venkatasubramaniam, Mr. Dhandapani and Mr. Subbiah filed a special leave petition before the Supreme Court of India appealing against the Madras High Court order. The Supreme Court of India on May 4, 2007 pronounced that the disputed cheques may not be encashed until the matter comes up for hearing. In the meantime the petitioners issued the said notice to the Company and others as stated above. The Company and others replied to the said notice on May 25, 2007. The Company filed a counter complaint (M.P.No. 987 of 2007) against the complainant and two others in the court of the Additional Chief Metropolitan Magistrate, Chennai for criminal breach of trust. On June 13, 2007, the complainant filed its intervening petition opposing the complaint filed by the Company. The matter is posted to July 19, 2007 for further hearing.

Cases filed by the Company

1. The Company filed a suit in the court of Additional District Judge, Ranga Reddy District (O.S.No. 1649 of 2006) against Dr. S. Satyamurthy and S.V.Kantiratna (Defendants) in relation to sale of an apartment in the Gachibowli Village Project. The Sports Authority of India of has also been impleaded as a defendant as it is the confirming party for the sale deed. The Company is praying that the sale deed entered into with the defendants in relation to the sale of the said apartment be declared null and void as the defendants failed to pay the full consideration for the said property. The matter was posted to July 9, 2007 for filing written arguments and counter. The next date of hearing is not available as yet.

Cases involving our Subsidiaries

Cases filed by or against IVR Hotels & Resorts Limited

NIL

Contingent Liabilities as of March 31, 2007

NIL

IVRCL Megamalls Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL Megamalls Limited

NIL

Agaram Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Agaram Developers Private Limited

NIL

Papankuzhi Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Papankuzhi Developers Private Limited

NIL

Mummidi Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Mummidi Developers Private Limited

NIL

Samatteri Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Samatteri Developers Private Limited,

NIL

Velursantha Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Velursantha Developers Private Limited

NIL

Annupampattu Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Annupampattu Developers Private Limited

NIL

Kunnam Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Kunnam Developers Private Limited

NIL

Tirumani Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Tirumani Developers Private Limited

NIL

M.M. Kuppum Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against M.M. Kuppum Developers Private Limited

NIL

Ilavampedu Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Ilavampedu Developers Private Limited

NIL

Vedurwada Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Vedurwada Developers Private Limited

NIL

Rudravaram Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Rudravaram Developers Private Limited

NIL

Haripuram Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Haripuram Developers Private Limited

NIL

Chodavaram Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Chodavaram Developers Private Limited

NIL

ETA Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against ETA Developers Private Limited

NIL

Iota Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Iota Developers Private Limited

NIL

Lamda Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Lamda Developers Private Limited

NIL

Annavaram Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Annavaram Developers Private Limited

NIL

Gajuwaka Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Gajuwaka Developers Private Limited

NIL

Kappa Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Kappa Developers Private Limited

NIL

Simhachalam Prime Developers Private Limited

Contingent Liabilities as of March 31, 2007

Not Applicable

Cases filed by or against Simhachalam Prime Developers Private Limited

NIL

Cases involving our Promoters

Body Corporate

IVRCL

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Bank Guarantees / Letters of Credit issued by banks on behalf of the Company, net of margin money aggregating to Rs. 71.88 million (Rs. 157.76 million)	14,302.80
2.	Corporate Guarantees issued by the Company on behalf of its subsidiaries	697.60
3.	Claims against the company not acknowledged as debts	18.50
4.	Income Tax demand contested in appeal	24.39
5.	Disputed sales tax (on appeal) gross	3.68

Cases filed against IVRCL

Arbitration Claims

1. National Buildings Construction Corporation Limited (Claimant) initiated arbitration proceedings against IVRCL before a sole arbitrator. The relevant background is that IVRCL entered into an agreement with the claimant for provision of certain services as a contractor for executing certain works. The claimant alleges that the IVRCL was negligent resulting in certain breaches/ defaults under the agreement as a result of which the agreement was terminated. The claimant is claiming an amount of Rs. 41,037,834 from IVRCL with an interest of 18% per annum. IVRCL has submitted its counter claims and the matter is now posted to July 28, 2007 for further arguments.

2. Seri International Finance Limited (Petitioner) filed an arbitration petition against DK.Raju, UV.Raju, U.Raju, RR.Reddy and UTI Bank (Respondents), who undertook certain project for IVRCL, in the High Court of Calcutta (A.P.No. 115 of 2004) under Section 9 of the Arbitration and Conciliation Act, 1996. The relevant background is that the respondents borrowed a sum of Rs. 7,400,000 from the petitioner for purchase of certain vehicles and fell into arrears of the monthly installments. The court by its order dated August 25, 2004 appointed a special officer for making an inventory of the vehicles and to collect any receivables from IVRCL in respect of the project work undertaken by the respondents. It thus ordered IVRCL to hand over a sum of Rs. 3,299,183 to the special officer out of the amount payable to the respondents. IVRCL claims that it does not have any financial obligation towards the said respondents and that the order was therefore misconceived. The matter is pending listing.

Money Recovery Claims

3. Davala Someswara Rao (Plaintiff) filed a suit in the court of the District Judge, Srikakulam (O.S.No. 9 of 2005) against IVRCL, SPCL and NHAI. The background to the suit is that IVRCL

has issued certain work orders to the plaintiff who is a contractor in relation to the widening of NH5 from Srikakulam to Palasa through a joint venture, IVRCL-SPCL. The plaintiff claims that IVRCL has detained certain amount payable to the plaintiff in relation to its services. The plaintiff is claiming a sum of Rs. 1,130,808 with an interest of 18% per annum from the date of filing the suit till the date of the decree. Further, the plaintiff is also claiming 6% interest from the date of the decree till the date of realization of the amount. The court by its order dated April 11, 2005 ordered the defendants to furnish third party security for the suit amount and costs within 48 hours from the date of receiving the notice. IVRCL has not furnished any such third party security till date. IVRCL filed its written statement and the matter is posted to July 27, 2007 for trial.

4. Uppal Builders Private Limited (Plaintiff) filed a suit in the court of the Chief Judge, City Civil Court (O.S.No. 364 of 2002) against IVRCL for recovery of a sum of Rs. 16,364,860.69 with interest at the rate of 12% per annum. The relevant background is that IVRCL entered into an agreement with National Builders Construction Corporation Limited for the construction of a 2 x 500 MW high voltage direct current project. IVRCL in turn entrusted the work to the plaintiff under an agreement. Meantime, the agreement between IVRCL and National Builders Construction Corporation Limited was terminated. Subsequently, GEC Alsthom has entered into a fresh agreement with IVRCL for the construction of 1 x 500 MW high voltage direct current project at Vishakhapatnam. It is alleged that IVRCL used the plaintiff's plant and machinery for execution of this project at Rs. 350,000 per month for a period of one year and also agreed to compensate the plaintiff at the rate of 750,000 per month for the services rendered by the plaintiff on the technical aspects of the construction. The plaintiff is now calling upon IVRCL to pay the disputed amount along with interest. The matter is posted to August 6, 2007 for final arguments.

5. G. Appa Rao (Plaintiff) filed this suit for eviction in the court of the Principle Senior Civil Judge at Srikakulam (O.P. no. 143/03) against IVRCL and United India Insurance Company Limited and Indukuri Syam Prasad Reddy. The plaintiff claims that the defendants have violated the terms of the lease agreement entered into with IVRCL and therefore is praying for eviction of IVRCL from the suit properties and for recovery of Rs. 298,500 as damages and compensation. The matter is posted to July 30, 2007for filing written statements.

6. PMA Constructions (Plaintiff) filed a suit (OS No.45 of 2006) for recovery of money against IVRCL and Indian Oil Corporation Limited and others before the Sub Court of Ernakulam for a sum of Rs.10,630,047.89 for the execution of sub-contract work in Indian Oil Corporation Limited Dock line Project. IVRCL filed a counter reply to the same. The Plaintiff also filed an interlocutory application for temporary injunction. The court set a ceiling for the amount to be claimed by the plaintiffs under the temporary injunction to the extent of Rs.1.777,431 pending disposal of the suit. The plaintiff has filed an amendment to the plaint reducing the claim amount and the matter is posted toJuly 20, 2007 for producing commissioner's report. Aggrieved by the orders passed by the sub-court in the interlocutory application,PMA Constructions preferred an appeal before the High Court of Kerala (FAO No.98 of 2006) and IVRCL filed a counter reply to the same. The High Court by its order dated April 12, 2006 directed IVRCL to pay a sum of Rs. 1,777,431. The Court further ordered one of the other defendants, FACT Engineering and Design Organisation, to release certain payments due to IVRCL. The said payments for a sum of Rs. 5 million has been released on November 28, 2006. The matter is pending listing.

7. Hindustan Corporation Dealer of H.P.C Limited (Plaintiff) filed a suit for recovery (O.S.No. 12 of 2007) before the Principal District Judge, Khammam against IVRCL and another for recovery of a sum of Rs. 2,533,421. The plaintiff is claiming that it has supplied high speed diesel to IVRCL pursuant to a memorandum of understanding and that IVRCL owed certain amount to the plaintiff in this regard. The plaintiff has therefore filed this suit for recovery of the same. IVRCL is required to appear before the court on July 19, 2007.

Workmen's Compensation Claims

8. Certain daily wage workers, listed below, on November 22, 2004, during the course of construction of a pump house building near Kattigehalli, Karnataka, suffered some injuries and made the following claims against IVRCL, which was the principal employer, in the court of the Labour Officer and Commissioner for Workmen's Compensation, Davangere. IVRCL filed its objections to each of these claims and the matters have been posted toAugust 8, 2007 for the insurance company to file its objections:

S.No	Name of the worker	Suit Number	Amount claimed (In Rupees)
9.	Kumari	LOD/WCA/CR.No.157/2006	150,000
10.	Paribai	LOD/WCA/CR.No.158/2006	160,000
11.	Gangamma	LOD/WCA/CR.No.159/2006	150,000
12.	Rudresh	LOD/WCA/CR.No.160/2006	150,000
13.	Uma Parvathi	LOD/WCA/CR.No.161/2006	160,000
14.	Ratna Bai	LOD/WCA/CR.No.162/2006	145,000
15.	B. Sheela	LOD/WCA/CR.No.193/2006	Claim at the rate of 18 % of the monthly Salary (Rs.3000) for the period when the injured was unable to work.
16.	Lakshmi Bai	LOD/WCA/CR.No.194/2006	Claim at the rate of 18 % of the monthly Salary (Rs.3000) for the period when the injured was unable to work.

17. Allu Gangulu and another (Petitioners) filed a suit against IVRCL in the court of the Commissioner for Workmen Compensation, Kurnool (W.C.No.31of 2005) claiming compensation of Rs. 500,000 with an interest of 12% per annum from the date of the accident. The petitioners' son was working with a sub-contractor as a helper. He was run over by a road roller on January 24, 2003 and was killed in the accident. The matter is pending for consideration and notice of hearing is awaited.

18. Madanraj filed a suit before the Deputy Commissioner for Labour, Trichy (W.C.No. 29 of 2006) claiming a compensation of Rs. 150,000 for injuries suffered by him in a trench accident. The matter is posted to July 10, 2007 for cross-examination of witnesses. The next date of hearing is not available as yet.

Motor Vehicle Accident Claims

S.No	Petitioner	Respondents	Forum	Suit Number	Claim Amount	Suit Particulars	Status
19.	Amajuru	IVRCL and United India Insurance Company Limited	Motor Accidents Claims Tribunal and District Judge, Srikakulam	O.P.No. 525 of 2005	Rs. 100,000	The Petitioner was injured in a motor vehicle accident occurred on February 27, 2005 at Gundivillipeta village on NH 5 due to the rash and negligent driving of a tanker lorry belonging to IVRCL and insured with United India Insurance Company Limited.	The matter is posted toOctober 23, 2007 for trial.
20.	Nirmala Kumari and two others	IVRCL and United India Insurance Company Limited	Motor Accidents Claims Tribunal, Madras	M.C.O.P.No. 101 of 2004	Rs. 300,000	The Petitioners' father was killed in a motor vehicle accident on March 11, 2003 in Alandur. The accident was caused by a tractor hired by a contractor working for IVRCL.	The matter is posted to October 31, 2007 for trial.
21.	Swarna Poulaiah	IVRCL and United India Insurance Company Limited	High Court of Judicature of Andhra Pradesh	C.M.A 1691/ 2005 in O.P.No. 1066 of 2002.	Rs. 252,320	Aggrieved by the order dated January 7, 2004 given by the court of the Motor Accidents Claims Tribunal- cum-Principal District Judge, Kurnool, the petitioner is claiming for an	The matter is pending listing.

S.No	Petitioner	Respondents	Forum	Suit Number	Claim Amount	Suit Particulars	Status
						enhancement in the claim amount.	
22.	Ganesh Kullayappa along with one another	IVRCL and United India Insurance Company Limited	High Court of Judicature of Andhra Pradesh	C.M.A.No. 1707 of 2005 in O.P.No. 740 of 2002	Rs. 300,000	Aggrieved by the order dated August 3, 2004 given by the IV Additional District Judge – cum - Motor Accidents Claims Tribunal, Kurnool, the petitioner is claiming for an enhancement in the claim amount.	The matter is pending listing.
23.	J. Raja along with one another	IVRCL and United India Insurance Company Limited	Motor Vehicle Accidents Tribunal, Madras	MVOP No. 5720 of 2004	Rs. 500,000	The Petitioners' son was killed in a motor vehicle accident on April 24, 2003 in Chennai.	The matter is posted to July 31, 2007 for trial.
24.	Bhupati Srinivasa Raju	IVRCL and United India Insurance Company Limited	Motor Accidents Claims Tribunal – cum - District Judge, Kadapa	MVOP No. 646 of 2005	Rs. 200,000	The petitioner brought this action on account of death of his mother, who died in a motor vehicle accident on June 25, 2005 at Kotha road, NH 18, Chennur. The accident was caused by a tipper belonging to IVRCL.	The matter is reserved for orders.
25.	Maricharla Satyavathi and two others	IVRCL, United India Insurance Company Limited, Oriental Insurance Company Limited and the driver of the vehicle	Motor Accidents Claims Tribunal-cum- IV Additional District & Sessions Judge, Kakinada	MVOP No. 468 of 2006	Rs. 314,000 with interest at the rate of 18% per annum	The accident was caused by a Tata Sumo belonging to IVRCL.	The matter is posted to August 3, 2007 for filing counter .
26.	S.R. Rao	IVRCL and United India Insurance Company Limited	Motor Vehicles Accident Claims Tribunal Cum 1st Additional Judge at Srikakulam	O.P. no. 603/04	Rs. 100,000	The Petitioner was injured in a motor vehicle accident occurred on December 7, 2003 at Srikakulam due to alleged rash and negligent driving of jeep belonging to IVRCL and insured with United India Insurance Company Limited.	The matter is posted to July 11, 2007 for trial. The next date of hearing is not available as yet.
27.	Kheni	IVRCL and Oriental Insurance Company Limited	High Court of Rajasthan	CMA No. 03046 of 2007	Rs. 761,000	The Petitioner was injured in a motor vehicle accident occurred on December 13, 2003 at Udaipur due to alleged rash and negligent driving of a loading jeep	The lower court decided against IVRCL and IVRCL went on appeal to the Hich

S.No	Petitioner	Respondents	Forum	Suit Number	Claim Amount	Suit Particulars	Status
						belonging to IVRCL and insured with Oriental Insurance Company Limited.	Court. The matter is pendiong listing.
28.	Raju	IVRCL and Oriental Insurance Company Limited	Motor Vehicles Accident Claims Tribunal at Udaipur	O.P. no. 695/04	Rs. 449,000	The Petitioner was injured in a motor vehicle accident occurred on April 13, 2004 at Udaipur due to alleged rash and negligent driving of a tanker lorry belonging to IVRCL and insured with Oriental India Insurance Company Limited.	IVRCL filed its counter and the matter is posted to July 10, 2007 for evidence. The next date of hearing is not available as yet.
29.	T.V. Rao	IVRCL and United India Insurance Company Limited	Motor Vehicles Accident Claims Tribunal Cum 1st Additional Judge at Srikakulam	O.P. no. 20/05	Rs. 300,000	The Petitioner was injured in a motor vehicle accident occurred on December 7, 2003 at Srikakulam due to alleged rash and negligent driving of a jeep belonging to IVRCL and insured with United India Insurance Company Limited.	IVRCL filed its counter and the matter is posted to July 11, 2007 for trial issues. The next date of hearing is not available as yet.
30.	Varalamma, Seela Adema and M. Managmma	IVRCL and United India Insurance Company Limited and M. Ramesh	Motor Vehicles Accident Claims Tribunal Cum 1st Additional Judge at Srikakulam	O.P. no. 169/05	Rs. 300,000	The Petitioner was killed in a motor vehicle accident occurred on March 17, 2004 at Srikakulam due to alleged rash and negligent driving of a tanker lorry belonging to IVRCL and insured with United India Insurance Company Limited.	IVRCL filed its counter and the matter is posted toOctober 26, 2007 for trial.
31.	P.V.R. Rao	IVRCL and United India Insurance Company Limited	Motor Vehicles Accident Claims Tribunal Cum 1st Additional District Judge at Srikakulam	O.P. no. 527/05	Rs. 100,000	The Petitioner was injured in a motor vehicle accident occurred on February 27, 2005 at Srikakulam due to alleged rash and negligent driving of a tanker lorry belonging to IVRCL and insured with United India Insurance Company Limited.	IVRCL filed its counter and the matter is posted toOctober 22, 2007for trial.
32.	G. Ramanamma, S. Rao and Venkatesh	IVRCL and United India Insurance Company	Motor Vehicles Accident Claims	O.P. no. 222/06	Rs. 300,000	The Petitioner was injured in a motor vehicle accident occurred on	The matter is posted to August 29, 2007 for

S.No	Petitioner	Respondents	Forum	Suit Number	Claim Amount	Suit Particulars	Status
		Limited	Tribunal Cum 1st Additional District Judge at Srikakulam			February 27, 2005 at Srikakulam due to alleged rash and negligent driving of a tanker lorry belonging to IVRCL and insured with United India Insurance Company Limited	filing counter.
33.	Meenabai, Ramakrishna Patel and three others	IVRCL and New India Assurance Company Limited and United India Insurance Company Limited	Motor Vehicle Claims Accident Tribunal, Dhule, Maharashtra	463 of 2006	Rs. 450,000	The petitioner's husband was killed in a motor vehicle accident on May 15, 2006.	The matter is posted toJuly 18, 2007 for filing counter.
34.	Latabai Shantaram Dhobi and five others	IVRCL and New India Assurance Company Limited and United India Insurance Company Limited	Motor Vehicle Claims Accident Tribunal, Dhule, Maharashtra	465 of 2006	Rs. 400,000	The petitioner's husband was killed in a motor vehicle accident on May 15, 2006.	The matter is posted toJuly 18, 2007 for filing counter.
35.	B. Malathi	IVRCL and United India Insurance Company Limited	Motor Accidents Claims Tribunal cum District Judge, Srikakulam	M.V.O.P No. 453 of 2006	Rs. 100,000	The petitioner was injured by a tanker lorry owned by IVRCL on January 30, 2004. The petitioner sustained multiple injuries and is therefore claiming compensation towards loss of income, medical and other expenses	IVRCL filed its counter on May 16, 2007 and the matter is posted to July 9, 2007 for filing counter.
36.	Seema Santosh Pawar and others	IVRCL and New India Assurance Company Limited and United India Insurance Company and one another	Motor Vehicle Claims Accident Tribunal, Dhule, Maharashtra	628 of 2006	Rs. 200,000	The petitioner's husband was killed in a motor vehicle accident on May 15, 2006.	The matter is posted toAugust 18, 2007 for appearance.

Miscellaneous

37. IMG Academies Bharatha Private Limited (Plaintiff) filed a suit for perpetual injunction in the court of the District Judge, Ranga Reddy District (O.S.No. 269 of 2006) against IVRCL and Mr. Sudhir Reddy claiming that IVRCL has encroached upon certain land, admeasuring 12 acres forming part of Survey no. 25 in Gachibowli village, belonging to the plaintiff. The matter is posted to July 13, 2007for hearing.

38. Technocraft Industries (India) Limited (Petitioner) filed a writ petition in the High Court of Judicature at Bombay (W.P.No. 8329 of 2005) against the State of Maharashtra and has also impleaded IVRCL as a respondent. The relevant background is that the petitioner is a manufacturer of yarn and has engaged IVRCL's services as a contractor for the construction of a yarn manufacturing factory. The State of Maharastra has issued show cause notices to the

petitioner alleging that it had employed child labour in its factory premises. The petitioner is contesting the said show causes notices on the ground that it was not responsible for engaging child labour as IVRCL has employed the child labour. The matter is pending listing.

39. Sabu Joseph filed a suit against Manoj Kumar (Defendant), who has undertaken some work for IVRCL, in the Sub Court, Ernakulam (O.S.No. 243 of 2004) for recovery of an amount of Rs. 214,000. The defendant has allegedly settled his dues and is claiming that he is entitled to a sum of Rs. 300,000 from IVRCL, who is named as a garnishee. The Sub Court passed an order on April 17, 2004 against IVRCL and the said defendant attaching an amount of Rs. 300,000. IVRCL has filed its counter and the matter is now posted to August 23, 2007 for hearing.

40. Md. Ghouse Pasha (Petitioner) filed a civil miscellaneous application (No. 113 of 2006) before the Civil Judge (Senior Division), Raichur against IVRCL and another. The original petition (No. 78 of 2006) was dismissed for non-appearance of the petitioner. The petitioner therefore filed this application for reviving the original application. The said application has been revived and the matter is posted to July 24, 2007 for enquiry.

41. Gammon India Limited initiated arbitration proceedings against Chennai Metropolitan Water Supply and Sewerage Board for Rs. 557,967,093 towards price escalation of steel amongst other things, arising out of Veeranam project. No claim has been made against IVRCL. The matter is posted toJuly 14, 2007 for enquiry.

42. M. Nageswara Rao filed a suit (O.S.No. 52 of 2007) before the IV Additional District Judge, Kakinada against Transstroy (India) Limited (1st Defendant) and IVRCL for recovery of an amount of Rs. 14.75 million from the 1st Defendant. IVRCL has only been made a proforma party and no claim has been made against it. The matter is posted to September 11, 2007 for filing written statements.

43. P. Elango filed a writ petition (W.P.No. 14449 of 2006) before the High Court of Judicature, Madras against Indian Overseas Bank praying for a writ of mandamus directing the bank to execute a sale deed in favour of IVRCL. IVRCL is the petitioner's nominee and ahs impleaded itself as the second defendant in this matter. The next date of hearing is not available as yet.

Claims below Rs. 100,000

The following matters are pending against IVRCL involving claims amounting to less than Rs. 100,000:

S.No	Nature of the suit	Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
44.	Motor vehicle accident claim	K.K. Manoj	O.P.2827 of 2001	Motor Vehicle Accidents Claims Tribunal, Ernakulam	45,000	Posted to July 31, 2007 for evidence.
45.	Motor vehicle accident claim	Gaddi Ramanamma	O.P.52 of 2006	Motor Vehicle Accidents Claims Tribunal cum District Judge, Srikakulam	20,000	Posted toJuly 13, 2007 for trial
46.	Motor vehicle accident claim	Pyla Ramesh	O.P.92 of 2006	Motor Vehicle Accidents Claims Tribunal cum District Judge, Srikakulam	50,000	Posted to August 9, 2007 for trial
47.	Motor vehicle accident claim	Dumpala Venkateshwara Rao	O.P.550 of 2006	Motor Vehicle Accidents Claims Tribunal cum District Judge, Srikakulam	80,000	Posted to July 24, 2007 for issues.
48.	Motor vehicle accident claim	Mudda Bhaskara Rao	O.P.552 of 2006	Motor Vehicle Accidents	50,000	Posted to July 24, 2007 for

S.No	Nature of the suit	Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
				Claims Tribunal cum District Judge, Srikakulam		appearance of the Company
49.	Motor vehicle accident claim	Kunna Lakshmi	O.P.554 of 2006	Motor Vehicle Accidents Claims Tribunal cum District Judge, Srikakulam	30,000	Posted to July 24, 2007 for appearance of the Company
50.	Motor vehicle accident claim	Landa Neelam	O.P.556 of 2006	Motor Vehicle Accidents Claims Tribunal cum District Judge, Srikakulam	30,000	Posted to July 24, 2007 for appearance of the Company
51.	Motor vehicle accident claim	D. Krishnaveni	M.V.O.P No. 586 of 2006	Motor Accidents Claims Tribunal cum District Judge, Srikakulam	40,000	IVRCL filed its counter on April 4, 2007 and the matter is posted to July 16, 2007 for settlement.
52.	Motor vehicle accident claim	P. Chinna Rao	M.V.O.P No. 57 of 2007	Motor Accidents Claims Tribunal cum District Judge, Srikakulam	20,000	The matter is posted to July 10, 2007 for filing counter. The next date of hearing is not available as yet.
53.	Money recovery claim	Rambabu Saraswat	O.S.302 of 2006	In the court of the 1st Junior Civil Judge, Alwar, Rajasthan	19,000	Posted to July 9, 2007 for framing of trial.
54.	Inter-state migrant workers license fee payable to the State Government of Andhra Pradesh	State Government of Andhra Pradesh	STC 149 of 2006	In the court of the Judicial First Class Magistrate, Nagarkurnool	1,000	Posted to July 30, 2007 for examination .

Criminal Complaints

55. Kalindee Rail Nirman Engineers Limited (Complainant) filed a criminal complaint (CC 1469 of 2005) against IVRCL, Sudhir Reddy and one another under Section 138 of Negotiable Instruments Act, 1881, before the Court of Additional Chief Metropolitan Magistrate at Patiala House, Delhi, for dishonour of a cheque for a sum of Rs 5,272,000. The matter is posted to July 10, 2007 for examination. IVRCL filed a quash petition vide Cr.M.P.No.2606/06 before the High Court of Delhi. Under the said quash petition the IVRCL and Sudhir Reddy filed two miscellaneous petitions for permanent exemption from personal appearance and for stay of all further proceedings before the lower court. The matter was heard on May 20, 2006 and all the accused have been granted exemption from personal appearance until further orders. The matter has been posted to November 16, 2007 for hearing stay petition.

Legal Notices

56. IVRCL received summons from the Additional Chief Judge - cum - Magistrate, Ambala on March 6, 2006 with respect to non-maintenance of proper labour registers at its Ambala site. IVRCL is required to file the counter on September 5, 2007.

57. IVRCL received a notice dated October 16, 2006 from the Ministry of Labour, Government of India stating that certain irregularities were observed upon inspection at its establishment at Beas, Amritsar under the Contract Labour (Regulation & Abolition) Act, 1970 and Rules thereunder. IVRCL was required to show cause within 10 days from the date of receipt of this notice. The principal employer of the contract labourers is Jalandhar Amritsar Tollways Limited and it was noted that the employer was not registered to employ contract labour and failed to maintain the requisite registers. IVRCL is in the process of stlling the matter out of court.

58. IVRCL received a notice dated October 16, 2006 from the Ministry of Labour, Government of India stating that certain irregularities were observed upon inspection at its establishment at Beas, Amritsar under the Building and other Construction Worker (RE & CS) Act, 1996 and Rules thereunder. IVRCL was required to show cause within 10 days from the date of receipt of this notice. It was noted that the employer failed to maintain the register of building workers and other regisers and that the workers were not paid overtime. IVRCL is in the process of stlling the matter out of court.

59. IVRCL received a notice dated July 4, 2007 from Bharat Sanchar Nigam Limited (BSNL) alleging that due to IVRCL negligence in relation to the construction of Nasarigunj-Rajpur road, the optical fibre laid by BSNL was badly damaged causing a total loss of Rs. 2.5 million. BSNL also lodged a criminal compliant against IVRCL in this regard. IVRCL is yet to file its reply to this notice.*Tax Claims*

60. An assessment order after scrutiny was passed by the Assistant Commissioner of Income Tax, Hyderabad issuing a demand notice to IVRCL for payment of Rs 15,123,257 as the balance income tax payable including interest for the assessment year 2001- 2002. Penalty proceedings under Section 271(1) (c) of the Income Tax Act were to be initiated separately. The income declared by IVRCL for the said Assessment Year was Rs 43,736,125 which was not acceptable to the department. IVRCL subsequently preferred an appeal to the Commissioner disputing the demand notice issued, which was dismissed. IVRCL then preferred an appeal to the Income Tax Appellate Tribunal, Hyderabad. The hearing for the case has taken place in the ITAT, Hyderabad and the orders are awaited as on date. The matter is posted for orders to July 30, 2007.

61. An assessment order after scrutiny was passed by the Assistant Commissioner of Income tax, Hyderabad issuing a demand notice to IVRCL for payment of Rs 18,987,310 as the balance income tax payable including interest for the assessment year 2002 – 2003. Penalty proceedings under section 271(1) (c) of the Income Tax Act were to be initiated separately. The income declared by IVRCL for the said assessment year was Rs 65,592,960 which was not acceptable to the department. IVRCL subsequently preferred an appeal to the Commissioner disputing the demand notice issued, which was dismissed. IVRCL then appealed to the Income Tax Appellate Tribunal, Hyderabad. The next date for hearing has not been fixed as yet.

62. An assessment order after scrutiny was passed by the Assistant Commissioner of Income tax, Hyderabad issuing a demand notice to IVRCL for payment of Rs 68,476,683 as the balance income tax payable including interest for the assessment year 2003 – 2004. Penalty proceedings under section 271(1) (c) of the Income Tax Act were to be initiated separately. The income declared by IVRCL for the said assessment year was Rs 74,087,940 which was not acceptable to the department. IVRCL subsequently preferred an appeal to the Commissioner disputing the demand notice, which was dismissed. IVRCL then appealed to the Income Tax Appellate Tribunal, Hyderabad. The next date for hearing has not been fixed as yet.

63. A demand notice was issued by the Assistant Commissioner of Income Tax, Hyderabad for payment of penalty of Rs 3,195,920 for non payment of dividend tax for the assessment year 2001 - 2002. IVRCL subsequently preferred an appeal to the Commissioner disputing the demand notice, which was dismissed. IVRCL then preferred an appeal to the Income Tax Appellate Tribunal. The next date for hearing has not been fixed as yet.

64. A demand notice was issued by the Assistant Commissioner of Income Tax, Hyderabad for payment of penalty of Rs 6,611,606 for non-payment of dividend tax for the assessment year 2004 - 2005. IVRCL subsequently preferred an appeal to the Commissioner appeals against the demand notice, which was dismissed. IVRCL subsequently preferred an appeal to the Income Tax Appellate Tribunal. The next date for hearing has not been fixed as yet.

65. The Commercial Tax Officer, Chennai, had issued demand notice for payment of balance Sales Tax of Rs.35,807,714 arising due to wrong application of work contract provisions for the assessment year 2003–2004. IVRCL appealed to the Appellate Assistant Commissioner Kanchipuram, who ordered payment of 25% of the total amount (Rs. 8,951,929) and submission of Bank Guarantee for Rs.26,855,785. Our Company has paid the amount of Rs.8,957,929 and submitted a bank guarantee for Rs.26,855,785. The Appellate Assistant Commissioner passed an order on April 3, 2007 stating that the appeal was partly allowed, partly disallowed and partly remanded. The assessing authority also returned the bank guarantees. IVRCL is in the process of filing its appeal for the disallowed portion of Rs. 17,741,754.

66. IVRCL filed sales tax returns for the assessment year 1999 – 2000 under the Kerala General Sales Tax Rules (the total tax assessed was Rs.4,826,059). The assessing authority assessed these returns and issued a demand notice to IVRCL for payment of Rs.2,425,993 as balance tax payable. IVRCL filed an appeal against the demand notice to the Appellate Assistant Commissioner, Ernakulam. The Appellate Assistant Commissioner issued an order reducing the total tax amount from Rs. 4,826,059 to Rs.3,666,352 resulting in reducing the demand of balance tax payable to 1,266,286. IVRCL further appealed to the Appellate Tribunal, Kerala against the order of the Appellate Assistant Commissioner. The final hearing is concluded and the decree is awaited.

67. The Commercial Tax Officer, Hyderabad issued a demand notice of Rs.951,990 as the balance entry tax payable by IVRCL stating that this entry tax is payable/receivable on entry of any motor vehicle liable to registration under the Motor Vehicles Act. IVRCL brought into Hyderabad a few 'Volvo Motor Graders'. IVRCL filed an appeal before the Appellate Deputy Commissioner, Hyderabad stating that the 'Volvo Motor Graders' cannot be classified as motor vehicles but should be classified as 'construction equipment'. The Appellate Deputy Commissioner confirmed the demand of the Commercial Tax Officer and discussed the appeal. IVRCL appealed over the order of the Appellate Deputy Commissioner to the Appellate Tribunal, Hyderabad. The matter is pending for final hearing and disposal. Our Company has paid Rs.118,999 as a deposit against the demand raised.

68. The Commercial Tax Officer Hyderabad has issued a demand notice of Rs. 246,529 as the balance entry tax payable by IVRCL for bringing into Hyderabad, mobile concrete mixers. IVRCL appealed to the Appellate Deputy Commissioner of Commercial Taxes, Hyderabad stating that these concrete mixers were construction equipment and not motor vehicles. The appeal is pending for final hearing and disposal. IVRCL paid the full amount and is contesting the payment.

69. The Commercial Tax Officer, Hyderabad has issued a demand notice of Rs. 678,000 as the entry tax payable on motor grades brought into Hyderabad by IVRCL. IVRCL filed an appeal with the Appellate Deputy Commissioner of Commercial Taxes, Hyderabad stating that the Motor Graders are construction equipment and not motor vehicles and hence not liable for payment of entry tax. IVRCL paid a deposit of Rs. 84,750. The appeal is pending final hearing and disposal.

70. The Commercial Tax Officer, Hyderabad issued a demand notice of Rs.1,153,838 as the entry tax payable on six different goods brought into Hyderabad by IVRCL. IVRCL appealed to the Appellate Deputy Commissioner of Commercial Taxes, Hyderabad stating that the goods were not motor vehicles but were construction equipment. IVRCL paid the full amount and is contesting the payment. The Appeal is pending for final hearing and disposal.

71. The Commercial Tax Officer, Hyderabad issued an assessment of sales tax returns of IVRCL for the assessment year 1997–98. The intelligence agency investigated this order and submitted its report based on which the CTO issued a fresh order making IVRCL liable for payment of turnover tax. IVRCL preferred an appeal to the Appellate Commissioner against this assessment order. The Appellate Deputy Commissioner allowed IVRCL's contention that the deemed sale was the first sale and it will not meet all of the turnover tax and that the turnover tax will be all be rated on

second and subsequent sales. The Additional Commissioner (CT) Legal, Hyderabad set aside the Appellate Deputy Commissioner's order and issued a direction to CTO to issue demand notice of Rs.514,601. IVRCL issued the demand notice and preferred an appeal before the Sales Tax Tribunal Hyderabad. The matter is pending for final hearing and disposal.

72. The Commercial Tax Officer ("CTO"), Hyderabad issued an assessment order of Sales Tax returns filed by IVRCL for the assessment year 1998-99. The intelligence wing of the CTO investigated the order passed and submitted its findings/report based on which the CTO issued fresh assessment order raising a demand notice of Rs. 1,521,265 as turnover tax payable by IVRCL. IVRCL preferred an appeal to the Appellate Deputy Commissioner who allowed its contention. The Additional Commissioner (CT) Legal set aside the order of Appellate Deputy Commissioner and issued direction to the CTO to issue demand notice for Rs.1,521,265. The CTO issued the demand notice and IVRCL preferred an appeal before the Sales Tax Tribunal, Hyderabad. The Matter is pending final hearing and disposal.

73. IVRCL filed an appeal before the Appellate Deputy Commissioner (CT) Secunderabad against the assessment order for the tax period April 2006 to August 2006. IVRCL claims that the assessment officer erred in levying tax twice on the sale of crane. Tax levied on the disputed turnover was Rs. 10,069,770. The date for hearing has not been intimated as yet.

Cases filed by IVRCL

Arbitration Claims

1. IVRCL initiated arbitration proceedings against the Chief Engineer, Metropolitan Transport project (Railway) (Respondent) pursuant to the arbitration petition filed before the High Court of Judicature at Madras (O.P.No. 500 of 2005) wherein the court appointed a sole arbitrator. The relevant background is that the respondent awarded the MRTS-II Thirumalai to Velachari – Kotturpuram Railway Station super structural finishing works to IVRCL. The said work is required to be completed within 15 months from the date of the letter of acceptance i.e., August 8, 2003. However, the skeleton work, which was required to be completed by some other contractors could not be completed in the given time and they could not, in turn, hand over the skeletal framework to IVRCL for it to take up its finishing work. The respondent terminated the contract with IVRCL without issuing prior notice of termination. IVRCL has therefore initiated the present proceedings. The matter has been posted toJuly 17, 2007 for final arguments.

2. IVRCL has initiated arbitration proceedings before a sole arbitrator against Superintendent Engineer (C&M), Chennai Metropolitan Water Supply and Sewerage Board (Respondent) in relation to the construction of Choolaimedu water distribution project. The project was to be completed within 20 months but IVRCL claims that the work could not be completed within the given time due to reasons beyond its control. The respondent levied certain liquidated damages on IVRCL. IVRCL initiated the present proceedings claiming (1) a sum of Rs. 4.7 million for losses it sustained during the extended period, (2) for loss of profits at 10% amounting to Rs. 4.1 million, (3) refund of liquidated damages amounting to Rs. 3.6 million, and (4) for the establishment cost of the skeleton retained and interest upon the above amounts. The respondent has filed its counter and the matter is reserved for orders.

3. IVRCL filed an arbitration petition in the High Court of Madras (O.P. no. 851/05) against Superintending Engineer (Highways), Villupuram, Divisional Engineer (Highways), Thanjavur and Secretary Highways Department, Chennai (Respondents) claiming compensation of a sum of Rs. 79.3 million for loss on account of changes in scope of work, delay in handing over sites, overstay, additional works in relation to construction of certain bridges under Tiruvarur Bridges Project. The respondents subsequently released 33.3 million after prolonged persuasion. The balance due plus further construction value amounting to Rs. 45.9 million is the amount currently being claimed. The Madras High Court allowed the application and appointed an arbitrator by order dated August 4, 2006. The respondents in the mean time have preferred a special leave petition (S.L.P.No. 21027 of 2006) before the Supreme Court of India, praying for special leave to appeal against the final judgement and order of the Madras High Court and to pass such other orders as the Supreme Court deems fit. In the interim, the respondents are praying for a stay on the operation of the Madras High Court order. IVRCL filed its counter affidavit and the matter is now posted toJuly 20, 2007 for framing issues.

4. IVRCL filed an appeal in the High Court of New Delhi (OMP No 549 of 2006) for setting aside the award given by the sole arbitrator in the arbitration invoked by Metso Minerals India Limited against IVRCL. The award was passed against IVRCL for a sum of Rs.3,769,289 in relation to the supplies made and supervisory charges for the supply, erection and commissioning of the stone crushing plant in Srikakulam NH 5 Road Project of NHAI. The said proceedings are posted to September 5, 2007 for arguments.

5. IVRCL filed an arbitration application in the High Court of Judicature, Andhra Pradesh (Arbitration application No. 56 of 2006) against Bhanu Constructions Company for appointment of an arbitrator to adjudicate certain claims amounting to Rs. 39,521,370. The matter is pending listing.

6. IVRCL invoked arbitration against NHAI before the dispute resolution board claiming a sum of Rs. 233,100,000 with respect to price escalation in relation to the AP-2 Road project of NHAI from Srikakulam to Palasa on NH-5. IVRCL filed its claim and NHAI filed its counter reply. The matter was disposed on March 18, 2007 in favour and ordered NHAI to pay the diputed amount. NHAI may file its appeal within 120 days from the date of the order.

Writ Petitions

7. IVRCL along with another filed two writ petitions (No. 4262/2007 and No. 4165/2007) before the High Court of Judicature for Rajasthan (Jaipur Bench) against the Rajasthan Urban Infrastructure Development Project (RUIDP) and the project director. The writ petitions were filed in relation to the 10 project contracts awarded to IVRCL by RUIDP under packages AJM/WW/04 and AJM/WW/03 respectively, with respect to constructing sewage pipelines and in relation to water supply. IVRCL is challenging the termination of the said contracts by the project director as arbitrary and unreasonable. IVRCL claims that is has already completed the original work under the said contracts and is required to do the extended work. IVRCL has also made an application on April 24, 2007 praying that RUIDP and the project director be restrained from invoking the bank guarantee submitted by IVRCL for Rs. 8.62 million. However, the bank guarantee was encashed by the respondents. IVRCL is therefore praying for a writ to be sisued quashing the respondent's order and ordering the respondents to issue a completion certificate. The matter is posted toJuly 12, 2007 for admission.

Money Recovery Claims

8. IVRCL filed a suit in the court of XI Additional Chief Judge, City Civil Court, Hyderabad (O.S. no. 477/99) against Amogh Constructions (Defendant) for recovery of a sum of Rs. 1,115,977. The court awarded the said amount in favour of IVRCL and ordered the defendants to pay the disputed amount with an interest of 12% per annum from the date of the suit till the date of realization. The High Court of Andhra Pradesh, acting upon a petition filed by the Defendants, granted a stay of execution of the judgement and decree and granted time to the Defendants to deposit 50% of the decreed amount with costs. The Defendant claims to have deposited the same and therefore claims that the stay is subsisting. IVRCL, in the mean time, has initiated winding up proceedings (Company petition No. 17 of 2007) before the High Court of Andhra Pradesh, Hyderabad against the Defendant.The Defendant filed its counter affidavit on April 25, 2007 claiming that the decree in OS.No. 477 of 1999 is subject to appeal in (CCCA.No. 128 of 2006). The winding up petition is now posted toJuly 13, 2007 for admission and the appeal filed by the Defendant is pending.

9. IVRCL filed a suit for recovery against Bharat Geo Systems Private Limited before the III Additional Civil Judge, Hyderabad (O.S No. 276 of 2006) for a sum of Rs. 4,757,064. The relevant background is that Reliance Industries Limited awarded certain works to IVRCL in relation to the construction of embankment for approach road and peripheral cum reclamation bund at Kakinada. IVRCL issued a work order to Bharat Geo Systems Private Limited for the supply and installation of bund drain. IVRCL released certain excess payments in relation to the said work and has filed for recovery of the same. The matter is posted to July 26, 2007 for trial.

10. IVRCL filed a suit (unnumbered) before the Court of Principal District Judge, Thanjavur, against the Tamil Nadu Water Supply and Drainage Board (Defendant) claiming a sum of Rs. 30.15

million with future interest at 12% per annum with respect to a work order issued by the defendant. The suit is yet to be numbered.

Tax Claims

11. IVRCL initiated proceedings against the Commissioner of Customs in the Customs, Excise and Service Tax Appellate Tribunal, New Delhi. IVRCL sought clearance under the customs tariff for the import of certain goods. The Commissioner of Customs passed an assessment order denying the benefit of the duty exemption and further imposing a penalty of Rs. 100,000 on IVRCL. The Commissioner of Customs in the Customs, Excise and Service Tax Appellate Tribunal, on February 25, 2004, modified the order by setting aside the penalty but holding that the benefit of exemption is not available to IVRCL. Against this order, IVRCL preferred an appeal to the Supreme Court of India (Civil Appeal No. 5282/ 2004) and the Court was pleased to issue notice on August 30, 2004. The matter is pending listing.

Miscellaneous

12. IVRCL filed a suit for perpetual injunction in the court of VIII Additional Judge, City Civil Courts (O.S.No. 809 of 1997) against Technocraft Industries (Defendant) and Tamil Nadu Mercantile Bank Limited. The relevant background is that the defendant is erecting a spinning mill in Murbad and the contract for construction of work if awarded to IVRCL. The defendant paid a sum of Rs. 670,000 as mobilization advance against which IVRCL has furnished a bank guarantee. The said bank guarantee can be invoked only when IVRCL fails to utilize the advance towards the project. It is alleged that the defendant has invoked the bank guarantee on November 11, 1996 even though IVRCL has executed the contract work. IVRCL has therefore brought this suit to restrain the defendant from realising the money under the bank guarantee. The matter is now posted to July 26, 2007 for evidence.

13. IVRCL filed a complaint in the court of the Metropolitan Magistrate, Chennai (C.C. no. 2185/05) against Nellai Cements Limited and M.M. Venkatesan (Accused). The relevant background is that IVRCL was awarded a contract for construction of a cement Plant for which IVRCL paid a sum of Rs.3,273,000 by way of earnest money deposit. However, the project did not take off. Hence, IVRCL sought for refund of the deposit and in lieu thereof the accused issued three post dated cheques, all of which were dishonored upon presentation. IVRCL filed this application under section 200 of the Criminal Procedure Code read with section 138 on the Negotiable Instruments Act. The matter is posted to July 31, 2007 for further hearing.

14. IVRCL has filed a criminal compliant against Arvind Chandak (C.C.No. 1104/ 2003) before the IV Metropolitan Magistrate Hyderabad and the court has issued a non-bailable warrant, which is pending execution against Arvind Chandak. The matter is posted to August 17, 2007 for returning the non-bailable warrant.

15. IVRCL filed a complaint in the J.M.F.C court, Pune (No. 40589 of 2006) against Patil Enterprises (Accused) under section 138 and 141 of the Negotiable Instruments Act. IVRCL advanced a sum of Rs. 1,200,000 to the Accused towards installation of a crusher unit. The Accused failed to return the said amount in time and the cheques given by the Accused were returned unpaid. IVRCL therefore filed this complaint. The Complaint is now posted to July 26, 2007 for filing chargesheet. IVRCL also filed a summary suit (No. 56 of 2007) against the Accused before the Civil Judge Senior Division, Pune for recovery of the said amount and interest thereon. The civil suit is now posted toAugust 28, 2007 for enquiry.

16. IVRCL filed a suit or perpetual injunction (O.S.No. 429 of 2007) before the II Senior Civil Judge, City Civil Courts, Hyderabad against Rhishi Projects (Defendant). The relevant background is that the Defendant was given a sub-contract by IVRCL to execute the Kaiga project on a back-to-back basis. IVRCL is claiming that the Defendant failed to execute the work within the given time thereby causing monetary and reputational loss to IVRCL. In relation to the said work, the Defendant also availed certain facilities from Centurion Bank and hypothecated the equipment purchased for the purpose of execution of the project. As the Defendant was unable to repay the loan, IVRCL paid the outstanding amounts on behalf of the Defendant and took possession over the equipment hypothecated to the bank. Further, IVRCL claims that as the Defendant was unable to execute the work, IVRCL had to execute the project by itself. IVRCL filed this suit for

perpetual injunction to restrain the Defendant, its employees and other concerned persons from removing the hypothecated equipment illegally from IVRCL's custody. The court on March 12, 2007 issued notice to the Defendant to maintain status quo with respect to the said property. The civil suit is now posted toJuly 10, 2007 for summons. The next date of hearing is not available as yet.

17. IVRCL filed a civil application (No. 216 of 2007) before the Additional District Judge, Jaipur against the Rajasthan Urban Infrastructure Development Project (RUIDP) and Canara Bank. IVRCL was awarded a contract no. AJM/WW/03 for providing and laying sewer lines in Annanagar area in Ajmer district. IVRCL claims that RUIDP unreasonably terminated the contract and invoked the bank guarantee issued by IVRCL for Rs. 13,642,420. The matter is pending toJuly 19, 2007 for admission.

18. IVRCL filed a civil application (No. 217 of 2007) before the Additional District Judge, Jaipur against the Rajasthan Urban Infrastructure Development Project (RUIDP) and Canara Bank. IVRCL was awarded a contract no. AJM/WW/04 for providing and laying sewer lines in Shastri Nagar in Ajmer district. IVRCL claims that it has completed the commissioned work and undertook certain additional work which was not aprt of the original work order and incurred additional cost in this regard. IVRCL claims that RUIDP unreasonably terminated the contract and invoked the bank guarantee issued by IVRCL for Rs. 8,227,535. The matter is pending toJuly 19, 2007 for admission.

Individual Promoters

Cases filed by or against E. Sudhir Reddy

Criminal Complaints

1. The Labour Inspector, Latur District filed a criminal complaint in the court of Chief Judicial Magistrate, First Class, Latur District (STC No. 523 of 1997) against E. Sudhir Reddy under Sections 3 and 17 of the Child Labour (Prohibition and Regulation) Act, 1996 alleging that E. Sudhir Reddy has employed eight child labourers in his establishment and is thus punishable under Section 14 of the Child Labour (Prohibition and Regulation) Act, 1996. The matter is posted to March 21, 2007. In the mean time, E. Sudhir Reddy filed a writ petition. (W.P.No. 633 of 2005) before High Court of Bombay, Aurangabad Bench, seeking to quash the aforesaid criminal complaint. The High Court granted a stay order on all further proceedings in the above matter until further orders.

2. The Labour Inspector, Latur District filed a criminal complaint (CC.521 of 1997) before the Court of Judicial Magistrate First Class - Ausa against E.Sudhir Reddy alleging that four children were engaged by 'YK Reddy and Co', an agent of IVRCL, in the housing project at Killari. IVRCL in its reply contested the same and denied having any agent by the name of "YK Reddy and Co" and that it has not engaged any sub-contractor. The matter is posted to March 21, 2007. The Holding Company has obtained a stay order in the matter. E.Sudhir Reddy filed a writ petition (W.P.No No.257 of 2005) before High Court of Bombay, Aurangabad Bench, seeking to stay the aforesaid criminal case pending before Judicial Magistrate First Class -Ausa, Latur Dist. The High Court granted a stay order on all further proceedings in the above matter until further orders.

3. Kalindee Rail Nirman Engineers Limited (Complainant) filed a criminal complaint (CC 1469 of 2005) against IVRCL, Sudhir Reddy and one another under Section 138 of Negotiable Instruments Act, 1881. See "*Cases filed against IVRCL- Criminal Complaints*" on page 228.

   The State Government of Andhra Pradesh has filed a complaint against IVRCL and Mr. Sudhir Reddy (STC 149 of 2006) under the Inter-state migrant workers Act. For details of the said case, please see "Outstanding Litigation and Material Defaults- Cases filed against IVRCL- Claims below Rs. 100,000" on page 227.

Civil matters

4. Jeyaraj Robert (Plaintiff) filed a suit against IVRCL PSC Pipes Private Limited and E. Sudhir Reddy. For details see "*Cases filed by or against IVR PSC Pipes Private Limited"* on page 235.

5. IMG Academies Bharatha Private Limited (Plaintiff) filed a suit for perpetual injunction in the court of the District Judge, Ranga Reddy District (O.S.No. 269 of 2006) against IVRCL and Mr. Sudhir Reddy. For details of the said matter, please see "Outstanding Litigation and Material Defaults- Cases filed against IVRCL- Miscellaneous Cases" on page 227.

Legal Notices

6. Mr. Mohan Krishnamachari issued a legal notice against the Company, Mr. E. Sudhir Reddy, Mr. E. Sunil Reddy and certain others under section 138 of the Negotiable Instruments Act for dishonour of a cheque. For details of the case, please see "Outstanding Litigation and Material Defaults- Cases filed against the Company- Legal Notices" on page 216.

Cases filed by or against E. Sunil Reddy

1. Mr. Mohan Krishnamachari issued a legal notice against the Company, Mr. E. Sudhir Reddy, Mr. E. Sunil Reddy and certain others under section 138 of the Negotiable Instruments Act for dishonour of a cheque. For details of the case, please see "Outstanding Litigation and Material Defaults- Cases filed against the Company- Legal Notices" on page 216.

Cases involving the entities forming part of our Promoter group

IVR Enviro Projects Private Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVR Enviro Projects Private Limited

1. IVR Enviro Projects Private Limited (Petitioner) filed an arbitration petition in the High Court of Judicature at Madras (O.P.No. 14182 of 2005) against Tiruppur Municipality (Respondent) in relation to the construction of a solid waste processing and disposal facility at Kovilvazhi. The petitioner was awarded the project on a BOT basis for a lease period of 20 years after which the facility is required to be transferred to the respondent. The respondent failed to supply the requisite quantity of solid waste thereby breaching the agreement. The petitioner has incurred revenue losses of over Rs. 100 million. The petitioner has therefore filed this arbitration petition for the appointment of an independent and impartial arbitrator. The matter is now posted toAugust 11, 2007 respondent's arguments.

IVR PSC Pipes Private Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVR PSC Pipes Private Limited

1. Jeyaraj Robert (Plaintiff) filed a suit against IVRCL PSC Pipes Private Limited and E. Sudhir Reddy along with two others (Defendants) in the court of the Civil Judge, Senior Division at Panaji, Goa (Special Civil Suit No. 93 of 2001) for recovery of a sum of Rs. 354,300 due from the defendants along with interest at the rate of 18% per annum. The defendants paid a sum of Rs. 351,500 on September 23, 2005 through Tamilnadu Mercantile Bank Limited. The matter is posted to July 27, 2007 for framing issues.

First STP Private Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against First STP Private Limited

NIL

IVRCL Road Toll Holdings Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL Road Toll Holdings Limited

NIL

IVRCL Water Infrastructures Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL Water Infrastructures Limited

NIL

Geo IVRCL Engineering Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Geo IVRCL Engineering Limited

NIL

Jalandhar Amritsar Tollways Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Jalandhar Amritsar Tollways Limited

NIL

Chennai Water Desalination Limited

Contingent Liabilities as of March 31, 2007

Bank guarantees issued by the banks on behalf of the Company amount to total of Rs. 100 million

Cases filed by or against Chennai Water Desalination Limited

NIL

Salem Tollways Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Salem Tollways Limited

1. A petition was filed by Pappayal (Plaintiff) (O.S.No.61 of 2006) against three individuals (Defendants) before the Sub-Judge, Erode for partition, separate possession and injunction against alienation of certain property. The plaintiff further filed an interlocutory application to make Salem Tollways Limited a party to the suit claiming that the defendants had created a sale deed in favour of Salem Tollways Limited. The matter was posted to January 24, 2007 for plaintiff's written statements and the next date of hearing isJuly 18, 2007.

Kumarapalayam Tollways Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Kumarapalayam Tollways Limited

NIL

Hindustan Dorr- Oliver Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Claims against the company not acknowledges as debt, to the extent quantifiable (which excludes interest/penalty as may be determined / levied on the conclusion of the matters)	34,072
2.	Income Tax matters other than matters in appeal by the department before the tribunal (which excludes interest/penalty as may be determined / levied on the conclusion of the matters)	16,856
3.	Sales tax matters (which excludes interest/penalty as may be determined / levied on the conclusion of the matters)	27,429
4.	Excise matters, Show cause notice issued to the Company for additional excise duties (which excludes interest/penalty as may be determined / levied on the conclusion of the matters) in respect of goods supplied are disputed and the company has filed a writ petition in the High Court of Gujarat. The matter is still pending.	6,009
5.	Customs duty matters (which excludes interest/penalty as may be determined / levied on the conclusion of the matters)	342
6.	Stamp duty liability on transfer of certain land and buildings	-

Cases filed against Hindustan Dorr- Oliver Limited

Winding up proceedings

1. M/s Keppel Seghers Belgium (Petitioner) filed a winding up petition (Suit No 764 of 2005) before the High Court of Bombay against HDO, wherein they alleged that HDO is liable to pay an outstanding sum of Euros 79,400. On December 9 2002, HDO had entered into a purchase agreement with the petitioner for the purchase of UNITANK Anaerobic Aerobic Technology package for treatment of effluents for a sum of Euros 151,800. A sum of Euros 72,400 was paid from the aforesaid amount leaving an outstanding amount of Euros 79,400. The petitioner contends that they had delivered the technology package and performed their obligations as per the contract; however HDO failed to pay the outstanding amount. The matter was heard on August 6, 2006 and the court directed the petitioner to file a regular civil suit for recovery of money and directed HDO to furnish a bank guarantee to the court equivalent to the sum claimed in the petition within eight weeks of the court order. HDO has furnished the said bank guarantee. The said winding up petition has been disposed off and the Petitioner filed a summary suit (No. 9 of 2007) before the Bombay High Court. The summary suit was heard and argued on June 18, 2007

and the court was pleased to give conditional leave to HDO to defend the suit and directed that the bank guarantee should continue till the disposal of the suit.

2. Ravinder P. Angara filed a winding up petition (No. 768 of 2006) before the Bombay High Court claimng that the HDO owed him Rs. 42.70 million for the supply of steel. HDO signed a settlement deed with him April 26, 2007 wherein HDO agreed to pay him the said Rs. 42.70 million within six months from the date of the settlement deed. The matter was disposed of stating that the claimant would be at liberty to file a fresh petition in case of default in making the payments.

Arbitration Claims

3. Panchasheela Trading and Development Corporation (Claimant) filed an arbitration petition (No. 24 of 2003) against HDO for recovery of Rs. 7.16 million. The claimant was a sub-contractor for civil and structural work for Orissa Mining Corporation. He claims to have done some additional work with respect to which HDO was required to make certain payments along with interest. HDO filed its written submissions on June 16, 2007. The matter was heard on June 30, 2006 and was reserved for orders..

4. Sharma Erectors and Fabricators Private Limited initiated arbitraiton proceedings claiming USD 234.90 towards unpaid dues from HDO. HDO entered into a settlement deed dated June 19, 2007 underwhich it had agreed to pay Rs. 5 million in four instalments. HDO has already paid the first installment. The last installment is due on March 31, 2008. The arbitration panel approved the settlement deed and the arbitration petition is yet to be withdrawn.

Money Recovery claims

5. Thermax Limited (Plaintiff) filed a suit (O.S No 75 of 2000) before the High Court of Bombay, against HDO (Defendant No. 1) and Deutsche Bank (Defendant No. 2) for recovery of a sum of Rs 1,843,742.35 from HDO with respect to non payment of dues for installation of a secondary treatment plant. The Plaintiff further prayed for a permanent injunction restraining HDO from invoking the bank guarantee of Rs 750,000 and to pass a restraining order on the 2nd defendant from making payment under the said bank guarantee. The Court by its decree dated January 18, 2000 dismissed the motion taken out against the encashment of the bank guarantee by HDO, pursuant to which the bank guarantee of Rs. 750,000 was encashed. Pursuant to that the plaintiff then, filed a suit (No 39 of 2000) before the High Court, Bombay, amending the amount allegedly payable by HDO, and claiming a sum of Rs. 2,606,242.35, to include the value of the encashed bank guarantee. The matter is pending for HDO to file its written statements.

6. Pioneer Buildings Syndicate (Plaintiff) filed a civil suit (C.S.No 226 of 1992) before the High Court of Madras against HDO claiming a sum of Rs. 2,773,000 for the refund of the bank guarantee and payment for additional work performed by them. HDO had engaged the plaintiff as a sub-contractor for performing certain civil work in Hindustan Petroleum Company Limited, Vizag. As security for non-performance, the plaintiff gave a bank guarantee for Rs. 1,500,000 from Pioneer Buildings Syndicate. The High Court of Madras rejected the plaintiff's prayer for injunction and passed a decree in favour of HDO, awarding the bank guarantee to HDO. The plaintiff filed a revision petition (Civil Revision Petition No 1725 of 1996) and HDO has filed a counter claim for the same. The suit and revision petition is pending hearing and final disposal.

7. New India Constructions (Plaintiff) filed a suit (O.S.No.112 of 2006) before the Senior Civil Judge at Gajuwaka against HDO for recovery of outstanding dues of Rs. 235,564 with an interest of Rs.169,606 for alleged civil and structural works done. The plaintiff alleges that it was appointed as a sub-contractor to complete civil and structural works for Hindustan Petroleum Company Limited, Vishakapatnam branch office on behalf of HDO. Pursuant to the completion of such works, the plaintiff contends that HDO failed to pay the outstanding dues and is claiming interest over the outstanding dues along with the principal amount due. The matter was posted to June 10, 2007 for trial and the next date of hearing is not available.

8. Bikash Kali Sarkar (Plaintiff) filed an indigent appeal suit (No. 420 of 1999) before the High Court of Judicature of the State of Kerala against Debuild Designers and builders Private Limited,

(Respondent No. 1) and HDO (Respondent NO. 2) praying for arrears of service benefits amounting to Rs. 250,000 which were alleged by the plaintiff to be due and payable to him.

9. Suresh U. Honavar filed a summary suit (Suit No 4594 of 1997) before the High Court of Bombay against HDO for recovery of debt amounting to Rs. 695,222 inclusive of interest at 19% per annum, for execution of civil works and erection of Raw Water Treatment Plant at Hazira, Gujarat on the site belonging to Essar Power projects on behalf of HDO. The matter was heard in September 2005 wherein the prima facie case has been established. In the mean time, HDO made a counter claim against the plaintiff for a sum of Rs. 731,278. The matter is pending hearing and final disposal. No date has been fixed yet for the next hearing.

10. Sanghi Textiles Limited filed a suit (O.S.No. 61 of 1999) for declaration, permanent injunction, damages and compensation before the Court of Civil Judge (Senior Division) Bongaigaon, against Ashok Paper Mill (Assam) Limited as the main Defendant and HDO as one of the proforma defendents to the suit praying that the proforma defendants be entitled to recover any dues that may be payable by Ashok Paper Mill to the proforma defendants.

11. Zuari Industries Limited, Goa (Plaintiff) has filed a civil suit (Special Civil Suit No. 66/2000/B) before the court of Additional Civil Judge, Senior Division, Vasco Da Gama, Goa) against HDO (Defendant) and Grand Parroise (GP) (Co-Defendant), alleging that sub-standard material was used for the NPK fertiliser plant supplied by HDO and further that the NPK fertiliser plant is not as per the requirements set out in the contract. The plaintiff is praying for a sum of Rs. 1,549,000,000 as compensation towards value of contract and loss of profits. Further, the plaintiff filed certain miscellaneous applications which have been dismissed by the court. The matter is now posted for evidence and next date of hearing is July 10, 2007. The next date of hearing is not available as yet.

Labour Disputes

12. Murlidharan. G. Nayar and six other workmen moved the Labour Court, Ahmedabad (LCA-890 of 2000) against HDO alleging to be employees of HDO and therefore claiming reinstatement with back wages. The workmen were working as employees of Abu Engineering Works, who was the in-house fabrication contractor of HDO. HDO has terminated its contract with Abu Engineering Works and full and final settlements of all legal dues were made by the contractor to the workmen. The Workmen moved the Court claiming employment with HDO and hence demanding reinstatement with back wages of about Rs. 782,000. The next date for hearing has not been fixed as yet.

13. V.C.Patil (Plaintiff) was a clerk in the accounts department of HDO. Owing to his involvement in union activities he was paid all his dues and asked to resign in 1989. He was re-appointed as a clerk for a contract period of one year with effect from May 2, 1991. At the end of the one year period he was issued a termination letter along with retrenchment compensation. The plaintiff then filed a case before the Labour Court at Ahmedabad (LCA 2323 of 1992) against HDO for his reinstatement with back wages amounting to Rs. 0.13 million and the Court passed an order in favour of the plaintiff. HDO filed a petition before the Gujarat High Court (SPA-4743 of 2004) against this Order and the court has granted a stay on the order passed by the Labour Court.

14. Gujarat Mazdur Panchayat, the trade union, has filed a recovery application (No.3065/95) before the Presiding Officer Labour Court, Ahmedabad against HDO, on behalf of 20 workmen demanding for a direction that the deduction of wages from the salary for June-July 1995 was illegal and for the payment of wages during the strike period from June 21, 1995 to July 3, 1995. The matter is pending for final disposal.

15. The resigned workers (under the voluntary retirement scheme) have filed complaints to commissioner office through the trade union (Gujarat Kamgar Panchayat) against HDO demanding to maintain the strength of 278 in our Company and demanding for payment of wages to workmen for the lockout period from May 24, 2000 to May 31, 2000. The commissioner of labour has forwarded the matter to Labour Court, Ahmedabad (Ref.No.D/53/2002 and Ref.No.D/55/2002) for further proceeding and the date for the next hearing has not been provided as yet.

16. Few workers of HDO who had sought voluntary retirement under the voluntary retirement scheme filed a complaint to the commissioner (Gujarat Kamgar Panchayat) against HDO disputing the scheme and hence demanding reinstatement with back wages. The commissioner has forwarded the matter to the Labour Court, Ahmedabad (Ref.No.D/6/2003) and the same is pending hearing.

17. CPCL-TTP (Chennai Petroleum Corporation Limited – Tertiary Treatment Plant) Contract Employees Progressive Union has filed a writ petition in the Madras High Court (WP No.12878 of 2003) against Deputy Chief Labour Commissioner, Bangalore (appropriate authority), the General Manager, CPCL and HDO, which is the principal employer. HDO had an operations and maintenance contract with CPCL for their WWTP plant at Chennai and the workmen were contract employees. Consequent to expiry of the contract in normal course, fearing termination of employment, the employees of the HDO's contractor went to court against discharge/termination. Since the contract expired by efflux of time, HDO paid the legal dues payable to these workmen through the sub-contractor and HDO has filed the discharge petition.

18. The ESIC authorities have filed a recovery suit (No. 1 of 1997) before the ESIC tribunal, Mumbai demanding payment of differential contribution amounting to Rs.0.66 million on the ground that conveyance allowance is to be considered as part of wages for payment of ESI contribution. The tribunal upheld HDO's stand and the ESI department has preferred an appeal against the same. The appeal is pending before High Court of Bombay and the matter has not been listed as yet.

Miscellaneous cases

19. The Estate Officer, LIC of India filed case 17 and 17A under the Public Premises Eviction of Unauthorised Persons Act, 1971 ("**Act**") against HDO before the Estates Officer appointed under the Act seeking to evict HDO from the leased premises at Jeevan Jyot in Mumbai and claiming damages of Rs. 29 million plus interest from the date of eviction notice till payment. HDO has filed its written statement on October 3, 2006 and the matter was posted to July 4, 2007 and the next date of hearing is not available as yet.

20. Veda Prakash Goyal (Claimant) filed a case (No. 1554 of 2006) in the Tees Hazari Court, Delhi against a stock broker and HDO. The relevant background is that HDO authorised a scheme of reconstruction which was approved by the Bombay High Court under which certain shares were converted into non-convertible debentures. The debetures that were to be issued to Veda Prakash Goyal were allotted in the name of the stock broker who failed to return the money or the shares to the claimant. No claim has been made against HDO.

21. Chloro control Equipment Company Limited filed a suit (A.S. No. 686 of 2006) before the Additional City Civil Court, Chennai against Vivek Satya Services and Devices and three others of which HDO is also a party. The Company was the first defendant's agent and filed this suit for recovery of pending dues from the first defendant. No claim has been made against HDO.

22. HDO received summons from the Additional Civil Court, Viramgam, Ahmedabad to appear on April 26, 2007. HDO was shown as defendant no. 33. The petition was filed by Rajender Kumar Parmanand Parekh and one another for grant of succession certificate from a court with respect to securities of several companies of which HDO is also a party. The next date of hearing is not available as yet.

Income Tax - Departmental Proceedings

HDO has contested the assessment orders passed by the Deputy Commissioner of Income Tax before the Commissioner Income Tax (Appeals) ("**CIT (Appeals)**")for the following assessment years on the following grounds. The Commissioner Income Tax (appeals) has allowed the appeals in favour of HDO against which the Income Tax department filed an appeal before the Income Tax Appellate Tribunal ("**ITAT**"). The matters were last heard on June 13, 2007 and they are pending for hearing.

Assessment Year 1990-91:

a) Technical services fees allowed as revenue Rs. 3,227,312.
b) Provision for warranty and field services allowed by CIT in HDO's favour Rs. 2,534,230.
c) Expenses pertaining to issue of bonus shares allowed by CIT (Appeals) Rs. 327,600.
d) Expenses attributed to the earning of dividend allowed by CIT (Appeals) Rs. 600,000.

e) Disallowances of expenses pertaining to traveling expenses under rule 6D Rs. 134,240.
f) Disallowances of guest house expenses under section 37(4) Rs. 101,649.

Assessment Year 1991-92:
a) Technical services fees allowed as revenue Rs. 5,689,095.
b) Provision for warranty and field services allowed by CIT in HDO's favour Rs. 8,637,319.
c) Disallowances of expenses pertaining to traveling expenses under rule 6D Rs. 108,705.
d) Disallowances of guest house expenses under section 37(4) Rs. 14,149.
e) Interest income treated as business income instead of income from other sources Rs. 6,112,000.
f) Deletion of addition under Rule 6B pertaining to presentation of articles, not bearing the or HDO's logo Rs. 33,320.
g) Deletion of addition under section 37(2A) Rs. 107,583.
h) Notional interest on secured loans advanced to three closely related companies Rs. 4,030,000.

Assessment Year 1992-93:
a) Technical Services fees allowed as revenue Rs. 2,982,959.
b) Provision for warranty and field services allowed by CIT in HDO's favour Rs. 4,565,417.
c) Disallowances of expenses pertaining to traveling expenses under rule 6D Rs. 150,000.
d) Disallowances of guest house expenses under section 37(4) Rs. 591,801.
e) Deletion of addition under Rule 6B pertaining to presentation of articles, not bearing the or HDO's logo Rs. 61,400.
f) Provision made for doubtful debtors allowed by CIT in HDO's favour Rs. 2,258,848.
g) Notional interest on secured loans advanced to three closely related companies Rs. 4,030,000.

Assessment Year 1993-94:
a) Technical services fees allowed as revenue Rs. 3,384,835.
b) Provision for warranty and field services allowed by CIT in HDO's favour Rs. 8,551,290.
c) Disallowances of expenses pertaining to traveling expenses under rule 6D Rs. 163,147.
d) Disallowances of guest house expenses under section 37(4) Rs. 129,000.
e) Deletion of Addition under Rule 6B pertaining to presentation of articles, not bearing the or HDO's logo Rs. 18,260.
f) Provision made for doubtful debtors allowed by CIT in company's favour Rs. 4,850,525.
g) Notional interest on secured loans advanced to three closely related companies Rs. 4,030,000.

Assessment Year 1995-96:
a) Technical Services fees allowed as revenue Rs. 386,872.
b) Provision made for doubtful debtors allowed by CIT in HDO's favour Rs. 1,547,426.
c) Notional Interest on secured loans advanced to three closely related companies Rs. 3,570,000.

Assessment Year 1996-97:
a) Technical Services fees allowed as revenue Rs. 4,957,047.
b) Provision made for doubtful debtors allowed by CIT in company's favour Rs. 2,179,000.
c) Notional interest on secured loans advanced to three closely related companies Rs. 3,570,000.

Assessment Year 1997-98:
a) Technical Services fees allowed as revenue Rs. 5,670,115.
b) Notional interest on secured loans advanced to three closely related companies Rs. 3,570,000.

Assessment Year 1998-99:
a) Technical Services fees allowed as revenue Rs. 3,948,443.

Assessment Year 1999-00:
a) Technical Services fees allowed as revenue Rs. 2,730,000.

Assessment Year 2002-03:

Appeal filed by assessing Officer against CIT (Appeals) order on quashing of penalty imposed under section 271(1)(c) on Provision made for warranty and field services amounting to Rs. 4.4 million. The penalty that was imposed on HDO was Rs. 1,598,847.

Assessment year 2003-04:

The assessment officer disallowed the provision for warranty and field services to an extent of Rs. 1,950,797. The matter is pending before the CIT (Appeals).

Assessment year 2004-05:

The assessment officer disallowed the provision for warranty and field services to an extent of Rs. 355,843. The matter is pending before the CIT (Appeals).

Cases filed by Hindustan Dorr- Oliver Limited

Arbitration Claims

1. HDO initiated arbitration proceedings against Paradeep Phosphates Limited in respect of dispute arising from non-payment of bills with respect to a contract for erection of a fertilizer plant which was executed by HDO. The said arbitration panel gave an award in favour of HDO on May 31, 2000 for a sum of Rs 2,432,848.06 was interest payable at the rate of 15% per annum from the date of the claim until the date of payment. Paradeep Phosphates Limited filed an appeal against the aforesaid award, and the award has been set aside under section 34(2) of the Arbitration and Conciliation Act, 1956, by the District Judge on the ground that Paradeep Phosphates Limited's nominee arbitrator was not present on the final day of the hearing. HDO preferred an appeal (No. 12 of 2003) against this order before the Orissa High Court. The matter has not come up for hearing as yet.

2. HDO initiated arbitration proceedings against Indian Oil Corporation Limited (IOCL) to settle their differences with respect to the claim amounts in relation to a contract for construction of a waste water treatment plant with IOCL for their Panipat refinery project. HDO and IOCL have appointed a sole arbitrator. HDO claimed a sum of Rs. 6,987,195 being balance payment towards unpaid amount along with interest at the rate of 18% per annum. The matter is pending before the arbitral tribunal consisting of a sole arbitrator. IOCL in their counter claim have denied HDO's claim in its entirety and have claimed a sum of Rs. 21,462,483.82 towards liquidated damages along with interest at the rate of 18% per annum. IOCL was required to file its counter on May 4, 2007 and the next date of hearing is not provided as yet.

Money recovery claims

3. HDO has filed a money recovery suit for a sum of Rs 518,000 (O.S.No. 342 of 1993) before the City Civil Court, Hyderabad against Suman Metallurgical and Chemicals. The case was heard and was dismissed in 1995 interalia on the grounds of limitation, pursuant to which HDO preferred an appeal before the High Court, of Hyderabad in 1996. The matter is pending final hearing and disposal.

Civil matters

4. HDO filed a suit (Suit No. 80/87 of 2001) before the Small Causes Court at Bombay against T.R.Krishna Rao (Defendant), former Managing Director of HDO for eviction from its leased residential premises situated at Malabar Hill, Jeevan Joth which was assigned to him for residential purposes during his tenure as the Managing Director of HDO. The said premises were taken on lease by HDO from Life Insurance Corporation (LIC). Pursuant to the resignation of Mr. T.R. Krishna Rao as the Managing Director of HDO on July 27, 1988, he has failed to vacate the premises. The defendant has since filed an application for staying/dismissal of the suit on the ground that LIC has filed suit for eviction against HDO. This was contested by HDO by its affidavit filed on January 16, 2007. The next date of hearing is yet to be provided. The matter was argued on July 5, 2007 and the next date of hearing is not provided as yet.

5. HDO filed a suit (O.S. No. 625 of 2001) before the Subordinate Judge at Poonamallee against P.Govardhan and Manoharan (Defendants) for the eviction of the defendants from certain property belonging to HDO. The Court in its last hearing appointed a Commissioner to conduct a title search of the Property. The survey is not complete and the matter is being adjourned from time to time. The matter is posted to July 20, 2007 for hearing.

6. HDO filed a suit against Zuari Industries Limited ("ZIL") before the Bombay High Court (Suit No. 2424 of 2002) for recovery of a sum of Rs. 43.30 million with interest @ 18.5% being monies

payable with respect to certain services provided by HDO to ZIL. The relevant background is that on July 28, 1997, HDO accepted work orders floated by the ZIL for installation and erection of mechanical equipment, piping, electrical and instrumentation work for ZIL's pipe reactor system in relation to its operations. ZIL failed to pay the amounts due to HDO and on June 21, 2002, a notice of motion (No. 755 of 2004) was filed by ZIL for ad-interim relief and inter-alia for stay of the suit filed by HDO. Subsequently, by an order dated December 1, 2004 the proceedings of the aforesaid suit had been stayed and HDO preferred an appeal against the order. The appeal was heard by the division bench on April 17, 2006, and directed that the appeal be listed for final hearing. The matter has not come up for hearing as yet.

7. HDO filed a summary civil suit in the Ahmedabad City Civil Court against Stewarts and Lloyds of India Limited (Defendant) for recovery of a sum of Rs. 7,913,955 being the amount of bank guarantee unlawfully encashed by the defendants besides interest. The matter has not come for hearing as yet. HDO filed its rejoinder on February 13, 2007 and thereafter the matter has not come up for hearing.

8. HDO has filed a Summary Suit against Oswal Chemicals and Fertilizers Ltd. in 2001 before the Bombay High Court for recovery of a bank guarantee for an amount of Rs. 665,000 wrongfully encashed by Oswal Chemicals and Fertilizers Limited. The matter has not come for hearing as yet.

9. HDO filed a suit (No. 817/1999) for specific performance of a contract and compensation against Chadha Papers Limited, New Delhi (Defendants). The defendants entered into a purchase order agreement dated March 20, 1996 for purchase of plant and machinery but had failed to take the delivery of the plant and machinery made as per the order. An initial sum of Rs. 4,600,000 was received by HDO. HDO is praying for specific performance of the contract or for compensation of a sum of Rs. 10,000,000 for breach of contract and expenditure and losses incurred by them owing to the same. The matter is posted to August 1, 2007 for cross-examination of witnesses.

10. HDO filed a summary suit (Suit No. 983 of 1992) before the City Civil Court, Ahmedabad against Real Latex Private Limited (Defendants) for recovery of the outstanding amount of a sum of Rs. 208,666 with respect to purchase of an Automatic Latex Deeping Machines and praying for a decree that the defendants be directed to pay a total amount of Rs. 342,500 for breach of contract. The defendants filed a counter claim for a sum of Rs, 1,172,000 alleging a breach of contractual obligations by HDO. The matter has not come up for hearing as yet.

11. HDO has filed a suit (O.S No. 22 of 1997) before the Sub-Court Kollam against the Kerala Minerals and Metals Limited (Defendants) under Section 26 and Order VII, rule 1, Code of Civil Procedure for recovery of a sum of Rs. 2,530,600 with interest at the rate of 18.5% per annum as damages for breach of contract by the defendants. HDO has filed a petition for setting aside the dismissal which has not come up for hearingas yet.

12. HDO filed a case against Paradeep Phosphates Limited (Defendant) before the High Court of Cuttack (Misc. Case No. 205/96 New No. 298/2001) claiming a sum of Rs. 8,366,000 as compensation. The background is that HDO's engineers were made to overstay beyond the guarantee and contract period stipulated in the agreement for ensuring suitable functioning of the plant. HDO has made an application for constitution of an arbitration tribunal to try its case for overstay compensation. The matter was posted to June 23, 2007 for hearing and the next date of hearing is not available as yet.

Employee matters

13. HDO filed a petition (E.I.O.P.No. 85 of 1990) before the Employees State Insurance Court at Madras, for declaration that its establishment situated in Madras is not covered by the provisions of the Employees State Insurance Act and praying that the order dated July 12, 1990 under Section 45A passed by the Regional Director, Employees State Insurance Corporation be set aside and declared null and void. The background is that HDO received a notice dated February 24, 1984 from the Employees State Insurance Corporation directing its establishment at Madras to get itself registered under the provisions of the Employees State Insurance Act. Pursuant to that HDO informed Employees State Insurance Corporation that its establishment in Madras did not fall under the purview of the Act. The matter is posted to August 7, 2007 for hearing.

14. HDO filed a petition before the Labour Court at Ahmedabad (LCA-38 of 2000) challenging the order dated June 17, 1999 passed by the Presiding Officer, Special Labour Court, Ahmedabad, wherein it was held that the dismissal of certain employees of HDO was illegal and unjustified. These individuals filed complaints before the Special Labour Court, Ahmedabad, contending inter alia that HDO has contravened the provisions of Industrial Disputes Act, 1947, by wrongfully terminating their services. The complainants contended that the inquiry held by the management is not in accordance with the principles of natural justice. HDO has prayed in its petition for quashing the order passed by the Labour Court. The matter is pending final hearing and disposal in the High Court. The matter was set aside by the division bench and sent back to the labour court. The next date of hearing is not known as yet.

Other Matters

15. HDO filed a suit against V.S.Aiyyappana and Manikantan (O.S.No. 250 of 2007) before the Court of District Munsif, Alandur, Chennai further encroachment on HDO's freehold land in Chennai. The court granted temporary possession. HDO moved an application for demolition of the wall and receovery of freehold land in Chennai. The next date of hearing is July 27, 2007.

16. HDO filed a criminal complaint (No. 441 of 1998) againt one of its employees before the X Metropolitan Magistrate Court, Mumbai under section 420 of the Indian Penal Code for misappropriation of funds to an extent of Rs. 27,500. The accused has been absconding and there has been no progrees in the case although the complaint is nevertheless pending.

Tax claims

17. HDO along with Patel Filters Limited filed an appeal (S.C.A.No. 2730 of 1989) in Gujarat High Court against Order-in-Appeal (OIA) and obtained a stay from the court. The relevant background is that the Superintendent of Central Excise, Ahmedabad issued a show cause notice to Patel Filters Limited and HDO on June 25, 1986 to show cause as to why the price list should not be approved and provisional assessment finalized after including the cost of components and other materials supplied by HDO packing charges and drawing, designing and engineering charges incurred through the sales organization and notional profit thereof amounting to 40% of the price claimed for approval. On confirmation of the show cause notice in Order-In-Original (OIO), the notional profit was reduced from 40% to 30%. Patel Filters Limited and HDO have filed an appeal against the Order in Original in the Gujarat High Court; the case was then directed to Commissioner (Appeals), Mumbai. The Commissioner (Appeals) declared vide Order in Appeal that Patel Filters Limited HDO and others are related parties. The methodology adopted for pricing was once again challenged in appeal in the High Court which then set aside the order of Assistant Commissioner Excise. The matter is pending.

18. HDO purchased an Audi car from Atul Mehta. Subsequently, the Directorate of Revenue Intelligence (DRI) seized the car for short payment of customs duty by way of incorrect declaration. The car was released by DRI on payment of Rs 100,000 as redemption fine by HDO and a duty of Rs. 242,169 which was paid by Atul Mehta, however it was subject to the payment of differential Customs duty. The case was referred to Customs Excise and Gold (Control) Appellate Tribunal (CEGAT) by the department wherein HDO was directed to pay a duty amount of Rs 703,879. Pursuant to that HDO has preferred an appeal (C.A.No. 5142 of 2005) before the Supreme Court against the order of CEGAT. The matter has not compe up for hearing before the Supreme Court.

19. HDO had not paid/delayed sales tax for the assessment years 1984-85 to 1992-93 due to the State of Kerala (total demand is for a sum of Rs. 2,819,307). In the meantime there was a scheme devised by the Government of Kerala under Section 23A of the KGST Act, 1963 giving amnesty in the rate of interest if the same were paid on or before January 31, 2000. HDO opted for payment of tax plus interest as per the scheme and the amount was paid in full, availing the benefit. However, assessment authority issued a notice rejecting the application on January 31, 2000. This order of the officer was challenged by HDO in a writ petition filed before the High Court of Kerala (O.P.No. 19487 of 2000). The matter has not come up for hearing as yet.

20. HDO has filed a writ petition before the High Court of Judicature at Chennai in 2005 against the Deputy Commercial Tax Officer, Chennai, to quash the order dated April 10,1997 for the payment

of penalty and further direct the officer to modify the assessment in light of the orders dated July 25, 2002 passed by the Tamil Nadu Sales Tax Appellate Tribunal (Mail Bench) Chennai involving HDO (T.A.Nos.165 to 168/2000) and give refund of the taxes already paid by HDO in respect of the inter-state movement of goods and import of goods. HDO received exemption from payment of taxes under Section 3-B(2)(a) of the TNGST Act, 1959 for inter-state purchases and import purchases made for use in works contract for the assessment years 1989-90 to 1991-92 by an order dated July 25, 2002. The matter is pending final hearing and disposal.

21. HDO filed a writ petition before the High Court of Cuttack (O.J.C.No.10539 of 1997) against the Assistant Commissioner of Commercial Taxes, Cuttack, claiming a refund of a sum of Rs. 6,585,336 paid by Paradeep Phosphates. The sales tax officer assessed HDO and demanded Rs 9,226,556 for the years 1985-86 and Rs.416,986 for the year 1887-1988. Aggrieved by the order, HDO filed an appeal before the Assistant Commissioner Sales Tax. The Assistant Commissioner Sales Tax passed a common order for aforesaid three years. HDO preferred a second appeal against the Assistant Commissioner Sales Tax before the Sales Tax Tribunal. The Sales Tax Tribunal passed a common order allowing the inter-state sales and directed the assessing officer to recompute the tax and refund the excess amount. The State being aggrieved by the Tribunal's order filed reference application. The Sales Tax Tribunal passed an order rejecting the reference application. Since the money was not refunded, HDO filed the present writ petition. Thenext date for hearing has not been fixed as yet.

Income Tax - Departmental Proceedings

The following are the appeals preferred by HDO before the Income Tax Appellate Tribunal ("**ITAT**") against the assessment orders confirmed by the Commissioner of Income Tax (Appeals) on the following grounds for the following assessment years:

<u>Assessment Year 1989-90:</u>

a) Provision for warranty and field services- Rs. 3,494,543.

<u>Assessment Year 1990-91:</u>

a) Notional Interest on secured loans aggregating to Rs. 4,030,000 advanced to (i) Patel Filters Limited - Rs. 460,000; (ii) Nihon Electricals Limited Rs. 459,000; (iii) Orsan Electricals Limited Rs. 3,111,000
b) Consultancy charges paid- Rs. 198,155
c) Restricting the deduction under section 32 AB to Rs. 9,526,449 as against Rs. 9,778,449- Rs. 252,000
d) Expenses relating to increase in the authorised share capital treated as capital expenditure: Rs. 122,400.

<u>Assessment Year 1991-92</u>:

a) Consultancy charges paid- Rs. 127,135
b) Income on interest on deposits treated as Income from other sources- Rs. 1,800,144

<u>Assessment Year 1995-96:</u>

a) Provision for doubtful debts- Rs. 682,000
b) Provision for warranty and field services- Rs. 11,470,021
c) Disallowance under rule 6D- Rs. 150,000
d) Expenses disallowed under section 37(4)- Rs. 152,000

<u>Assessment Year 1996-97:</u>

a) Provision for doubtful debts- Rs. 4,911,727
b) Provision for warranty and field services- Rs. 23,525,832
c) Disallowance under rule 6D- Rs. 104,582
d) Expenses disallowed under section 37(4)- Rs. 200,000
e) Deduction u/s 80 O to allowed on Gross amount instead of net income – Rs. 46,629
f) Provision for accrued leave liability- Rs. 2,366,170
g) Entertainment expenses u/s 37(2A)- Rs. 62,570
h) Annual Membership Fees treated as capital expenditure- Rs. 154,500.

<u>Assessment Year 1997-98:</u>

a) Provision for doubtful debts- Rs. 5,027,986
b) Provision for warranty and field services- Rs. 18,930,249
c) Disallowance under rule 6D- Rs. 116,631
d) Expenses disallowed under section 37(4)- Rs. 360,000
e) Deduction u/s 80 O to allowed on Gross amount instead of net income – Rs. 219,396
f) Entertainment expenses u/s 37(2A)- Rs. 53,871
g) Depreciation claimed on the leased Assets- Rs. 13,000,000
h) Lease Management Fees- Rs. 130,000
i) Provision for cost of sale- Rs. 2,650,685

Assessment Year 1998-99:
a) Provision for doubtful debts- Rs. 9,683,525
b) Provision for warranty and field services- Rs. 8,171,352
c) Provision for cost of sale- Rs. 584,798
d) Provision for bad advance- Rs. 4,982,563

Assessment Year 1999-2000:
a) Provision for doubtful debts- Rs. 4,440,300
b) Provision for warranty and field services- Rs. 3,394,920
c) Provision for cost of sale- Rs. 5,485,329
d) Provision for bad advance- Rs. 14,026,641

Assessment Year 2000-01:
a) Provision for warranty and field services- Rs. 1,197,554
b) Thrusting depreciation- Rs. 8,234,388

Assessment Year 2000-01:
a) Provision for warranty and field services- Rs. 3,620,453

IVRCL Steel Constructions & Services Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL Steel Constructions & Services Limited

NIL

Soma Hotels and Resorts Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Soma Hotels and Resorts Limited

NIL

Palladium Infrastructure and Projects Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Palladium Infrastructure and Projects Limited

NIL

S.V. Equities Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against S.V. Equities Limited

NIL

Eragam Finlease Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Eragam Finlease Limited

NIL

Telcon Ecoroad Resurfaces Private Limited

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Telcon Ecoroad Resurfaces Private Limited

NIL

SPCL-IVRCL

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against SPCL-IVRCL

NIL

UAN Raju IVRCL Construction

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against UAN Raju IVRCL Construction

NIL

IVRCL-Harsha

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL-Harsha

NIL

IVRCL, SEW & PRASAD

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL, SEW & PRASAD

1. Tenders in respect of the Polavaram Project were called for and IVRCL Sew and Prasad were awarded the contract for execution of the project on turnkey basis and the governmental agencies began the process for land acquisition. A group of farmers aggrieved by the decision of the Government of Andhra Pradesh filed a writ petition (W.P.No.826) of 2006 before the High Court of Andhra Pradesh against Union of India and other Governmental Departments and IVRCL Sew and Prasad, to declare the actions of the various governmental departments as illegal and for want of jurisdiction. The Court had issued a show cause notice to all the defendants before admission to which the IVRCL Sew and Prasad had replied to the court requesting that they dismiss the petition. The matter is posted to July 31, 2007 for listing. The petitioners filed another writ petition (No. 26590 of 2006) before the High Court of Andhra Pradesh against the District Collector and others to stall the land acquistions. This matter is posted to July 10, 2007. The next date of hearing is not available as yet.

Navayuga, IVRCL & SEW

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Navayuga, IVRCL & SEW

NIL

IVRCL, Navayuga, & SEW

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL, Navayuga, & SEW

NIL

Bhanu IVRCL Associates

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against Bhanu IVRCL Associates

IVRCL has filed an arbitration petition against Bhanu Constructions company for appointment of an arbitrator. For details see "*Outstanding Litigation and Material Defaults- Cases filed by IVRCL-Arbitration Claims*" on page 231 of this Red Herring Prospectus.

IVRCL –Tantia

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL –Tantia

NIL

IVRCL - JL (Joint Venture)

Contingent Liabilities as of March 31, 2007

NIL

Cases filed by or against IVRCL - JL (Joint Venture)

NIL

Cases involving individuals forming part of our Promoter group

Cases filed by or against Mrs. E. Anupama Reddy

NIL

Cases filed by or against Mr. E. Ella Reddy

NIL

Cases filed by or against Mrs. E. Sujatha Reddy

NIL

Cases filed by or against Mr. E. Siddhanth Reddy

NIL

Cases filed by or against Mr. E. Sanjeeth Reddy

NIL

Cases filed by or against Mrs. M. Vijaya Reddy

NIL

Cases filed by or against Mr. M. Sandeep Reddy

NIL

Cases filed by or against Mrs. E. Indira Reddy

NIL

Cases filed by or against Ms. E. Soma Reddy

NIL

Cases filed by or against Ms. E. Suha Reddy

NIL

Cases filed by or against Mr. B. Balaiah

NIL

Cases filed by or against Mrs. B. Swayam Prabha

NIL

Cases filed by or against Mr. B. Jagan Mohan

NIL

Cases filed by or against Mrs. Prameela

NIL

Cases involving our Directors

Cases filed by or against the Directors

Apart from the cases that have been filed against Mr. E. Sudhir Reddy, whoch have been disclosed under "Cases involving our Individual Promters – Cases filed by and against Mr. E. Sudhir Reddy", there are no cases filed by or against any of our Directors.

Past cases involving companies forming part of our promoter group

There are no cases involving any of our Promoters or any of the companies forming part of the promoter group which involve a violation of any statutory regulations, criminal offence or in which penalties have been imposed by the relevant authorities.

Details of past penalties imposed on companies forming part of our promoter group

There have been no instances in the past of any penalties that has been imposed on any company forming part of our promoter group by any statutory authorities.

Details of amounts owed to small scale undertakings, if any

NIL

Material Developments

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section "*Management's Discussion and Analysis Of Financial Condition And Results Of Operations*" on page 202.

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

Approvals for the Issue

1. Approval from the National Stock Exchange dated February 20, 2007.

2. Approval from the Bombay Stock Exchange dated March 1, 2007.

3. Letter dated November 17, 2006 to DIPP seeking confirmation on FIIs being permitted to participate in the Issue under the portfolio scheme.

4. Letter dated February 12, 2007, from the DIPP clarifying that the guidelines notified under press note 2 (2005 series) are applicable to investment made only under the FDI route and are not applicable to investment by FIIs under the portfolio investment scheme under the FEMA Regulation.

5. Letter dated February 16, 2007 to RBI seeking confirmation on FIIs being permitted to subscribe to the Equity Shares under the portfolio investment scheme and that press note 2 of 2005 is not applicable to investments by FIIs.

6. Letter dated June 12, 2007 from RBI clarifying that 'FIIs may invest in the proposed public issue of the Company under the portfolio investment scheme interms of Regulation 1(5) of schedule 2 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000'. However, it was provided that FII investments in any pre-ipo placement would be treated on par with FDI and will have to comply with the guidelines for such FDI in terms of lock-in period and other conditions prescribed vide press note 2 (2005 series).

Approvals to carry on our Business

A. Industrial/Labour/Tax

1. Certificate dated October 5, 2005 from the Office of the Commissioner of Central Excise and Customs Service Tax Cell, Hyderabad granting the Central Service Tax Code number: AAAC15048PST001 for the following services: (1) construction services in respect of commercial or industrial, buildings and civil structures, (2) architects services, (3) interior decorators, (4) business auxiliary services, (5) commissioning and installation, (6) maintenance or repair services, (7) goods transport operators, (8) construction of residential complex, and (9) consulting engineer.

2. Permanent Account Number (No. AAAC15048P) in the name of IVR Prime Urban Developers Limited.

3. Composite tax registration certificate (Form VAT 8) dated December 4, 2006 (TIN no: 29050705805) in the name of IVR Prime Urban Developers Limitedwhose principal place of business is at 438, 18th Main, 6th Block, "Prosperity", Koramangala, Bangalore 95. The certificate is valid from August 1, 2006 registering the Company as a dealer under section 22 of the Karnataka Value Added Tax Act, 2003. This certificate is valid from August 1, 2006 until cancelled. The certificate also provides that the Company is registered as a dealer under the Central Sales Tax Act, 1956 and is permitted to purchase certain goods, such as cement, iron & steel, paints, sanitary fittings and electrical goods, from outside the state of Karnataka.

4. Certificate of registration for VAT (TIN no: 28160249091) dated March 23, 2006 certifying that the Company located at Vijayanagar colony, Hyderabad is registered from July 1, 2005. The certificate also specifies that our Company is registered under the Central Sales Tax Act.

5. Certificate of registration for VAT (TIN no: 33080905203) dated March 14, 2007 certifying that the Company located at 30A, South Phase, 6th Cross road, Thiru-vi-ka Industrial, Guindy, Chennai 600 032 is registered from March 14, 2007.

6. Certificate of registration (No. 891912) dated March 14, 2007 under the Central Sales Tax, 1956 certifying that the Company located at 30A, South Phase, 6^{th} Cross road, Thiru-vi-ka Industrial, Guindy, Chennai 600 032 is registered as a dealer.

7. Approval dated May 30, 2007 issued by the Assistant Inspector of Labour, Chennaiu under the Tamil Nadu Industrial Establishments (National and Festival Holidays) Rules, 1959 approving the list of the holidays as specified.

8. License from the Government of Andhra Pradesh (No: A-1078(L) dated December 21, 2001 granted to the Company under Section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970, for civil work construction in the establishment of IVRCL (principal employer) at Vijayanagar colony, Hyderabad. The license is renewed until September 13, 2007. It is provided that the number of workmen employed as contract labour in the said establishment shall not exceed 300.

9. Registration certificate of establishment from the Department of Labour, Government of Karnataka dated March 29, 2007 (No. 0911/07) registering the Company as an establishment under the Karnataka Shops and Establishments Act, 1961, for 15 employees, valid from March 29, 2007 to December 31, 2011.

10. Certificate from Employees' Provident Fund Organisation, Hyderabad dated May 24, 2006 evidencing the grant of a separate code number (No. AP/HY/53404) to the Company with effect from December 18, 2005.

11. Renewal of the registration under the Andhra Pradesh Shops and Establishments Act, 1988, (No. LOIII/HYD/105/2005), for the premises at No.8-2-608/12, Road No. 10, Banjara Hills, Hyderabad, for 22 employees, from January 1, 2007 to December 31, 2007.

*B. Building/ Construction related Approvals/ No Objection Certificates ("**NOCs**")*

1. NOC dated May 15, 2007 issued to Ms. Deepa (owner of the land) certifying that power supply to an extent of 3000 KVA is technically and economically feasible to the group houses of Ms. Deepa (owner of the land) for the proposed residential layout at Sy.No. 89/1A, 79/1, 85/2, 79/2 and 79/5 at Jigani village, Karnataka.

2. NOC dated May 4, 2007 from the Microwave Survey Division, Karnataka Telecom circle, Bangalore, issued to Ms. Deepa (owner of the land), issuing clearance for construction of proposed residential building at Sy.No. 89/1A, 79/1, 85/2, 79/2 and 79/5 at Jigani village, Karnataka up to a maximum height of 27.00 meters.

3. Certificate dated February 26, 2007 issued to Ms. Deepa (owner of the land) from the Karnataka Geo Spatial Data Center, Bangalore certifying the latitude, longitude, height above the MSL and distance from the airport for Sy.No. 89/1A, 79/1, 85/2, 79/2 and 79/5 at Jigani village, Karnataka.

4. Letter dated May 18, 2007 from the Airport Director, Airports Authority of India, Hyderabad, authorising the Regional Executive Director, Airports Authority of India, Southern Region, Chennai to issue a NOC for height clearance in favour of the Company up to a registered height of 48.00 meters, site elevation of 601.00 meters after obtaining the revised plan from the Company with respect to Sy.No.25, Kancha Gachibowli village, Serilingampally Mandal, Ranga Reddy District.

5. No Objection Certificate dated June 19, 2007 from the Panchayat Head, Sandhaveloor, stating that they do not have an objection for conversion of land from agricultural use to residential use to an extent of 10.03 acres in Sandhavaloor, Chennai (Prime Pacific Project).

6. No Objection Certificate dated June 19, 2007 from the Panchayat Head, Sandhaveloor, stating that they do not have an objection for conversion of land from agricultural use to residential use to an extent of 17.97 acres in Sandhavaloor, Chennai (Prime Pacific Project).

7. No Objection Certificate dated June 19, 2007 from the Panchayat Head, Sandhaveloor, stating that they do not have an objection for conversion of land from agricultural use to residential use to an extent of 15.39 acres in Sandhavaloor, Chennai (Prime Pacific Project).

8. Approval dated January 5, 2007 issued by the Panchayat Raj Engineering Department, providing approval for use of drinking water in Jigani.

9. Approval dated February 2, 2007 issued by the panchayat raj in relation to the construction of group plot in Jigani.

10. Approval dated March 27, 2007 issued by the Panchayat Raj, Minjur to our Company providing the consent to commence construction of the apartments, residence and plots.

11. Approval issued by the Panchayat Raj, Sriperumbatur to our Company providing the consent to commence construction of the apartments, residence and plots.

Pending Applications

12. Application dated May 3, 2007 to the Director General of Police, Karnataka State Fire and Emergency Services for NOC so as to apply to BMRDA, made by Ms. Deepa, stating that she is the owner of Sy.No. 89/1A, 79/1, 85/2, 79/2 and 79/5 at Jigani village, Karnataka stating that they propose to use the lands to develop group housing.

13. Application dated May 25, 2007 made to the Airports Authority of India, Hyderabad by our Company for obtaining the N.O.C for height clearance for construction of building at proposed construction of multi storied at Rock Ridge Mall, on land situated at Sy.No.25, Kancha Gachibowli village, Serilingampally Mandal, Ranga Reddy District, Andhra Pradesh.

14. Application dated April 4, 2007 made to the Airports Authority of India, Hyderabad by our Company for obtaining the N.O.C for height clearance for construction of building at proposed construction of 'residential complex 1' on plot no. 21, 40, 41, 70, 74, 94, 106 and 123 in survey no. 77, madhapur village, Serilingampally Mandal, Ranga Reddy District, Andhra Pradesh.

15. Application dated April 4, 2007 made to the Airports Authority of India, Hyderabad by our Company for obtaining the N.O.C for height clearance for construction of building at proposed construction of 'residential complex 2' on plot no. 21, 40, 41, 70, 74, 94, 106 and 123 in survey no. 77, madhapur village, Serilingampally Mandal, Ranga Reddy District, Andhra Pradesh.

16. Application dated April 4, 2007 made to the Airports Authority of India, Hyderabad by our Company for obtaining the N.O.C for height clearance for construction of building at proposed construction of office building on plot no. 21, 40, 41, 70, 74, 94, 106 and 123 in survey no. 77, madhapur village, Serilingampally Mandal, Ranga Reddy District, Andhra Pradesh.

17. Application dated April 4, 2007 made to the Airports Authority of India, Hyderabad by our Company for obtaining the N.O.C for height clearance for construction of building at proposed construction of hotel complex on plot no. 21, 40, 41, 70, 74, 94, 106 and 123 in survey no. 77, madhapur village, Serilingampally Mandal, Ranga Reddy District, Andhra Pradesh.

18. Application dated June 21, 2007 made to the Assistant Commissioner, Trade Tax by our Company for registration under the Uttar Pradesh Trade Tax for the premises in Noida.

19. Application to the Registrar of Trade Marks, Office of the Trade Marks Registry at Chennai on June 7, 2007 in the name of 'IVR Prime Urban Developers Limited' under classes 42, 41, 37, 36, 19, 11 and 6 under the Trade Marks Act, 1999.

20. Application dated November 6, 2006 to the Andhra Pradesh Pollution Control Board requesting for renewal of consent for establishment and operation in relation to peoperty situated at Sy.No 25, Kancha Gachibowli village.

21. Applications dated June 22, 2007 to the Chief Inspector of Shops and Establishment, Noida for obtaining approval under the Shops and Establishment Act, 1962

Approvals received by our Subsidiaries

None

Applications made by our Subsidiaries

22. Applications dated June 15, 2007 made by Tirumani Developers Private Limited to revenue officer for conversion of land located at sy no. 7, 151, 154, 155, 161 and 161 in Haripuram.

23. Applications dated June 15, 2007 made by Tirumani Developers Private Limited to revenue officer for conversion of land located at sy no. 76, 121 and 97 in Vedurwada.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated March 1, 2006 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on March 27, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, our subsidiary, our group companies, associates of our group companies and other companies promoted by our Promoter and companies with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under Clause 2.2.2 of the SEBI Guidelines states as follows:

"*2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:*

(a) (i) *The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

OR

(a)(ii) *The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded*

AND

(b) (i) *The minimum post-issue face value capital of the company shall be Rs. 10 crores.*

OR

(b) (ii) *There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:*

(a) *Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*

(b) *Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*

(c) *The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)*"

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Net Issue are proposed to be Allotted to QIBs (in order to comply with the requirements of Rule

19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

- We are complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the Net Issue respectively.

- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-issue face value capital of the Company shall be Rs. 641.50 million, which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 28, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

(i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT

TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

(D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

(E) WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITTERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(F) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS**.

The filing of the Draft Red Herring Prospectus does not, however, absolve the company from any liabilities under section 63 or section 68 of the companies act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus."

The Book Running Lead Managers, and us accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Andhra Pradesh at Hyderabad , in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from the Company, BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Caution

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.ivrprime.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MOU entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Disclaimer Clause of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, and to permitted non-residents, FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for its observations and SEBI has provided its observations and the document has been filed with the ROCAccordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. BSE has given vide by its letter dated March 1, 2007 permission to our Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed.

BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The Exchange does not in any manner;-

(i) warrant , certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
(ii) warrant that our Company's securities will be listed or will continue to be listed on the BSE; or
(iii) take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. NSE has given by its letter ref: NSE/LIST/39889-N dated February 20, 2007 permission to our Company to use NSE's name in this prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed. NSE has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the NSE nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim again NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus had been filed with SEBI at SEBI Bhavan, C4 –A , G Block, Bandra Kurla Complex, Bandra East Mumbai 400 050.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Andhra Pradesh (Hyderabad).

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, Legal Advisors to the Underwriters and Legal Advisors to the Company, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Deloitte Haskins & Sells, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Opinion of the Expert to the Issue on Value of Property

We have not obtained any expert opinions on the value of the property.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [•] million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by our Company.

The estimated Issue expenses are as under:

(Rs.in million)

Activity	Expenses *
Lead management, underwriting and selling commission	[•]
Advertising and Marketing expenses	[•]
Printing and stationery	[•]
Others (Monitoring agency fees, Registrars fee, legal fee, listing fee, etc.)	[•]
Total estimated Issue expenses	[•]

**To be completed after finalization of issue price*

Fees Payable to the BRLMs, and the Syndicate Members

The total fees payable to the Book Running Lead Managers, and the Syndicate Members will be as per the letter of appointment dated June 11, 2006 with the BRLMs issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MOU to be entered into between us and the Registrar.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 19, our Company has not made any previous issues of shares for consideration otherwise than for cash.

Companies under the Same Management

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act, which has made any capital issue during the last three years.

Promise v/s performance

Our Company nor any Group or associate companies has made any previous rights and public issues.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds as of the date of this Red Herring Prospectus.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and us will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

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

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have also appointed Mr. S. Srinivasa Rao, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

Door No. 8-2-608-1-6
Naim Chambers
Road No. 10, Banjara Hills
Hyderabad 500 034
Tel: (91 40) 2349 5000
Fax: (91 40) 2349 5215
Email: investors@ivrprime.com

Change in Auditors

Since our inception T. Vijay Kumar, Chartered Accountant, was our statutory auditor. With effect from June 10, 2006, we have appointed Deloitte Haskin and Sells as our Statutory Auditors, pursuant to a resolution passed by our shareholders at our AGM held on June 10, 2006.

Capitalization of Reserves or Profits

Our Company has not capitalized our reserves or profits during the last five years.

Revaluation of Assets

We have not revalued our assets in the last five years.

Payment or benefit to officers of our Company

No officer of our Company is entitled to any benefit other than the statutory benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

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

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated March 1, 2006 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on March 27, 2006.

The DIPP, by its letter dated February 12, 2007, clarified that 'guidelines notified under press note 2 (2005 series) are applicable to investment made only under the FDI route and are not applicable to investment by FIIs under the portfolio investment scheme under the FEMA Regulation'.

The RBI by its letter dated June 12, 2007 clarified that 'FIIs may invest in the proposed public issue of the Company under the portfolio investment scheme interms of Regulation 1(5) of schedule 2 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000'. However, it provided that FII investments in any pre-ipo placement would be treated on par with FDI and will have to comply with the guidelines for such FDI in terms of lock-in period and other conditions prescribed vide press note 2 (2005 series).

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "*Main Provisions of Our Articles of Association*" on page 297.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of 10 Equity Share subject to a minimum Allotment of 10 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, Andhra Pradesh, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be Allotted will not be less than 1,000.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "*Main Provisions of our Articles of Association*" on page 297.

ISSUE STRUCTURE

The present Issue of 14,150,000 Equity Shares comprising of a Net Issue of 14,000,000 Equity Shares and an Employee Reservation Portion of 150,000 Equity Shares, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Eligible Employees/ Employee Reservation Portion
Number of Equity Shares*	At least 8,400,000 Equity Shares	Up to 1,400,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 4,200,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	150,000 Equity Shares.
Percentage of Issue Size available for allotment/allocation	At least 60% of Net Issue Size being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Net Issue or Net Issue less allocation to QIB and Retail Individual Bidders	Up to 30% of Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.	Up to 10% of Issue or Issue less Net Issue
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 420,000 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 7,980,000 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	10 Equity Shares.	10 Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	150,000 Equity Shares
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid/Allotment Lot	10 Equity Shares in multiples of 10 Equity Shares	10 Equity Shares in multiples of 10 Equity Shares	10 Equity Shares in multiples of 10 Equity Shares	10 Equity Shares in multiples of 10 Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks,	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific	Resident Indian individuals, Eligible NRIs and HUF (in the name of Karta), companies, corporate bodies, scientific	All or any of the following: (a) a permanent employee of the Company as on the day prior to the Bid /

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Eligible Employees/ Employee Reservation Portion
	mutual funds registered with SEBI, FIIs, venture capital funds# registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	institutions societies and trusts.	institutions societies and trusts	Issue Opening Date and based working and present in India as on the date of submission of the Bid cum Application Form. (b) a director of the Company, except any Promoters or members of the promoter group, whether a whole time Director part time Director or otherwise as on the day prior to the Bid / Issue Opening Date and based and present in India as on the date of submission of the Bid cum Application Form.
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs, and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Under the SEBI (Venture Capital Funds) Regulations, 1996 a venture capital may raise monies from any investor whether (i) Indian (ii) Foreign or (iii) non resident Indian by way of issue of units. In this issue, venture capital funds which have raised monies from foreign and non resident Indian investors (i.e categories two and three above) are not eligible to participate.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date before allotment, without assigning any reason thereof.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants and dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;

- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and

- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Issue Programme

BID/ISSUE OPENS ON	**July 23, 2007**
BID/ISSUE CLOSES ON	**July 26, 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except on the Bid / Issue Closing Date, the Bids shall be accepted between 10AM and **1 PM** and uploaded until such time as permitted by the BSE and the NSE, (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders and Employees Bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days.Bids will be accepted only on Business Days..

The Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for such number of days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, 150,000 Equity Shares shall be available for allocation on a proportional basis Eligible Employees, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. QIB Bids can be procured and submitted only through the BRLMs or their affiliates. In case of QIB Bidders, the Company in consultation with the BRLMs, as the case may be, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees our Company would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs or FIIs applying on a repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this Issue;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable;

- FIIs registered with SEBI;

- Venture Capital Funds registered with SEBI;

- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;

- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority, India;

- Subject to the applicable law, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and

- Permanent employees or Directors (whole-time Directors, part-time Directors or otherwise) of the Company, who are Indian Nationals and are based in India. The permanent employees should be on the payroll of the Company as on the day prior to the Bid / Issue Opening Date and the Directors should be directors on the date of the Red Herring Prospectus.

Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Note: The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Book Running Lead Managers and Syndicate Members may subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

The information below is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 420,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by NRIs

1. Bid cum application forms have been made available for NRIs at our registered /corporate office, members of the Syndicate of the Registrar to the Issue.

2. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 64,150,000 Equity Shares of Rs. 10 each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital.

The DIPP, by its letter dated February 12, 2007, clarified that 'guidelines notified under press note 2 (2005 series) are applicable to investment made only under the FDI route and are not applicable to investment by FIIs under the portfolio investment scheme under the FEMA Regulation'.

We have accordingly sought a confirmation from the RBI by letter dated February 16, 2007 on FIIs being permitted to subscribe to the Equity Shares under the portfolio investment scheme and that press note 2 of 2005 is not applicable to investments by FIIs in initial public offerings. The RBI has by its letter dated June 12, 2007 bearing number FE.CO.FID/28491/10.2.000/2006-07, clarified that 'FIIs may invest in the proposed public issue of the Company under the portfolio investment scheme interms of Regulation 1(5) of schedule 2 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000'. However, it was provided that FII investments in any pre-ipo placement would be treated on par with FDI and will have to comply with the guidelines for such FDI in terms of lock-in period and other conditions prescribed vide press note 2 (2005 series).

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

However, FVCIs are not allowed to participate in this Issue.

Information for the Bidders:

(a) The Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

(b) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Telugu). This advertisement, subject to the provisions of S. 66 of the Companies Act shall be in the format prescribed in Schedule XX – A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.

(e) The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

(g) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Telugu newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(h) The Price Band has been fixed at Rs. 510 to Rs. 600 per Equity Share of Rs. 10 each, Rs. 510 being the lower end of the Price Band and Rs. 600 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (One).

(i) The Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(j) The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 10 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Employee Reservation Portion:** The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.100,000 may bid at Cut-off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, the maximum Bid under the Employee Reservation Portion cannot exceed 150,000 Equity Shares.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 273) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 273.

(c) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 280.

Bids at Different Price Levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB, Non-Institutional Bidders and Eligible Employees bidding in excess of Rs. 100,000 and such Bids shall be rejected.

(b) Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 10 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(h) The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the BRLMs and/or their affiliates shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRIs and FIIs applying on a repatriation basis and pink colour for Bidders under Employee Reservation portion).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares, thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of 10 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 10 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.

(f) Bids by Non Residents, NRIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(g) For Eligible Employees bidding in the Employee Reservation Portion, the Bid must be for a minimum of 10 Equity Shares in multiple of 10 Equity Shares thereafter subject to a maximum of up to 150,000 Equity Shares.

(h) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(i) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

(a) a permanent employee of the Company as on the day prior to the Bid / Issue Opening Dateand based working and present in India as on the date of submission of the Bid cum Application Form.
(b) a director of the Company, whether a whole time director except any Promoters or members of the promoter group, part time director or otherwise as on the day prior to the Bid / Issue Opening Date and based and present in India as on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour Form).
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/ first Bidder shall be the Eligible Employee as defined above.
- Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- The Bids must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter. The allotment in the Employee Reservation portion will be on a proportional basis.
- Eligible Employees who Bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off Price. This facility is not available to other Eligible Employees whose Bid Amount in any of the bidding options exceeds Rs. 100,000.
- The maximum bid under Employee Reservation Portion by an Employee cannot exceed 150,000 Equity Shares.
- Bid/ Application by Eligible Employees can also be made in the "Net Issue" portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 150,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 150,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "Basis of Allotment" on page 286.
- Under-subscription, if any, in the Employee Reservation portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation portion.
- This is not an issue for sale within the United States of any Equity Shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid/ Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding /Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

  - Name of the investor.
  - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund,Employee etc.
  - Numbers of Equity Shares bid for.

- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the BRLMs and/or their affiliates and have the right to accept the bid or reject the Bids. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion, Bids would not be rejected except on the technical grounds listed on page 283.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(j) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply;

b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) or the Employee Bid cum application Form (pink in colour) as the case may be;

c) Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;

d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

e) Ensure that you have been given a TRS for all your Bid options;

f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

g) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" in the Bid cum Application Form in the section dealing with PAN number or have not obtained PAN, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

h) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders and Eligible Employees bidding in the Employee Reservation Portion for bid amount in excess of Rs. 100,000);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

a. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

b. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

c. In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

d. In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

e. Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payments into the Escrow Account" on page 280) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 266. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - In case of QIB Bidders: **"**Escrow Account– IVR PUDL Public Issue – QIB – R"
   - In case of Non Resident QIB Bidders: **"**Escrow Account– IVR PUDL Public Issue – QIB – NR"
   - In case of Resident Bidders: **"**Escrow Account– IVR PUDL Public Issue - R"
   - In case of Non Resident Bidders: **"**Escrow Account– IVR PUDL Public Issue - NR"
   - In case of Eligible Employees: "Escrow Account– IVR PUDL Public Issue - Employees"

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.

7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

8. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.

9. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

10. Incase clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address (1[s] name) and applicants status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husbands name to determine if they are multiple applications.
2. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance , post allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e)

Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number ("UIN")

Pursuant to circulars dated April 27, 2007(No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

GROUNDS FOR REJECTIONS

In case of QIB Bidders, the BRLMs and/or their affiliates have the right to reject the Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, and Retail Individual Bidders who bid and bids by Eligible Employees bidding in the Employee Reservation Portion, our the Company has a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders and Bidders in the Employee Reservation Portion bidding in excess of Rs. 100,000.
- Bids for number of Equity Shares which are not in multiples of 10;
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;

- Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by Non-residents such as OCBs, FVCIs, multilateral and bilateral development financial institutions;
- Bids by US persons other than "Qualified Insitutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under he Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) The Company in consultation with the BRLMs shall finalise the "Issue Price".

(c) The allocation to QIBs will be atleast 60% of the Net Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Net Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 420,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, undersubscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs, and the Designated Stock Exchange.

(e) Under-subscription, if any, in the Employee Reservation portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the

Company and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation portion.

(f) Allocation to Eligible NRIs and FIIs applying on repatriation basis will be subject applicable law and the terms and conditions stipulated by the DIPP and RBI, while granting permission for allotment of Equity Shares to them in this Issue.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/ Allotment to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

(c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

(d) The Company will issue an advertisement after the filing of the Prospectus with the RoC in three widely circulated newspapers (one each in English, Hindi and Telugu). This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders and Bids from Eligible Employees bidding in the Employee Reservation Portion. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs and/or their affialiates would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

(d) The Issuance of CAN is 'Subject to "Allotment Reconciliation and Revised CANs" as set forth herein under the chapter "Terms of the Issue" of this Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid Applications received. Based on the electronic book, QIBs may be sent a CAN as required indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and allotment of Equity Shares

(a) The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 4,200,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 4,200,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 4,200,000 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 1,400,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 1,400,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 1,400,000 Equity Shares. For the method of proportionate basis of Allotment refer below.

C. For Employee Reservation Portion

a. The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid-at Cut off Price.

b. The maximum Bid under the Employee Reservation Portion cannot exceed 150,000 Equity Shares.

c. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.

d. If the aggregate demand in this category is less than or equal to 150,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

e. If the aggregate demand in this category is greater than 150,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 10 Equity Shares and in multiple of 10 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

f. Only Eligible Employees eligible to apply under Employee Reservation Portion.

D. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

    (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

    (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than 8,400,000 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details Of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 266.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.

3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494

   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494

   - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 10 Equity Shares per Bidder, the Allotment shall be made as follows:

   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
   - Each successful Bidder shall be allotted a minimum of 10 Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than 10 but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refunds would be mandatorily done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by Registrar from the depository participants.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allocations. Applicants residing at fifteen centers where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date; and

- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;
- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc; and
- That we shall make continuous disclosures on stages of development on the material agreements that have been disclosed in this document to NSE and BSE on a continuous basis for the purposes of public dissemination.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

- Details of all monies utilised out of the funds received from Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- Details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutlilised monies have been kept;

- Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated July 10, 2007 with NSDL, the Company and the Registrar to the Issue.

b) Agreement dated July 10, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the real estate sector is permitted under the automatic route in relation to investments by NRIs.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Foreign Investment in the Real Estate Sector

Foreign investment in the real estate sector is regulated by the relevant provisions of the FDI Manual dated November 2005 ("**FDI Manual**"), the Foreign Exchange Management (Transfer of Issue of Security by a person Resident Outside India) Regulations, 2000 **("FEMA Regulations"),** and the relevant Press Notes issued by the **S**ecretariat for Industrial Assistance, GoI.

FDI Manual

Item No. 9 of Annexure II to the said FDI Manual outlines the sectoral caps in relation to 'Housing and Real Estate'. The said annexure, specifies the following as activities under the automatic route in which Investment are permitted only by NRI's:

a. Development of serviced plots and construction of built up residential premises
b. Investment in real estate covering construction of residential and commercial premises including business centres and offices
c. Development of townships
d. City and regional level urban infrastructure facilities, including both roads and bridges
e. Investment in manufacture of building materials, which is also open to FDI
f. Investment in participatory ventures in (a) to (e) above
g. Investment in housing finance institutions, which is also open to FDI as an NBFC.

FEMA Regulations

The FEMA Regulations, state that the investment cap in the real estate on the activities in the 'Housing and Real Estate' is permit investment to the extent of 100% only by NRIs in the following specified areas:

1. Development of serviced plots and construction of built up residential premises
2. Investment in real estate covering construction of residential and commercial premises including business centres and offices
3. Development of townships
4. City and regional level urban infrastructure facilities, including both roads and bridges
5. Investment in manufacture of building materials, which is also open to FDI
6. Investment in participatory ventures in (a) to (c) above
7. Investment in housing finance institutions, which is also open to FDI as an NBFC.

However, all other forms of FDI are prohibited in relation to Housing and Real Estate Business.

Press Note 2 of 2005

The law in relation to investment in the real estate sector has further been modified vide press note 2 of 2005, bearing No. 5(6)/2000-FC dated March 3, 2005. The said press note has also amended certain press notes which have been issued earlier, in the same field.

Under the said press note 2, FDI up to 100% under the automatic route is allowed in 'townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure)', subject to the compliance with the following requirements.

a. Minimum area to be developed under each project is as under

1. In case of development of serviced housing plots, a minimum land area of 10 hectares.
2. In case of construction-development projects, a minimum built up area of 50,000 square meters
3. In case of a combination project, anyone of the above two conditions would suffice

b. Minimum capitalization of US$ 10 million for wholly owned subsidiaries and US$ 5 million for joint ventures with Indian partners. The funds are to be brought in within six months of commencement of business of the Company.

c. Original investment is not to be repatriated before a period of three years from completion of minimum capitalization. The investor is to be permitted to exit earlier with prior approval of the Government through the FIPB. At least 50% of the project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor would not be permitted to sell undeveloped plots.

Therefore applicable law only permits investment by an NRI under the automatic route in the 'Housing and Real Estate' sector upto 100% in relation to townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) and additionally permits upto 100 % FDI in the 'Housing and Real Estate' subject to compliance with the terms provided in press note 2 of 2005.

We have sought a confirmation from the DIPP by letter dated November 17, 2006 on FIIs being permitted to participate in the Issue under the portfolio scheme. The DIPP, by its letter dated February 12, 2007, clarified that 'guidelines notified under press note 2 (2005 series) are applicable to investment made only under the FDI route and are not applicable to investment by FIIs under the portfolio investment scheme under the FEMA Regulation'. We have accordingly sought a confirmation from the RBI by letter dated February 16, 2007 on FIIs being permitted to subscribe to the Equity Shares under the portfolio investment scheme and that press note 2 of 2005 is not applicable to investments by FIIs in initial public offerings. The RBI has by its letter dated June 12, 2007 bearing number FE.CO.FID/28491/10.2.000/2006-07, clarified that 'FIIs may invest in the proposed public issue of the Company under the portfolio investment scheme interms of Regulation 1(5) of schedule 2 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000'. However, it was provided that FII investments in any pre-ipo placement would be treated on par with FDI and will have to comply with the guidelines for such FDI in terms of lock-in period and other conditions prescribed vide press note 2 (2005 series).

Note:

- **As per the existing policy of the Government of India, OCBs cannot participate in this Issue.**
- **Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue.**

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

1. TABLE A

Except where provided in these Articles, the Articles contained in Table 'A' of the first schedule of Act, shall apply to the Company as if the Articles contained therein were mentioned in these presents. In case of conflict between Table 'A' and these Articles, the provisions of these Articles shall prevail.

3. SHARE CAPITAL, INCREASE IN AND REDUCTION OF CAPITAL

3.1 The authorized share capital of the Company shall be as prescribed in the Memorandum of Association.

3.2 Subject to provisions of the Act, the Company in General Meeting, may increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

3.3 **Terms of Issue of Debentures**: Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise, debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

3.4 **Terms of Issue of Shares:** New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation whereof shall direct. Provided that no shares (not being preference shares) shall be issued carrying voting rights in the Company as to dividend capital or otherwise which are disproportionate to the rights attaching to the holders of other shares (not being preference shares). The rights to exercise a call on shares of the Company cannot be given to any person except with the sanction of the Company in a general meeting.

3.5 Further issue of shares:

3.5.1 Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:

(a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid up on these shares at the date;

(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in sub clause (b) hereof shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any Member may renounce the shares offered to him;

(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is giving that he declines to accept the shares offered, the Board may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

3.5.2 Notwithstanding anything contained in sub-clause 3.5.1 hereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever.

(a) If a special resolution to that affect is passed by the Company in General Meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, the chairman) by the Members who, being entitled to do so, vote in person, or where Proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

3.5.3 Nothing in sub-clause (c) of 3.5.1 hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

3.5.4 Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company.

(i) To convert such debentures or loans into shares in the Company;
or

(ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term.

(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by that Government in this behalf; and

(b) in the case of debentures or loans or other than debentures issued to or loans obtained from Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

3.5.5 Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

3.5.6 Subject to the provisions of the Act, the Company in a General Meeting, may from time to time, sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by Sub-Section (i) (a) to (e) of Section 94 of the Act and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

3.5.7 Notwithstanding anything contained in these Articles, the Company shall be entitled to purchase its own shares and specified securities, as permitted by law, and in connection thereto the Board may, when and if thought fit, buy-back such of the Company's own shares or specified securities permitted by law, as it may think fit, subject to such limits, upon such terms and conditions, and in such manner as may be prescribed by law and subject to such approvals as may be necessary.

4. SHARES

4.1 Subject to the provisions of the Act and these Articles, the shares shall be under the control of the Board, who may, subject to these Articles, issue, allot or otherwise dispose of the same or any of them to such persons in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 79 and other applicable provisions of the Act) and at such times as they may from time to time think fit and proper and with the sanction of the Members in General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the Company on payment in full or in part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may be allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call any shares shall not be given to any person or persons without the sanction of the Members in General Meeting.

4.2 The Company shall be entitled to dematerialise or rematerialize any or all of its shares, debentures and other marketable securities pursuant to the Depositories Act, 1996 and, subject to these presents, to offer its shares, debentures and other securities for subscription in a dematerialized form.

4.3 Every person subscribing to securities offered by the Company shall have the option either to receive the security certificates or to hold the securities with a depository. If a person opts to hold the securities with a depository, the Company shall intimate such depository the details of allotment of the security. On receipt of such information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.

4.4 Every person who is the beneficial owner of the securities can at any time opt out of a depository, in the manner provided by the Depositories Act, 1996. The Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

4.5 All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, of the Act shall apply to a depository in respect of securities held by it on behalf of the beneficial owners.

4.6 Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

4.7 Save as otherwise provided in Article 4.6 above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

4.8 Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a Member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

4.9 The Company may exercise the powers of paying commissions conferred by Section 76, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section. The rate of commission shall not exceed the rate of five percent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to five percent of such price, and in the case of debentures, two and a half percent of the price at which debentures are issued or an amount equal to two and a half percent, as the case may be. The Company may also, on any issue of shares, pay such brokerage as may be lawful.

4.10 If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees or if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or work out or where is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

4.11 Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fees as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have them ready for delivery such certificates within three months from the date of allotment. Unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several right holders shall be sufficient delivery to all such holder.

5. SHARE WARRANTS

5.1 The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115 of the Act.

6. CALLS AND FORFEITURE OF SHARES

6.1 The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at the time and place appointed by the Board. A call may be made payable by instalments.

6.2 The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call and may extend such time as to the payment of any call for any of the Members; but no Member shall be entitled to such extension save as a matter of right.

6.3 Not less than 30 days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid. Provided that before the time for payment of such call, the Directors may by notice in writing to the Members revoke or postpone the same.

6.4 Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

6.5 A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.

6.6 If any Member fails to pay any call due from him on the date appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time be fixed by the Board. However the Board shall be at liberty to waive payment of any such interest wholly or in part.

6.7 Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such shares as herein provided.

6.8 The Directors may if they think fit, subject to the provisions of Section 92 of the Act, receive from any Member willing to advance the same all or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made the Company may pay interest at such rate not exceeding, unless the Company in General Meeting directs, six percent per annum, as may be agreed between the Board and the Member paying the sum in advance. However, such amounts paid in advance will not confer a right to dividend or participate in profits. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

6.9 No Member shall be entitled to receive any dividend or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him whether alone or jointly with any person, together with interest and expenses, if any.

6.10 On the trial or hearing of any action or suit brought by the Company against any Member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his shares it shall be sufficient to prove that the name of the Member in respect of whose shares the money's are sought to be recovered, is entered in the Register of Members as a Member/ one of the Members at or any subsequent date on which the moneys sought to be recovered are alleged to have become due on the shares and that the resolution making the call is duly recorded in the Minute book and the notice of such call was duly given to the Member, holder or joint-holder or his legal representatives sued in pursuance of these presents. It shall not be necessary to prove the appointment of Directors who made such call nor that the quorum of Directors was present at the Board at which any such call was made nor that the Meeting at which any such call was made had been duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

6.11 FORFEITURE

6.11.1 If a Member or debenture-holder fails to pay any call or the allotment money which was deferred or kept as term deposit as a condition of subscription or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or allotment money or instalment remains unpaid serve a notice on him requiring payment of so much call or instalment as is unpaid, together with any interest which may have accrued.

6.11.2 The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares or debentures in respect of which the call was made will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not complied with any share or debenture in respect of which the notice has been given, may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

6.11.3 A forfeited share or debenture may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

6.11.4 At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

6.12 EFFECT OF FORFEITURE

(i) A person whose shares or debentures have been forfeited shall cease to be Member or holder in respect of the forfeited shares or debentures, but shall notwithstanding the forfeiture remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the share or debenture.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares or debentures.

6.13 DECLARATION AND OTHER PROVISIONS OF FORFEITURE

(i) A duly verified declaration in writing that the declarant is a Director, Manager or the Secretary of the Company and that a share or debenture in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated, as against all persons claiming to be entitled to the share or debenture.

(ii) The Company may receive the consideration, if any, given for the share or debenture on any sale or disposal thereof and may execute a transfer of the share or debenture in favour of the persons to whom the share or debenture is sold or disposed of.

(iii) The transferee shall thereupon be registered as the holder of the share or debenture.

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share or debenture.

(v) The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the term of issue of a share or debenture, becomes payable at a fixed time, whether on account of the nominal value of the share or debenture or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

(vi) The Board may accept from any shareholder/ debenture holder on such terms and conditions as shall be agreed a surrender of all or any of his shares/ debentures.

6.14 The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer or shares / debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

7. TRANSFER AND TRANSMISSION OF SHARES, NOMINATION

7.1 The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

7.2 A common instrument of transfer shall be used which shall be in writing in case of shares/ debentures held in physical form and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being, shall be duly complied with in respect of all transfer of shares and the registration thereof.

7.3 The instrument of transfer in case of shares/ debentures held in physical form shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

7.4 Subject to the provisions of the Listing Agreements, in the event that the proper documents have been lodged, the Company shall register the transfer of securities in the name of the transferee except:

(a) when the transferee is, in exceptional circumstances, not approved by the Directors in accordance with the provisions contained herein;

(b) when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor;

(c) when the transferor object to the transfer provided he serves on the Company within a reasonable time a prohibitory order of a court of competent jurisdiction.

7.5 Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

7.6 Subject to the provisions of Sections 109 and 109A of the Act, a transfer of the shares or other interest in the Company of a deceased Member thereof made by his legal representative shall although the legal representative is not himself a Member, be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

7.7 The instrument of transfer shall, after registration, be retained by the Company and shall remain in its custody. All the instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as may be prescribed.

7.8 Subject to the provisions of Section 109A of the Act and clauses 7.14 and 7.15 of these Articles, the executors or administrators of a deceased Member or a holder of a succession certificate or other legal representative or nominee in respect of shares of a deceased Member where he was a sole or only surviving holder shall be the only person whom the Company will be bound to recognize as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognize such executors, administrators or holder unless such executors or administrators shall have first obtained probate or letters of administration or such holder is the holder of a succession certificate or other legal representation, from a court of competent jurisdiction or in the case of nomination, on the production of such evidence as the Board may require, as the case may be.

Provided that in any case where the Directors, at their absolute discretion, think fit, the Directors may dispense with production of probate or letters of administration or succession certificate or other legal representation or other evidence and register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased Member as a Member, in accordance with the provisions of these Articles.

7.9 Any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Directors shall require, either be registered as a Member in respect of such shares or may subject to the regulations as to transfer contained in these presents and applicable law, transfer such shares to some other person. This Article, in these presents, is referred to as the "Transmission Clause".

7.10 The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

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

7.12 No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

7.13 The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by the apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to them of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

7.14 NOMINATION

7.14.1 Every share/bond/debenture holder of the Company and a depositor under the Company's Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his shares/bonds/debentures or deposits in the Company shall vest in the event of his death.

7.14.2 Where the shares or bonds or debentures or deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or bonds debentures or deposits in the Company, as the case may be, shall vest in the event of death of all the joint holders.

7.14.3 Notwithstanding anything contained in these articles, or any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such shares/ bonds/ debentures or deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the shares/bonds/debentures or deposits in the Company, the nominee shall on the death of the share/bond /debenture holder or a depositor, as the case may be, or on the death of the joint holders become entitled to all the rights in such shares/bonds/debentures or deposits, as the case may be, to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.

7.14.4 Where the nominee is a minor, it shall be lawful for the holder of the shares/bonds/debentures or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares/ bonds/ debentures or deposits in the Company, in the event of his death, during the minority.

7.15 TRANSMISSION OF SECURITIES BY NOMINEE

7.15.1 Notwithstanding anything provided in these Articles, a nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

a) to be registered himself as holder of the share/ bond/ debenture or deposits, as the case may be; or
b) to make such transfer of the share/bond/debenture or deposits, as the case may be, as deceased share/bond/debenture holder or depositor could have made;
c) if the nominee elects to be registered as holder of the share/ bond/ debenture or deposits, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share/ bond/ debenture holder or depositor, as the case may be;

7.15.2 A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share/bond/debenture or deposits except that he shall not, before being registered as a Member in respect of his share/bond/debenture or deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share/bond/debenture or deposits, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share/bond/debenture or deposits, until the requirements of the notice have been complied with.

8. DIVISION OF PROFITS AND DIVIDEND

8.1 The Board shall have the power to recommend dividend in accordance with the applicable provisions of the Act.

8.2 The directors may, from time to time, pay to the Members such interim dividends, as in their judgment the position of the Company justifies.

8. 3 Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of IVR Prime Urban Developers Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

8.4 Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Protection & Education Fund in accordance with the provisions of Section 205A (5) and other applicable provisions of the Act.

8.5 No unclaimed or unpaid dividend shall be forfeited by the Board.

9. CAPITALIZATION OF RESERVE

9.1 Any General Meeting may resolve that the whole or any part of the undivided profit of the Company (which expression shall include any premium received on the issue of shares and any profit or other sum which have been carried forward without being divide be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that become entitled there to as capital and that all or any part of such capitalised amount be applied on behalf of such member, in paying up in full any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such member in full satisfaction of their interest in the said capitalised amount. Provided that any sum standing to the credit of securities premium account or any other reserve not set apart for any specific purpose, for the purpose of this Article only be applied in the paying up of unissued shares to be issued to members of the company as fully paid Bonus Shares.

10. BORROWING POWERS

10.1 Subject to the provisions of Section 58A, 292 and 293 of the Act and these Articles, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

11. GENERAL MEETINGS

11.1 All General Meetings other than the Annual General Meeting shall be called Extraordinary General Meetings.

11.2 Any Member who is entitled to attend and vote at a meeting of Company shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself. A proxy so appointed shall not have any right to speak at the meeting.

11.3 Votes may be given either personally or by attorney or by proxy or in the case of a body corporate by a representative duly authorized as aforesaid.

11.4 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

11.5 **Postal Ballot:** Notwithstanding anything contained in these Articles the Company shall adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) and/ or other ways as may be prescribed in the Companies

(Passing of Resolutions by Postal Ballot) Rules, 2001 in respect of the matters specified in said Rules as modified from time to time instead of transacting such business in a General Meeting of the Company subject to compliances with the procedure for such postal ballot and/ or other requirements prescribed in the rules in this regard.

12. BOARD OF DIRECTORS

The following persons shall be the first directors of the Company:

1. E. Sunil Reddy
2. E. Sudhir Reddy
3. I. Syam Prasad Reddy

12.1 So long as the Promoter holds 51% or more of paid-up equity share capital of the Company the Promoter shall from time to time determine in writing, the number of Directors of the Company of which shall not be less than three and not more than twelve. These Directors may be either executive Directors or non-executive Directors. The Promoter shall also nominate the Chairman & Managing Director of the Company. The Board will comprise of a minimum of four and a maximum of twelve Directors and the composition of the Board shall comply with the terms of the Listing Agreements.

12.2 The Directors shall be paid remuneration, commission or other allowances as per section 198, 309, 314 and other applicable provisions of the Act.

12.3 The Board shall have power at any time, and from time to time to appoint a person as an additional director provided the number of directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles such person shall hold office only upto the date of the next Annual General Meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

12.4 Subject to the provisions of Section 313 of the Act, in the event that any Director (hereinafter referred to as the "Original Director") is away for a continuous period of not less than three (3) months from the State in which the meetings of the Board are ordinarily held, the Board may appoint an alternate director for him/her. An alternate director appointed under this Article shall not hold office for a period longer than that permitted to the Original Director in whose place he has been appointed, and shall vacate office if and when the Original Director returns to the State where meetings of the Board are ordinarily held. If the term of office of the Original Director is determined before he so returns to the State, any provision in the Act or in the Articles for the automatic re-appointment of retiring directors in default of another appointment shall apply to the Original Director, and not to the alternate director. No person shall, however, be appointed by the Board as an alternate director who shall not have been previously approved in writing by the Original Director

12.5 The Directors shall not be required to hold any qualification shares.

13. MEETINGS OF THE BOARD

13.1 The Directors shall from time to time, elect from amongst themselves a Director to be the Chairman of the Board and determine the periods for which the Chairman shall hold office.

13.2 All matters shall be decided by the Board by a simple majority, and in case of an equality of votes the Chairman shall have a second or casting vote.

13.3 Each Director shall be entitled to exercise one vote.

14. COMMITTEE OF DIRECTORS

14.1 The Board may, subject to the provision of Section 292 and other applicable provisions of the Act and the Listing Agreement, delegate any of their powers to committees ("Committees") consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors including with relation to sub-delegation of its powers or any other matter. The proceedings of such a Committee shall be placed before the Board at its next meeting or in a subsequent meeting of the Board held within a period of three months.

15. MANAGING DIRECTOR

15.1 Subject to the provisions of the Act and these Articles, the Board shall have power to appoint one of its member as the Managing Director of the Company, upon such terms and conditions as the Board thinks fit and, the Board may by resolution vest in such Managing Director such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such condition and subject to such restrictions as the Board may determine and the Managing Director shall not be liable to retire by rotation.

15.2 Subject to the provisions of the Law, the remuneration of the Managing Director shall be such as may be determined by the Board from time to time.

15.3 The Managing Director shall act under the general supervision of the Board and his powers shall include:

(a) manage the affairs of the Company on a day-to-day basis.
(b) to borrow monies on behalf of the company from Banks, Financial Institutions or others with or without security and have the power to offer as security (movable or immovable properties) assets of the company and shall have the power to execute deed of mortgage, agreement or other documents for purposes of securing the assets or property as the case may be in respect of loan availed of on behalf of the company.
(c) to deal directly for the purchase, Import, Export of machinery and assets or other material for the purpose of business of the company and for that purpose to incur necessary expenses therefor.
(d) to appoint officers or other employees and also fix the terms of appointment of such staffs or employees.
(e) to appoint selling agents, commission agents, or brokers and agents in the conduct of the business of the company and also fix the terms of such appointment from time to time.

16. ACCOUNTS

16.1 The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

17. AUDIT

17.1 At least once in every year, the accounts of the Company shall be balanced and audited and the correctness of the profit and loss account and balance sheet ascertained by one or more Auditor or Auditors to be appointed as required by the Act.

18. CONFIDENTIALITY

18.1 Every director, manager, auditor, treasurer, trustee, member of a Committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

18.2 No Member shall be entitled to visit or inspect any offices of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process and which in the opinion of the Directors, would be inexpedient in the interest of the Company to disclose.

19. MISCELLANEOUS

19.1 A notice (which expression for the purposes of these presents, shall be deemed to include and shall include any summon, notice, process, order, judgment or any other document in relation to or in the winding up of the Company) may be given by the Company to any Member either personally or by sending it by post to him to his registered address.

19.2 Where a notice is sent by post, the service of such notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice.

Provided that where a Member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Member.

19.3 If a Member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, a notice advertised in a newspaper circulating in the neighbourhood of the registered office shall be deemed to be duly given to him on the day on which the advertisement appears.

19.4 A notice may be given by the Company to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a pre paid letter addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

19.5 Subject to the provisions of the Act and these presents, notice of every General Meeting shall be given in any manner hereinbefore authorized to:

(i) every member of the Company;
(ii) every person entitled to a share in consequence of the death or insolvency of all Members who but for his death or insolvency, would be entitled to receive notice of the meeting; and
(iii) the Auditor or Auditors of the Company.

19.6 Any notice to be given by the Company shall be signed by the secretary or by such Director or officer as the Board may appoint. Such signature may be written, printed or lithographed.

19.7 Every person who, by operation of Law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which previously to his name and address and title to the share being notified to the Company shall have been duly given to the person from whom he derives his title to such share.

19.8 Subject to the provisions of the Act and these presents, any notice given in pursuance of these presents or document/dividend/refund order/interest warrants delivered or sent by post to or left at the registered address of any Member or at the address given by him in pursuance of these presents, shall notwithstanding that such Member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly by other persons by such Member until some other person be registered in his stead as the holder or the joint holder thereof and such service shall, for all purposes of these presents, be deemed sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any jointly interested with him or her in any such share.

20. **The Seal**

20.1 **Custody of the Seal**

The Directors shall provide a common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof. The Directors shall provide for Seal and shall never be used, except by the authority of the Directors or a Committee of the Directors previously given, and one Director and the Company Secretary in appointment or a person authorised by the Board shall sign every instrument to which the seal is affixed, provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

20.02 **Seal for use in Foreign territory**

The company may have for use in any territory, district or place not situated in India an official seal which shall be facimile of its common seal with territory, district or place.

21. INDEMNITY

21.1 The Managing Director, or the Directors, or the Manager, Secretary or other officers or employees of the Company shall be indemnified by the Company out of the funds of the Company to pay all costs, losses and expenses which any such Director officer or employee of the Company may incur or become liable to be reason of any contract entered into or act or deed done by him as such officer or servant or in any way in the discharge of his duties, or if such officer or employee becomes personally responsible or liable for the payment of any sum primarily due from the Company. The Managing Director, or the Directors, may execute or cause to be executed any mortgage, charge or security cover affecting the whole or any part of the assets of the Company, by way of indemnity, to secure such persons for any loss in respect of such liability. The amount for which this indemnity is provided shall attach as a lien in the property of the Company and have priority as between members of all other claims.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Andhra Pradesh for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of our Company from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated June 11, 2006 to the BRLMs from our Company appointing them as the BRLMs.
2. Memorandum of Understanding amongst our Company and the BRLMs dated January 16, 2007.
3. Memorandum of Understanding amongst our Company and the Registrar to the Issue dated March 1, 2007.
4. Escrow Agreement dated July 11, 2007, between the Company, the BRLMs, the Escrow Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [•] between the Company, the BRLMs, and the Syndicate Members.
6. Underwriting Agreement dated[•]between the Company, the BRLMs, and the Syndicate Members

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation.
3. Board resolutions in relation to the Issue.
4. Shareholders' resolutions in relation to the Issue.
5. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Statement of Tax Benefits from Deloitte Haskins & Sells, Chartered Accountants dated June 25, 2007 – Auditor's Report on possible Income-tax benefits available to the Company and its shareholders.
7. Certificates from T. Vijay Kumar, Chartered Accountants dated June 21, 2007 and July 11, 2007, (regarding objects of the Issue).Copies of annual reports of our Company for the years ended March 31, 2002, 2003, 2004, 2005 and 2006.
8. Consent of Deloitte Haskins & Sells, our Auditors for inclusion of their reports on restated financial statements and auditors report on audited financial statements as at and for each of the years ended 31 March 2007, 2006, 2005, 2004 and 2003 in the form and context in which they appear in the Red Herring Prospectus.
9. General powers of attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
10. Consents of Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
11. Listing Agreement dated [•] with [•].
12. Initial listing applications dated February 1, 2007, and February 1, 2007, filed with BSE and NSE respectively.
13. In-principle listing approval dated March 1, 2007, and February 20, 2007, from BSE and NSE respectively.

14. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated July 10, 2007
15. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated July 10, 2007
16. Master Agreement dated October 3, 2006 between IVRCL and our Company
17. Loan Agreement dated August 1, 2006 between IVRCL and our Company
18. Loan agreement dated February 1, 2007, amending the loan Agreement dated August 1, 2006, between IVRCL and our Company.
19. Loan agreement dated May 29, 2007, amending the loan Agreement dated August 1, 2006, between IVRCL and our Company.
20. Agreeement dated February 14, 2007 between IVRCL and our Company in relation to the lands situated at Sector 119, Noida.
21. Agreeement dated February 14, 2007 between IVRCL and our Company in relation to the lands situated at Sector 121, Noida.
22. Agreeement dated April 24, 2007 between IVRCL and our Company in relation to the lands situated at Sector 118, Noida.
23. Agreeement dated February 14, 2007 between IVRCL and our Company in relation to the lands situated at Sector 144, Noida.
24. Agreement to sell dated March 27, 2007 between A.L.Tirven Steels Limited represented by its director Mr. L.S. Abhinesh Babu and PUDL in relation to the Prime Pacific project.
25. Agreement to sell dated February 15, 2007 between A.L.Tirven Steels Limited represented by its director Mr. L.S. Abhinesh Babu and PUDL in relation to the Prime Celestial project.
26. MOU dated July 27, 2007 between Makpan Associates and PUDL in relation to the lands located at Pimpri, Pune.
27. Letter dated November 17, 2006 to DIPP seeking clarification as to whether FIIs are permitted to participate in the Issue under the portfolio scheme.
28. Clarifications/approvals from the DIPP dated February 12, 2007 (bearing number 5(6)/2000-FC) and the RBI dated June 12, 2007 (bearing number FE.CO.FID/28491/10.02.000/2006-07) respectively.
29. Due diligence certificate dated January 28, 2007 to SEBI from the BRLMs.
30. SEBI interim observation letter No. CFD/DIL/NB/JAK/88298/2007 dated March 7, 2007 and SEBI observation letter No. CFD/DIL/ISSUES/NB/EB/94407/2007 dated May 24, 2007.
31. Certificate dated March 16, 2007 from T. Vijay Kumar, Chartered Accounts in relation to the use of the loans.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with, and that directly or indirectly we hold or have an interest in the Land Reserves. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. E. Sudhir Reddy

Mr. E. Sunil Reddy

Mr. R. Balarami Reddy

Mr. Mahesh Madduri

Mr. T.N. Chaturvedi

Mr. Prabhakar Ram Tripathi

Signed by the Senior Vice-President

Mr. G. Seetharam

Signed by the Managing Director

Mr. E. Sunil Reddy

Date: **July 12, 2007**

Place: Hyderabad

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