



# GREMACH INFRASTRUCTURE EQUIPMENTS & PROJECTS LIMITED

(Originally Incorporated as a Private Limited Company at Kolkata, West Bengal on June 12, 1991 as "Gremach Commerce Private Limited" under the Companies Act, 1956, converted into a Public Limited under the name of Gremach Commerce Limited on January 12, 1996 and subsequently renamed as Gremach Infrastructure Equipments & Projects Limited effective from August 9, 2005)

**Registered Office:** P-50, Princep Street, Deo Bhawan, 3rd Floor, Kolkata-700 017 Tel: 91-33-6413 8452, 91-33- 2236 1246 Fax : 91-33-2212 9661

**Corporate Office :** Upvan Building, 1<sup>st</sup> Floor, Behind Indian Oil Nagar, D.N. Nagar, Andheri (W), Mumbai - 400053

**Tel:** 91-22-26303451/ 52/ 70/ 71, Fax: 91-22- 26303493 **Contact Person:** Mr. Sanjive Arora

**Website:** [www.gremach.com](http://www.gremach.com) **E-mail:** [ipo@gremach.com](mailto:ipo@gremach.com)

**INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING TO RS. 5900 LACS (HEREINAFTER REFERRED TO AS THE ISSUE) INCLUDING RESERVATIONS FOR EMPLOYEES FOR [●] EQUITY SHARES OF Rs. 10/- EACH AT A PRICE OF RS. [●] EACH AGGREGATING TO RS. 590 LACS AND THE NET ISSUE TO THE PUBLIC OF [●] EQUITY SHARES OF Rs. 10/- EACH AT A PRICE OF RS. [●] EACH AGGREGATING TO RS. 5310 LACS THE ISSUE WOULD CONSTITUTE [●] OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY CAPITAL OF THE COMPANY**

**PRICE BAND: Rs. 75/- to Rs. 90/- PER EQUITY SHARE OF FACE VALUE Rs. 10/- EACH**

**THE FACE VALUE OF THE SHARES IS Rs. 10/- AND THE FLOOR PRICE IS 7.5 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 9 TIMES OF THE FACE VALUE**

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

The Issue is being made through the 100% book building process wherein upto 50% of the Net Issue size shall be allocated to Qualified Institutional buyers ("QIBs") (including 5 % of the QIB portion that would be specifically reserved for mutual funds on a proportionate basis). Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received at or above the Issue price. Our Company has not opted for grading of the Issue.

## RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of Gremach Infrastructure Equipments & Projects Limited, there has been no formal market for the shares of the Company. The Face value per share is Rs. 10/- 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 (BRLMS) on the basis of assessment of market demand for the equity shares by way of book-building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISKS



Investments in equity and equity- related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares issued in this 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 statement in "Risk Factors" beginning on page x of this Red Herring Prospectus.

## ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this 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

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE),. The in-principle approval of the BSE for the listing of our Equity Shares have been received pursuant to letter dated September 26, 2006. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>RR Financial Consultants Limited</b> SEBI Regn. No.: INM000007508412-422, Indraprakash Building 21, Barakhamba Road, New Delhi- 110 001 <b>Tel :</b> 011 - 23352496 - 99 <b>Fax:</b> 011 - 23353703 <b>Website:</b> <a href="http://www.rrfcl.com">www.rrfcl.com</a> <b>E-mail:</b> <a href="mailto:ipo_gremach@rrfcl.com">ipo_gremach@rrfcl.com</a> <b>Contact person:</b> Mr. Ravi K Sharma</p>	 <p><b>Intime Spectrum Registry Ltd.</b> C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400078 <b>Tel :</b> 022 - 25960320 (9 Lines) <b>Fax:</b> 022 - 25960329 <b>E-mail:</b> <a href="mailto:gremachinfra@intimespectrum.com">gremachinfra@intimespectrum.com</a> <b>Website:</b> <a href="http://www.intimespectrum.com">www.intimespectrum.com</a> <b>Contact person:</b> Mr. Vishwas Attavar</p>

## ISSUE PROGRAMME

<b>BID/ISSUE OPENS ON : THURSDAY 8th MARCH, 2007</b>	<b>BID/ISSUE CLOSING ON: WEDNESDAY, 14th MARCH, 2007</b>
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## DEFINITIONS AND ABBREVIATIONS

### DEFINITIONS

Term	Description
<b>“GIE&amp;PL” or “Gremach Infrastructure Equipments &amp; Projects Limited” or “the Company” or “Our Company”</b>	Gremach Infrastructure Equipments & Projects Limited a Public Limited Company incorporated under the Companies Act, 1956.
“We” or “us” and “our”	Unless the context otherwise require, refers to Gremach Infrastructure Equipments & Projects Limited

### CONVENTIONAL / GENERAL TERMS

Terms	Description
Articles/Articles of Association	Articles of Association of Gremach Infrastructure Equipments & Projects Limited
Auditors	The Statutory Auditors of Gremach Infrastructure Equipments & Projects Limited being T. N. Dutta & Associates, Kolkata, Chartered Accountants.
Board of Directors / Board	The Board of Directors of Gremach Infrastructure Equipments & Projects Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Co-BRLM/ Lead Manager	Chartered Capital And Investment Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Director(s)	Director(s) of Gremach Infrastructure Equipments & Projects Limited, unless otherwise specified
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of Gremach Infrastructure Equipments & Projects Limited
Non Residents	A person resident outside India as defined under FEMA and who is a citizen of India or a person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Overseas Corporate Body / 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 Security by a Person Resident Outside India) Regulations, 2000
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires

**Gremach Infrastructure Equipments & Projects Ltd.**

<b>Terms</b>	<b>Description</b>
Registered Office of the Company	P-50, Princep Street, Deo Bhawan, 3rd Floor, Kolkata-700 017
RR/RRFCL	RR Financial Consultants Ltd.
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 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
Stock Exchanges	BSE
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
Bankers to the Company	State Bank of India, IFB Branch, Cuff Parade Mumbai
EPS	Earnings Per Share
Qualified Institutional Buyers or QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Foreign Institutional Investors, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million.

**ISSUE RELATED TERMS**

<b>Terms</b>	<b>Description</b>
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being / have been issued.
Bankers / Escrow Bankers to the Issue	HDFC Bank Ltd., UTI Bank LTD., ICICI Bank Ltd., Centurion Bank of Punjab Ltd.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the issue, which shall be notified in an English National Newspaper, a Hindi national Newspaper and a Regional Newspaper, all with wide circulation.
Bid cum Application Form/ Bid Form	The form in terms of which the Bidder shall make an offer to subscribe the equity shares of the Company in terms of this Red Herring Prospectus

<b>Terms</b>	<b>Description</b>
Bid Opening Date/ Issue Opening Date	The date on which the Syndicate will shall start accepting Bids for the issue, which shall be the date notified in an English National Newspaper, a Hindi national Newspaper and a Regional Newspaper, all with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding Period/ 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 may submit their Bids
Book Building Process	Book Building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made
BRLMS/Book Running Lead Managers	Book Running Lead Managers to the Issue being RR Financial Consultants Ltd.
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLMS. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
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 the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Red Herring Prospectus	This Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Employee Reservation Portion	The portion of the Issue being a maximum of [●] Equity Shares available for allocation to Employees.
Escrow Account	Account opened with the Escrow Collection Bank(s) 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 amongst the Company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLMS for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of the Company will be opened

**Gremach Infrastructure Equipments & Projects Ltd.**

<b>Terms</b>	<b>Description</b>
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The price advertised by the Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with BRLMS on the Pricing Date
Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Members of the Syndicate	Syndicate Members
Mutual Fund portion	5% of QIB portion or [●] equity shares available to allocation to Mutual Funds only, out of QIB portion.
Net Issue	The issue of Equity Shares other than Equity Shares included in the Employee Reservation Portion i.e. [●] equity shares of Rs. 10/- each
Non-Institutional Portion	The portion of this Issue being at least 15% of the Net Issue consisting of [●] Equity Shares of Rs. 10 each aggregating Rs.796.50 lakhs, available for allocation to Non Institutional Bidders.
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLMS and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means:(i) 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(ii) with respect to QIBs, whose Margin Amount is 10% 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	Being the price band of a minimum price of Rs. 75/- per Equity Share (Floor Price) and the maximum price of Rs. 90/- per Equity Share (Cap Price)(both inclusive), and including revision thereof.
Pricing Date	Means the date on which the Company, in consultation with the BRLMS, finalizes the Issue Price
Promoters	Rishi Raj Agarwal, Ratan Lal Tamakuwala, Rishi Raj Agarwal HUF, Ratan Lal Tamakuwala HUF, Lalita Agarwal, Sangeeta Agarwal Shri Hanuman Investments Private Limited.
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information

Terms	Description
Public Issue/ Issue	Initial public offering of [●] equity shares of Rs. 10/- each at a price of Rs. [●] for cash aggregating to Rs. 5900 Lacs (hereinafter referred to as the issue). Including reservations for employees for [●] equity shares of Rs. 10 each at a price of Rs. [●] each aggregating to Rs. 590 Lacs. The issue would constitute [●] % of the fully diluted post issue paid up equity capital of the company
QIB Portion	Consists of [●] Equity Shares of Rs. 10 each aggregating at a price of Rs. [●] for cash aggregating Rs. 2655 lakhs being upto 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Red Herring Prospectus or RHP	Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allotment
Registrar/Registrar to the Issue	Registrar to the Issue being Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400078.
RoC / Registrar of Companies	Registrar of Companies, Kolkata (West Bengal).
Retail Portion	Consists of [●] equity shares of Rs. 10 each aggregating Rs. 1858.50 lakhs, being at least 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 100,000.
Reserved Categories	Means reservation for employees of the Company.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Syndicate Agreement	Agreement to be entered into amongst the BRLMS, Syndicate Member(s) and the Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMS and in this case, being RR Financial Consultants Ltd.and RR Equity Brokers Private Limited
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of this Red Herring Prospectus
Underwriters	The BRLMS and the Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date



**GLOSSARY OF TECHNICAL AND INDUSTRY TERMS**

AMC	Asset Management Contract
CEB	Construction Equipment Bank
COD	Commercial Operations Date
CPWD	Central Public Works Department
CTNL	Consolidated Transportation Network Limited
IIP	Index of Industrial Production
OEM	Original Equipment Manufacturers
OR&M	Operations Repairs and Maintenance
PLF	Plant Load Factor
T&D	Transmission and Distribution
LPG	Liquefied Petroleum Gas
R&D	Research and Development
PSU	Public Sector Unit
BOT	Build-Operate-Transfer
BOOT	Build-Own-Operate-Transfer
PPP	Public Private Partnership
R&M	Repairs and Maintenance

**ABBREVIATIONS OF GENERAL TERMS**

<b>Abbreviation</b>	<b>Full Form</b>
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
BSE	Bombay Stock Exchange Limited (BSE)
CDSL	Central Depository Services (India) Limited
ECS	Electronic Clearing System
EPS	Earning Per Share
EGM	Extraordinary General Meeting
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India



Abbreviation	Full Form
Gol/Government	Government of India
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
IFSC	Indian Financial System Code
I.T. Act	Income Tax Act, 1961, as amended from time to time
KMP	Key Managerial Personnel
MICR	Magnetic Ink Character Recognition
MoF	Ministry of Finance, GOI
MOU	Memorandum of Understanding
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
P.A.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RKMP	Relatives of Key Managerial Personnel
RoC	Registrar of Companies, West Bengal, Kolkata
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
USD/US\$	United States Dollar

### **CERTAIN CONVENTIONS; USE OF MARKET DATA**

Unless the context otherwise require, the financial data in this *Red Herring Prospectus* is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in this *Red Herring Prospectus*. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In this *Red Herring Prospectus*, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; 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. 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.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page i of this *Red Herring Prospectus*.

Unless stated otherwise, industry data used throughout this *Red Herring Prospectus* has been obtained from data internal to the Company and from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this *Red Herring Prospectus* is reliable, it has not been independently verified or certified as to its correctness and accuracy.

## FORWARD-LOOKING STATEMENTS

Statements included in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expression or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: -

- General economic and business conditions in India and other countries
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The changes in monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political and social conditions in India
- The Loss or shutdown of operations of our Company at any time due to strike or Labour unrest.
- The Loss of our Key Employees and Staff.
- Our ability to respond to Technological changes.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page no x of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, the Book Running Lead Manager and Co-BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## RISK FACTORS

An investment in equity involves a high degree of risk. Investors 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. Any of the following risks as well as other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse affect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks mentioned herein under.

### A. INTERNAL RISK FACTORS RELATING TO THE PROPOSED PROJECT TO THE COMPANY

We, certain of our promoters, certain persons forming part of promoter group are defendants in six civil disputes. Please see the section titled outstanding litigation beginning on Page 87 of this red herring prospectus, for more information on such litigation. Should any new developments arise, such as a change in Indian law or ruling against us by the appellate courts or tribunals, we may need to make provision in the financial statements, which could increase our expenses or current liabilities. We can give no assurance that this legal proceedings will be decided in our favour. Further, we may also not be able to quantify all the claims in which we or any of our group companies are involved.

#### LITIGATION AGAINST THE PROMOTERS/PROMOTER GROUP & GROUP COMPANIES

Sr. No.	Parties	Court	Date of Institution	Present Status	Details of Case	Amount Involved
1.	<b>Ratan Kumar Banka &amp; Others versus Chandu Parekh &amp; Others - Civil Suit No. 192 G of 1997</b>					
	<b>Plaintiffs:</b> 1. Ratan Kumar Banka 2. Pawan Kumar Ladia 3. Gujarat NRE Coke Ltd. 4. Girdhari Lal Jagatramka 5. Arun Kumar Jagatramka <b>Respondents:</b> 1. Chandu Parekh 2. Gulshanlal Tandon 3. Ratan Lal Tamakhuwala 4. Rishi Raj Agarwal 5. Smt. Lalita Agarwal 6. Shyamanand Jalan 7. NRE Projects Limited 8. Saurashtra Projects Pvt. Ltd.	Hon'ble High Court- Kolkata	7/4/1997	The Suit is pending adjudication	The plaintiffs have brought a suit for permanent injunction against Defendants 3-6 from interfering with the business of Plaintiff No. 3, restraining all defendants from disposing of properties of Plaintiff No. 3, enquiring into the wrongful acts of Defendants 3-6, restrain Defendant No. 8 from acting on transactions made between it and Plaintiff No. 3. Since 1997, the present promoters of the company have not been involved with the management of Gujarat NRE Coke limited. The said dispute does not affect the business and operations of the company.	Rs. 500 lakhs

Sr. No.	Parties	Court	Date of Institution	Present Status	Details of Case	Amount Involved
<b>Ratan Kumar Banka &amp; Others versus Chandu Parekh &amp; Others - G.A. No. 1015 of 2006 in Suit No. 192G of 1997</b>						
	<b>Plaintiffs &amp; Defendants same as Case 1</b>	High Court of Kolkata		Affidavits completed, pending before the Interlocutory Court for adjudication. Last date of hearing was on 30.08.2006 when the time to file affidavits was extended. Matter is appearing in daily list.	<b>An interim application has been moved by the plaintiffs in the already pending Case 1</b> being G.A. 1015 of 2006 for injuncting the defendants from "proceeding further and/or from taking any further steps by accepting funds from the public against the equity shares of M/s. Gremach Infrastructure Equipments and Projects Limited in the terms of the prospectus without leave of the Hon'ble Court.	As on date, no injunction has been issued which could impact the public issue of the shares by the Company.
<b>Ratan Kumar Banka &amp; Others versus Chandu Parekh &amp; Others - G.A. No. 1219 of 2006 in Suit No. 192G of 1997</b>						
	<b>Plaintiffs &amp; Defendants same as Case 1</b>	High Court of Kolkata		Affidavits completed, pending before the Interlocutory Court for adjudication. Last date of hearing was on 30.08.2006 when the time to file affidavits was extended. Matter is appearing in daily list.	Another interim application has been moved by the defendants, <b>in the already pending Case 1</b> being G.A. 1219 of 2006 for directing the plaintiffs in Civil Suit No. 192G of 1997 "to withdraw the letter dated 13 <sup>th</sup> March, 2006 and to intimate SEBI not to take any notice of the same and / or not to act on the basis of the contents thereof, and "restraining the respondents from causing any disturbances, obstruction, or interference in the process of public issue of equity of Gremach Infrastructure Equipments & Projects Ltd. till the disposal of the suit"	
<b>Ratan Kumar Banka V. Chandu Parekh &amp; Others - G.A. No. 936 of 2006 in Suit No. 192G of 1997</b>						
	<b>Plaintiffs &amp; Defendants same as Case 1</b>	High Court of Kolkata		Disposed off by the order dated 6.6.2006 passed by the Hon'ble Justice Ashim Kumar Banerjee.	Amendment application for striking out of the name of the defendant no. 1, 2 and 6 from the records.	

## Gremach Infrastructure Equipments & Projects Ltd.

Sr. No.	Parties	Court	Date of Institution	Present Status	Details of Case	Amount Involved
<b>2</b>	<b>Gujarat NRE Coke Ltd. &amp; others- Vs Ratanlal Tamakuwala &amp; others</b>					
	<b>Plaintiff:</b> Gujarat NRE Coke Ltd.  <b>Respondents:</b> 1. Ratanlal Tamakuwala 2. Rishi Raj Agarwal 3. Vivek Goenka 4. Indian Express Newspapers 5. T.N.Ninan 6. Business Standard 7. Aweeka Sarkar 8. Anand Bazar Patrika	Hon'ble High Court- Kolkata	April, 1997	Suit pending before the Hon'ble High Court at Calcutta for adjudication	Gujarat NRE Coke Limited has filed a defamation case against Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal (Defendant No.1 and 2) along with other defendants which includes proprietors of various Newspapers. The case in relation to defendant no. 1 and 2 is related to wrongful acts and misconduct. Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal, in this regard has filed an affidavit denying all the allegations before this Hon'ble Court.	Rs.5000 Lakhs for damage for defamation
<b>3</b>	<b>Gujarat NRE Coke Ltd. Vs Ashwin P. Shah &amp; Others</b>					
	<b>Plaintiff:</b> 1. Gujarat NRE Coke Ltd.  <b>Respondents:</b> 1. Ashwin P. Shah 2. Ratanlal Tamakuwala 3. Rishi Raj Agarwal	Hon'ble High Court- Kolkata	November 13 <sup>th</sup> , 1998	The suit is pending for adjudication under the heading for hearing the old matters.	An injunction has been filed restraining the respondent for enforcing demand or taking any active part in the management of the company, until disposal of the suit no. 1191 of 1998 (Nirali steel Vs Gujarat NRE Coke Limited ) pending in city civil court at Ahemdabad	Rs. 4.94 lakhs
<b>4</b>	<b>Arun Kumar Jagatramka v. Ratan Lal Tamakuwala</b>					
	<b>Petitioner:</b> Arun Kumar Jagatramka  <b>Respondents:</b> Ratan Lal Tamakuwala	Hon'ble High Court- Kolkata	August 16, 1997	pending	The Petitioner has filed a contempt application against the Respondent on the grounds that he has by holding himself out to be the Managing Director of Gujarat NRE Coke and interfering with the management of the said company, violated the interim order passed by the High Court dated May 13, 1997.	N.A.

Sr. No.	Parties	Court	Date of Institution	Present Status	Details of Case	Amount Involved
<b>5 Girdharilal Jagatramka v. Ratan Lal Tamakuwala</b>						
	<b>Petitioner:</b> Girdharilal Jagatramka  <b>Respondents:</b> Ratan Lal Tamakuwala	Hon'ble High Court- Kolkata	June 19, 1997	pending	The Petitioner has filed a contempt application against the Respondent on the grounds that he has by issuing letters on behalf of the M/s. Gujarat NRE Coke violated the order passed by the High Court dated April 30, 1997.	N.A.
<b>6. Gujarat NRE Coke Ltd. &amp; Anr Versus Mr. Ratan Lal Tamakhuwala, Mr. Rishi Raj Agarwal and Others</b>						
	<b>Petitioners:</b> 1. Gujarat NRE Coke Ltd. & Anr 2. Mr. Arun Kumar Jagatramka  <b>Respondents:</b> 1. Securities & Exchange Board of India, Mumbai 2. The Regional Manager, Securities & Exchange Board of India 3. Mr. Ratan Lal Tamakhuwala 4. Mr. Rishi Raj Agarwal 5. RR Financial Consultants Ltd.	Hon'ble High Court- Kolkata	Feb., 9 2007	Not yet admitted	A notice has been received advising that the Writ Petition has been filed against the respondent with following prayers: <b>1.</b> Writ in the nature of mandamus commanding the respondent to consider the complaint lodged by the petitioners dated 13.06.2006 after expunging the Juhu Property, Mumbai within the stipulated period under Sec 11,11A, 11B and 11c of SEBI Act 1992 <b>2.</b> Writ in the nature of prohibition preventing respondent No 1 & 2 from giving any permission to respondents no 3 & 4 to access any capital market in the name of Gremach Infrastructure Equipments & Projects Ltd or any other name <b>3.</b> Writ in the nature of Certiorari commanding respondent to transmit all the record/files with regard to the said complaint letter dated 13.03.2006 and other relevant papers filed by respondent 3 & 4 <b>4.</b> Rule NISI in terms of prayers above <b>5.</b> Injunction directing Respondent no. 1 & 2 to consider the representation	N.A.



## Gremach Infrastructure Equipments & Projects Ltd.

Sr. No.	Parties	Court Institution	Date of Status	Present of Case	Details Involved	Amount
					made by the petitioner through their advocate's letter 13.06.06 within reasonable period of time 6. Injunction restraining respondent no. 1 & 2 from giving any permission to respondent no. 3 & 4 for accessing the capital market in the name of Gremach Infrastructure Equipments & Projects Ltd or any other name 7. Ad-interim order in terms of prayers 5 & 6 above	
<b>7. Visa Steel Ltd. v. Austral Coke &amp; Projects Ltd.</b>						
	<b>Plaintiffs:</b> Visa Steels Ltd.  <b>Respondents :</b> Austral Coke & Projects Ltd	District Judge, Alipore	04 March, 2006	pending	A civil suit has been filed by the plaintiffs under Section 9 of the Arbitration and Conciliation Act 1996. In this regard, Austral Coke had earlier served a notice on Visa Steel Dated February 2006 demanding payment of a sum of Rs.12,91,25,000/- within 21 days of the receipt of the said notice, otherwise proceedings, including winding up proceeding against the company under Section 433 and 434 of the Companies Act may be initiated. The Plaintiff has disputed this claim and filed this suit counter claiming a sum of Rs.3,53,04,704/-. The Plaintiff has also prayed for an injunction against the respondent from alienating any properties or dealing with its bank accounts so as to always maintain a balance of Rs. 3,53,04,704/-	Rs. 3,53,04,704/-

## LITIGATIONS FILED BY THE DIRECTORS / PROMOTERS / GROUP COMPANIES

Sr. No.	Parties	Court	Date of Institution	Present Status	Details of Case	Amount Involved
8	<b>Ratan Lal Tamakuwala v. Ratan Kumar Banka &amp; Others</b>					
	<p><b>Appellants:</b></p> <ol style="list-style-type: none"> <li>1. Ratan Lal Tamakuwala</li> <li>2. Rishi Raj Agarwal</li> </ol> <p><b>Respondents:</b></p> <ol style="list-style-type: none"> <li>1. Ratan Kumar Banka</li> <li>2. Pawan Kumar Ladia</li> <li>3. Gujarat NRE Coke Ltd.</li> <li>4. Girdharilal Jagatramka</li> <li>5. Arun Kumar Jagatramka</li> </ol> <p><b>Proforma Respondents:</b></p> <ol style="list-style-type: none"> <li>1. Chandu Parekh</li> <li>2. Gulshanlal Tandon</li> <li>3. Smt. Lalita Agarwal</li> <li>4. Shyamanand Jalan</li> <li>5. NRE Projects Limited</li> <li>6. Saurashtra Projects Ltd.</li> </ol>	High Court of Calcutta	April, 2006	The appeal and the stay application was heard and disposed off by an order dated 03.05.2006 passed by the Hon'ble Division Bench	<p>The Appellants have preferred an appeal against the order of the single judge dated April 21, 2006 whereby the Learned Judge refused to pass an interim order in terms of the following prayers:</p> <p>a. Mandatory injunction directing the plaintiffs, specially the Plaintiff nos, 3, 4 and 5 to forthwith withdraw the said letter dated 13th March, 2006 and to intimate SEBI not to take any notice of the same on the basis of the contents thereof, and</p> <p>b. Temporary injunction restraining the respondents, their men, agents, servants, and each one of them from issuing any further letter or representation to the SEBI or any other person in continuation, reiteration or pursuance of the letter dated March 13, 2006 or in respect of any property of matter in issue in the instant suit without prior leave of the court.</p> <p>c. Injunction restraining the respondents, men, agents, and servants from causing any disturbances, obstruction, or interference in the process of public issue of equity of Gremach Infrastructure Equipments &amp; Projects Limited till the disposal of the suit.</p>	

## Gremach Infrastructure Equipments & Projects Ltd.

Sr. No.	Parties	Court	Date of Institution	Present Status	Details of Case	Amount Involved
9	<b>Suarashtra Projects Ltd. v. Gujarat NRE Coke Ltd.</b>					
	<b>Plaintiffs:</b> Suarashtra Projects Ltd.  <b>Respondents:</b> Gujarat NRE Coke Ltd.	Civil Judge Senior Division, Jamnagar	April, 15, 1997	pending	The Plaintiffs have filed a civil suit against the Defendants relating to contractual disputes wherein it calimed that the Defendants own the Plaintiffs a sum of Rs.8 million and a lien on coke stock of Gujarat NRE Coke Limited amounting to Rs.1.5 Crores relating to land situated at Khambalia, Jamnagar.	Rs. 80 Lakhs and lien on coke stock of Gujarat NRE Coke Ltd. amounting to Rs. 1.50 Crores.

\*For details of the aforesaid litigation, please refer to the section titled “Outstanding Litigation” appearing on page 87 of this Red Herring Prospectus.

### 2. We have not commissioned an independent appraisal for the use of proceeds to be raised through the Issue.

The uses of proceeds of the Issue have been determined based on our management’s internal estimates and no bank or financial institution has appraised the use of proceeds to be raised through the Issue. The Centurion Bank of Punjab Limited has been appointed as the monitoring agency. Progress in the use of proceeds from the Issue will be reported periodically as is statutorily required by SEBI in India. We will constitute a committee of the Board of Directors for monitoring the use of proceeds from this Issue.

### 3. Total Rental Income from Rehiring of Equipments as at 31.12.2006 amounts to 82.73% (83.31% as at 31.03.2006) of the total Rental Income and from owned equipments amounts to 17.27% (16.69% as at 31.03.2006) of the Total Rental Income.

Turnover from Rehiring of Equipments amounts to 82.73% of the Total Turnover and Turnover from owned equipments amounts to 17.27% of the Total Turnover. In the same line if we see the ratio of Profit before tax it’s 7.52% (7% as at 31.03.2006) in case of rehiring of equipments and 20.14% (14% as at 31.03.2006) in case of owned equipments. As the company is earning double in case of the owned equipment, it’s willing to invest in own equipments to increase its Profitability.

### 4. The Promoter Companies and the Group Companies of Gremach Infrastructure Equipments & Projects Limited are in the same line of business and consequently the interest of these companies, may conflict with the interest of Gremach Infrastructure Equipments & Projects Limited

Though the group companies are presently sharing the activities in the same line of business. GIE&PL with its separate professional team would create a niche with its quality of service and the choice of standard equipment which will only be given to established players in the infrastructure industry and as such the management does not envisage a conflict in their activities.

### 5. The Company’s activities comprise of providing equipment (s) on rental basis to entities which provide for levy of penalty normally for time-overrun cases. In case the Company is unable to meet the performance criteria as prescribed by the respective client and if penalties are levied, the financial performance of the Company may be adversely affected.

Generally, penalties are not imposed on rental of equipment, however, should the equipment not perform to its contracted stipulations, for any reason, proportionate rentals are received for the period the equipment is in use.

- 6. Gremach has given a corporate guarantee of Rs 63.25 Crs. to State Bank of India, IFB, Worli, Mumbai and Rs. 25.00 Crs to State Bank of Indore, Commercial Branch, Nariman Point, Mumbai on behalf of Austral Coke and Projects Limited.**

This Guarantee has been given as stipulated by State Bank of India, IFB, Worli Branch Mumbai and State Bank of Indore, Commercial Branch, Nariman Point, Mumbai for the credit facilities given to Austral Coke & Projects Limited, as Gremach is the flagship company of the group. In turn Austral Coke & Projects Limited has given guarantee of Rs. 48.90 cr. to Gremach Infrastructure Equipments & Projects Limited for credit facilities granted by State Bank of India IFB Cuffe Parade Branch. The net additional contingent financial liability for Gremach works out to Rs. 39.35 Cr. (Rs.88.25 Cr. – Rs. 48.90 Cr). Considering the net worth of Gremach as at 31.12.2006 of Rs.31.99 crores (Rs.26.23 crores as at 31.03.2006) and sales turnover of Rs. 83.23 Cr. for the nine months period ended 31<sup>st</sup> December, 2006, (Rs.75.85 crores for the year 2005-06).

- 7. Our operations are subject to a degree of risk and could expose us to material liabilities, loss in revenues and increased expenses.**

Our operations are subject to hazards inherent to risk of equipment failure, work accidents, improper handling of materials and / or machines, fire or explosions, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

- 8. Non awardance/ acceptance of our tenders/bids for contracts and the risks associated with execution of such contracts either due to delay in accepting the bid or acceptance at a lower rate can adversely affect margins and performance of our company.**

We submit our bids for various construction projects, road projects and property projects for supply of equipments. There could be a delay in the bid selection process owing to variety of reasons which may be outside our control, and our bids may not be selected or if selected may not be finalized within the expected time frame or on expected terms or at all. Thus, our revenues would largely depend upon acceptance of bids / tender submitted by us to the prospective clients for their projects. In case of competitive bid, we may not be able to get the desired margins. The performance of our company could be largely affected in case majority of bids are not accepted or are accepted at lower rates.

- 9. Our business is dependent on a continuing relationship with our clients.**

Our business is dependent on various construction projects undertaken by our clients. Our business is therefore significantly dependent on developing and maintaining relationships and pre-qualified status with certain major clients and obtaining a share of contracts from such clients. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship with certain of our key clients. The loss of a significant client or a number of significant clients may have a material adverse effect on our results of operations.

- 10. To the best of our knowledge, there is no available structured information as to the exact size of the rental industry in India as it is still in its infancy and majority of the players are operating in the unorganized sector. We may face new competition that may affect our competitive position and our profitability.**

A number of infrastructure projects have been awarded by the Central Government and State Government to large construction companies to construct buildings, roads, airports and special economic zones which require construction equipments owing to a high degree of mechanization. Among the various machines required a large number of them are owned by these companies. There are many machines which have a temporary use and whose cost of transportation is not commensurate with the cost of the machines. We have over the years build up an expertise in optimum management of our machines and servicing to our clients through in-house R&D, established products and country-wide services. The Share of un-organised sector in Material handling and Construction Equipment industry is marginal.

**11. The requirement of construction equipment and expansion plans drawn by the Company are based on projected business opportunities in these fields. Any deviation in the market conditions could adversely affect the profitability of the Company.**

The requirements of construction equipment and expansion plans drawn by the Company have been crystallized considering the prospective projects. Further, Company's ability to diversify its client profile and easy availability of equipments as per the specific requirement of the project would reduce the adverse affect of any deviation in the market conditions. However, no assurance can be given for utilising the equipments to its optimum utilisation and any deviation or misutilization of equipments may adversely effect the operations of our company.

**12. Any delay in the commencement of operations as scheduled as per the proposed expansion plans are subject to the risk of cost and time overruns.**

The requirements of rental for construction equipment depends solely on the user-entities requirement, such requirements have been based on the reasoned judgement of the management through its experience in this line of activity. The type, nature, quantity, timing, price, specifications and supplier may vary depending on the prevailing condition of the rental market and product available with the original equipment manufacturer, at the time when the issue proceeds are made available to the company. Any delay in fund raising through public issue, may delay the entire schedule of proposed expansion.

**13. We do not have any long-term contracts with our clients and we get the work orders depending upon our client's requirements of construction activities.**

The concept of rental is the use of quality equipments with the highest productivity generally for peak load work by the user-entity and as such generally the nature of its activity is not long term. However, with the management approach of relationship building with the user-entity the equipments are used by them for several sites thereby, achieving the objective of long use of equipments, under rentals, by the user-entity with our company. The Management is of the opinion that returns on investment is higher on Short Term contract as against long term contracts.

**14. Our Insurance coverage may not adequately protect us against certain operating risks and this may have a material adverse affect on our business.**

Our significant insurance policy consists of a comprehensive coverage for risks relating to physical loss. In addition, we have obtained separate insurance coverage for workmen related risks, motor vehicle risks and loss of movable assets risks. For details of our insurance policies see the section titled "Our Business" – Insurance on page no. 45 of this Red Herring Prospectus. While we believe that the Insurance coverage maintained, would reasonably be adequate to cover all 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 honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, or the insurance policy covering such risk is not honored, our results of operations and cash flow may be adversely affected.

**15. Our Expansion Project requires significant capital expenditure and if we are unable to obtain the necessary funds for expansion, our business expansion may be adversely affected.**

We will need significant additional capital to finance our Expansion Project. Our ability to finance our capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including our results of operations generally, volatility in interest rates, borrowing or lending restrictions, if any, imposed by the lending banks, payment of dividend, insurance and other costs and our ability to obtain financing on acceptable terms. We cannot assure you that the actual costs or schedule of implementation of the Expansion Project will not vary from the estimated costs. Further, we cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements.

**16. Location for workshops not yet identified**

We have yet to acquire the Land for the purpose of establishing our workshops and Hub centers in 4 different locations in India. Any delay in acquiring the land suitable to our requirement will delay the schedule of expansion plan and in turn affect the operations.

**17. The company depends on its senior management team, and the loss of team members may adversely affect its business.**

Since the activities are geographically spread it is not envisaged that the entire management team would resign at the same time. There may arise a situation where few individuals would not like to continue their relationship with the company due to any reason. The company having conducive work environment and well defined Human Resource policy will ensure that in such an event it would fill the vacancy by internal transfer or promotion or would recruit a professional from the industry to fill up such a gap.

**18. Covenants with lenders may restrict companies operations, its capacity to expand, distribute dividends, etc.**

Certain covenants in the financing agreements require the company to obtain approval from the financial institutions *inter alia* before undertaking new projects or expansion of the existing facilities, making any new investments, issuing new security (debt or equity) including shares being issued in this Issue, making changes to the company's capital structure, distributing dividends to its shareholders. We have obtained the requisite consents from State Bank of India. For details see section titled "Capital Structure" on page 13 of this Red Herring Prospectus.

**19. We do not have any registered trademarks or trade names**

As on date we do not have any registered trademark. We have made an application for registration of the logo of our Company which is pending before the Trademarks Registry, Mumbai. In the event that the logo is not registered or there is a delay in the registration, it may affect our Company.

**20. We are yet to place orders for purchase of Plant & Machineries.**

We are yet to place orders for purchase of balance Plant & Machineries. The Company has received quotations and Negotiations in respect of technical specifications with some vendors have been commenced and orders will be placed in the due course, once the negotiations are completed. Any increase in prices or adverse exchange rate fluctuations of these equipments may adversely affect our estimates of Project cost resulting in increased funds requirement and which may delay our schedule of implementation for the Project.

**21. Seasonality of business**

We are largely dependent on construction industry which gets affected by monsoons / heavy rains. Our business operations are slack in the rainy season.

**22. Negative Cash flows in the past**

There was negative cash flow during 2002-03 on account of purchase of machineries and repayment of debt. We could not assure you of any such event in future, which could affect financial position, and in turn dividend paying capacity of our Company.

**23. Conflict of Interest between our company and group companies.**

Some of our group companies are in the same line of business. The interest of shareholders of our company may conflict with the interest of our group company shareholders when they compete with each other for the opportunities available in the market. The operations in the group company are very minimal as compared to the scale of operations in our company.

**24. The Company has presently applied for setting up of SEZ's at various locations in India wherein the approvals are pending . On the receipt of approvals the company would be required to arrange funds as may be required.**

The company has presently made various applications to the Government of India, Ministry of Commerce and Industry, Department of Commerce (EPZ Section) and (SEZ Sections). The above proposals are pending. The company has the requisite machineries and handling of manpower to develop such SEZs and sees an opportunity to harness its expertise. As and when the approvals are received the management shall make arrangements for the requisite funds through the required mix of debt and equity.



**25. One of our group Companies, M/s. Anarcon Resources Private Limited has recorded losses during the fiscal year 2005-06.**

Our Group Company M/s. Anarcon Resources Private Limited has recorded the loss of Rs. 2.77 lakhs during the financial year ended 2005-06. In this Company there are no major operations. However, there are no cash losses.

**B. EXTERNAL RISK FACTORS**

**1. Exchange Rate Fluctuations may have impact on the performance of our Company.**

The Company is exposed to exchange rate fluctuations. Uncertainties in the global financial market may have an impact on the exchange rate between Rupee vis-à-vis other currencies and we feel that the impact is negligible. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have an impact on the cost of the Company. However, presently the company revenue patterns are only in rupee denomination.

**2. Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.**

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Currently we benefit from certain tax benefits that results in a decrease in the effective tax rate compared to the tax rates that we estimate would have applied if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations. The impact of the introduction of the value added tax regime on our business and operations would depend on a range of factors including the rates applicable and the exemptions available to our facilities. Currently, we are unable to ascertain the impact of the value added tax regime on our business and operations.

**Notes to the Risk Factors:**

- Initial public offering of [●] equity shares of Rs. 10/- each at a price of Rs. [●] for cash aggregating to Rs. 5900 lacs (hereinafter referred to as the issue). Including reservations for employees for [●] equity shares of Rs. 10 each at a price of Rs. [●] each aggregating to Rs. 590 lacs and the net issue to the public of [●] equity shares of Rs. 10 each at a price of Rs. [●] each aggregating to Rs. 5310 lacs the issue would constitute [●] of the fully diluted post issue paid up equity capital of the company.
- The net worth of our Company before the Issue as on December 31, 2006 is Rs. 3199.34 Lakhs and the Issue Size is Rs. 5900 Lakhs.
- The average cost of acquisition of one Equity Share for the Promoters is Rs. 12.02 per Equity Share. The book value per share as on December 31, 2006 is Rs. 38.28
- The investors may contact the BRLMS or Members of the Syndicate for any clarifications or information, pertaining to the issue.
- Investors are free to contact the BRLMs for any complaint/information/clarification pertaining to this issue. For contact details of the BRLMs, please refer the cover page of this Red Herring Prospectus.
- For related party transactions, refer to the section titled 'Related Party Transactions' and 'Transactions with Promoter/Promoter Group' on page 74 of this Red Herring Prospectus.
- The Investors are advised to refer to the section titled 'Basis for Issue Price' on page 27 of this Red Herring Prospectus before making an investment in this Issue.
- Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
- Investors may note that in case of over-subscription in the Issue, allotment to Eligible Employees, Qualified Institutional buyers, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). For more information, see the section titled 'Basis of Allocation' at page 128 of this Red Herring Prospectus.
- For transactions in Equity Shares of the Company by the promoter group and directors of the Company in the last six months, please refer to paragraph [●] under the section entitled 'Capital Structure' on page no. 13 of this Red Herring Prospectus.



## SUMMARY

You should read the following summary together with the risk Factors and the more detailed information about us and our financial statements included in the Red Herring Prospectus.

### Overview

Our main activity is to provide rental of construction /earthmoving machineries to medium / large construction companies who are engaged in the business of constructing/building of roads, airports, power projects, institutional & industrial complexes, multiplexes and residential buildings and other related infrastructural activities chiefly catering to Public Sector undertakings, private sector, CPWD and various national & international government aided projects.

It makes business sense for the firms implementing these numerous infrastructure projects to take these costly construction equipments on a rental basis as they would not like to block their money in procuring construction equipments which may not can be used for executing other projects as well. The other advantage of taking the equipment on rental basis is the availability of quality equipments without the hassle of their maintenance.

We have experienced growth in last 9 years of existence in the Rental Industry. We have pursued a strategy of diversifying the selection of machinery/equipment according to different business segments in the Infrastructure Sector. In addition to renting our owned equipments, we also hire equipments owned by other parties and rent to our own clients. In the past over 83.31% of our total rental incomes are derived from equipments, which are exclusively owned by third parties. We have established a network so as to have a geographical reach as well as a diversified industrial and project segment. It is necessary for us to invest in deploying technology machines in all projects. Each of these projects are time bound and of short to medium term duration.

### OPERATING STRENGTHS

#### Quality Management

Our Company believes in quality management and has taken several steps in this regard. It has put in place feedback mechanisms in place enabling the management to take effective and timely decisions. This translates to improvement in the service quality to the clients.

#### Financial Management

Our Company has utilised its financial resources. It has ploughed back almost all its profits for the last three years for the expansion of its business activities. It also has lines of credit of Rs. 4890 Lacs with the banks.

#### Long Term relationship with clients

We have built knowledge base of our user-entities' processes. This understanding has been used to provide value to our user-entities by saving time and costs through equipment and other advisory support.

#### Human Resources

All regular and contract employees go through detailed training schedules before they are taken on the team.

#### Operations, Repair and Maintenance (OR&M)

The Group has a team of about 358 personnel (including contracted staff) that include mechanical engineers, civil engineers, mechanical experts, technicians, and operators etc. who operate and maintain the equipment. The personnel are equipped with diagnostic tools that allow them and the managers to troubleshoot and detect malfunctions (or potential malfunctions). Their expertise in managing equipment has led to a low breakdown rate and therefore, lowers operating costs by subscribing to a rigid preventive maintenance philosophy and through a series of innovations to push these costs further down.

#### Research and Development

To reduce costs it develops its own spares, ties up with local manufacturers or imports it directly from suppliers where the prices are lower. The Research & Development (R&D) team of the R&M department has started to develop its own spare parts, so as to save costs and optimize performance. On an average heavy construction equipment has over 2000 types of spares, of which about a 100 are classified as critical in terms of frequency of use and costs. The R&D team analyses the usage and the wear and tear of various consumables and spares.

#### Clientele Base

We have a very strong clientele base that includes all the major infrastructure players in the country such as Larsen & Toubro Ltd., Punj Lloyd Ltd, Shapoorji Pallonji & Co.Ltd, Gammon India Ltd, Hindustan Constn. Co.Ltd, Gannon Dunkerley & Co.Ltd etc.

### **BUSINESS STRATEGY**

Considering the existing competition in the industry and future entrants, the Company has focused on the following business strategies:

- To operate into diversified sectors by providing equipments to sectors like urban infrastructure (townships, offices, houses etc.), development of airports, power projects etc
- To service diversified client base, which includes not only Public Sector Undertakings and Central Public Works Department, but also Private Sector Business Groups
- To improve size of the projects.

### **INDUSTRY OVERVIEW**

The Government of India's focus and sustained increased budgetary allocation and increased funding by international & multilateral development financial institutions for infrastructure development in India has resulted in or is expected to result in several large infrastructure projects in this region. The sectoral scope is derived from the following numbers as contained in the Budget 2005-2006 speech of the Finance Minister

- Rs 1400 crore was provided for further four laning of the GQ project of NHAI.
- Outlay for National Highway development was increase to Rs 9320 crores for the year 2005-06.
- Provision for the Indira Awas Yojna, flagship rural housing scheme for weaker section for the year 2005-06 has been increased to Rs 2750 crore.
- For the purpose of financing large infrastructure project which otherwise have financial viability but face difficulty in raising resources Finance Minister proposed to establish an SPV to finance these projects with a borrowing limit of Rs 10,000 crore.
- The government provided Rs 8000 crore as corpus for Rural Infrastructure development fund for providing basic infrastructure to the poor, especially those in rural India and in Indian urban slums.

With the government providing a major thrust in the development of infrastructure and new investments expected the infrastructure projects and the equipment industry supplying equipment to the infrastructure segment is expected to get a major boost.

For detailed Industry Overview, please refer to page no. 35.

## ISSUE DETAILS IN BRIEF

Particulars	No. of Equity Shares
<b>Fresh Issue of Equity Shares</b>	[●] Equity Shares constituting to [●] of the Post Issue Paid Up Capital of the Company
Of which:	
Reserved for Employees of the Company <sup>(1)</sup>	[●] Equity Shares
Net Offer to the Public	[●] Equity shares
Qualified Institutional Buyers Portion <sup>(2)</sup>	Up to [●] Equity Shares (Allocation on a proportionate basis) out of which 5% of the QIB Portion, or [●] Equity Shares (assuming that 50% of the net issue is the QIB portion) is available for allocation on a proportionate basis to mutual fund only, and the remaining QIB portion, [●] equity shares (assuming that 50 % of the net issue is the QIB portion) is available for allocation on a proportionate basis to all QIBs, including Mutual Funds.
Non Institutional Portion <sup>(2)</sup>	[●] Equity Shares constituting at least 15% of the Net Issue to the Public. <b><i>(Allocation on a proportionate basis)</i></b>
Retail Portion <sup>(2)</sup>	[●] Equity Shares constituting atleast 35% of the Net Issue to the Public. <b><i>(Allocation on a proportionate basis)</i></b>
Equity Shares outstanding prior to the Issue	83,57,300 Equity shares of Rs. 10/- each
Equity Shares outstanding after the Issue	[●] Equity Shares
Objects of the Issue	Please see the section entitled “Objects of the Issue” on page 21 of this Red Herring Prospectus.

<sup>(1)</sup> Under subscription, if any, in the Employee Reservation portion will be added back to the Net issue and the proportionat allocation of the same would be at the sole discretion of the Company in consultation with the BRLMs.

<sup>(2)</sup> Under subscription, if any, in any of the above categories would be allowed to be made with spill over inter se from any other category, at the sole discretion of the Company in consultation with the BRLM/s.

**Summary Financial, Operating and Other Data from the audited accounts of the company****Summary of Assets and Liabilities – Restated**

(Rs. in Lacs)

	As at	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
<b>A)</b>	<b>Fixed Assets:</b>						
	Gross Block	5224.48	3665.18	2284.64	1363.19	887.89	852.65
	Less: Depreciation	1930.58	1488.79	1067.11	696.83	465.18	351.90
	Net Block Total	3293.90	2176.39	1217.52	666.36	422.71	500.75
	Goodwill	180.85	180.85	180.85	180.85	180.85	180.85
	<b>Total fixed assets (A)</b>	<b>3474.75</b>	<b>2357.24</b>	<b>1398.37</b>	<b>847.21</b>	<b>603.56</b>	<b>681.60</b>
<b>B)</b>	<b>Current Assets, Loans &amp; Advances</b>						
	Inventories	74.49	72.41	67.29	19.23	16.40	15.86
	Sundry Debtors	2358.96	2239.14	1655.22	788.18	630.27	499.49
	Cash & Bank Balances	591.25	157.29	64.07	3.08	1.29	13.62
	Loans & Advances	607.30	531.17	314.88	274.32	390.75	278.01
	<b>Total (B)</b>	<b>3632.00</b>	<b>3000.01</b>	<b>2101.46</b>	<b>1084.81</b>	<b>1038.71</b>	<b>806.98</b>
<b>C)</b>	<b>Liabilities &amp; Provisions</b>						
	Secured loans	1450.56	166.11	672.20	199.77	146.08	190.21
	Unsecured Loans	-	350.49	—	—	—	—
	Current Liabilities & Provisions	1958.24	1919.64	1440.33	612.59	469.58	317.35
	Deferred Income Tax Liability	498.62	298.47	144.97	62.54	33.45	14.01
	<b>Total (C)</b>	<b>3907.42</b>	<b>2734.71</b>	<b>2257.50</b>	<b>874.90</b>	<b>649.11</b>	<b>521.57</b>
	<b>NET WORTH (A+B-C)</b>	<b>3199.34</b>	<b>2622.54</b>	<b>1242.34</b>	<b>1057.12</b>	<b>993.16</b>	<b>967.01</b>
	<b>NET WORTH REPRESENTED BY:</b>						
	Share Capital	835.73	835.73	730.00	730.00	730.00	730.00
	Share Application Money	-	-	-	-	-	-
	Reserve & Surplus	2397.40	1802.78	512.34	327.28	263.48	237.48
	<b>TOTAL</b>	<b>3233.13</b>	<b>2638.51</b>	<b>1242.34</b>	<b>1057.28</b>	<b>993.48</b>	<b>967.48</b>
	Less: Misc. Expenditure (to the extent not written off)	33.80	15.97	—	0.16	0.32	0.47
	<b>NET WORTH</b>	<b>3199.34</b>	<b>2622.54</b>	<b>1242.34</b>	<b>1057.12</b>	<b>993.16</b>	<b>967.01</b>

## Summary of Profit & Loss – Restated

(Rs. in Lacs)

For the period ended on

	Particulars	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
	<b>INCOME</b>						
	Rental Charges Received	8323.36	7585.13	4737.40	3024.50	2287.23	1878.42
	Other income	20.53	7.14	0.00	33.74	0.05	2.41
	Increase /(decrease) of stock	2.09	5.12	48.05	2.82	0.54	4.81
<b>A</b>	<b>Total Income</b>	<b>8345.98</b>	<b>7597.39</b>	<b>4785.45</b>	<b>3061.06</b>	<b>2287.82</b>	<b>1885.64</b>
	<b>EXPENDITURE</b>						
	Vehicle Running Expenses	6763.17	6319.09	3851.94	2547.90	1940.43	1602.00
	Audit Fees	0.23	0.12	0.12	0.12	0.12	0.12
	Administrative Expenses	176.72	192.85	218.73	158.32	117.30	102.72
	Interest & Financial Charges	64.69	55.67	49.74	21.12	29.72	34.31
	Depreciation	441.79	421.68	370.27	231.65	149.98	117.85
	Preliminary / Deferred Rev. Exps W/off	0.00	0.00	0.16	0.16	0.16	0.16
<b>B</b>	<b>Total Expenditure</b>	<b>7446.60</b>	<b>6989.41</b>	<b>4490.96</b>	<b>2959.27</b>	<b>2237.71</b>	<b>1857.16</b>
	<b>Net Profit Before Tax &amp; extra ordinary items (A-B)</b>	<b>899.38</b>	<b>607.98</b>	<b>294.47</b>	<b>101.79</b>	<b>50.11</b>	<b>28.48</b>
	Provision for Income Tax Current	104.59	53.31	25.31	8.00	3.95	2.18
	Provision for Income Tax deferred	200.16	153.50	82.43	29.09	19.44	10.07
	<b>Profit before extra ordinary items</b>	<b>594.63</b>	<b>401.17</b>	<b>186.73</b>	<b>64.7</b>	<b>26.72</b>	<b>16.23</b>
	Extra ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Net profit after Tax</b>	<b>594.63</b>	<b>401.17</b>	<b>186.73</b>	<b>64.7</b>	<b>26.72</b>	<b>16.23</b>
	Balance of Profit brought forward	750.76	359.04	173.96	51.47	25.57	10.07
	Dividend	0.00	8.36	1.46	0.73	0.73	0.73
	Corporate Tax on Dividend	0.00	1.09	0.19	0.09	0.09	0.00
	<b>Balance Carried to Balance sheet</b>	<b>1345.39</b>	<b>750.76</b>	<b>359.04</b>	<b>115.35</b>	<b>51.47</b>	<b>25.57</b>

## **GENERAL INFORMATION**

### **GREMACH INFRASTRUCTURE EQUIPMENTS & PROJECTS LIMITED**

*(Originally Incorporated as a Private Limited Company at Kolkata, West Bengal on June 12, 1991 as “Gremach Commerce Private Limited” under the Companies Act, 1956, converted into a Public Limited company under the name of “Gremach Commerce Limited” on January 12, 1996 and subsequently renamed as “Gremach Infrastructure Equipments & Projects Limited” effective from August 9, 2005)*

**Registered Office:** P-50, Princep Street, Deo Bhawan, 3rd Floor, Kolkata-700 017

Tel: 91-33-6413 8452, 91-33- 2236 1246 Fax no: 91-33-2212 9661

**Corporate Office (for all correspondence / communication):** Upvan Building, 1<sup>ST</sup> Floor, Behind Indian Oil Nagar, D.N Nagar, Andheri (W), Mumbai - 400053

**Tel:** 91-22- 26303451/ 52/ 70/ 71, **Fax:** 91-22- 26303493 **Contact Person:** Mr. Sanjive Arora

**Website:** [www.gremach.com](http://www.gremach.com) **E-mail:** [ipo@gremach.com](mailto:ipo@gremach.com)

**Our Company is registered at the Registrar of Companies - West Bengal, Kolkata**

Our **Board of Directors** comprise of the following members:

Mr. Ratan Lal Tamakhuwala	Non Executive Chairman
Mr. Rishi Raj Agarwal	Managing Director
Mr. Anand Agarwal	Independent & Non Executive Director
Mr. Kranti Sinha	Independent & Non Executive Director
Mr. Jiw Raj Khaitan	Independent & Non Executive Director

### **Details of the Chairman and Managing Director**

For details of Chairman and Managing Director of our Company, please refer to section titled “Management” on page 49 of this Red Herring Prospectus.

### **COMPLIANCE OFFICER & COMPANY SECRETARY**

Mr. Sanjive Arora,

#### **Gremach Infrastructure Equipments & Projects Limited**

Upvan Building, 1<sup>st</sup> floor,  
Behind D. N. Nagar, Andheri (West),  
Mumbai-400 053.

**Tel :** 91-22-26303451/52/70/72

**Fax:** 91-22-26303493

**Contact Person:** Mr. Sanjive Arora

**E-mail:** [contact@gremach.com](mailto:contact@gremach.com)

Investors can contact the Compliance Officer 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 account, refund orders etc.

### **BOOK RUNNING LEAD MANAGER**

#### **RR Financial Consultants Ltd.**

412-422, Indraprakash Building  
21, Barakhamba Road,  
New Delhi- 110 001

**Tel :** 011 23352496-99

**Fax:** 011 23353703

**Website:** [www.rrfcl.com](http://www.rrfcl.com)

**E-mail:** [ipo\\_gremach@rrfcl.com](mailto:ipo_gremach@rrfcl.com)

**Contact person:** Mr. Ravi K Sharma

# CO - BOOK RUNNING LEAD MANAGER

## Chartered Capital & Investment Limited

711, Mahakant,

Opp. V.S.Hospital, Ellisbridge,

Ahmedabad- 380006

**Tel:** 079 - 26575337 **Fax:** 079 26575731

**Website:** www.charteredcapital.net

**E-mail:** ipo\_gremach@charteredcapital.net

**Contact person:** Mr. Sagar Bhatt

## INTER SE ALLOCATION OF RESPONSIBILITIES BETWEEN THE BRLMS AND CO BRLMS

The following tables set forth the distribution of responsibility and coordination for various activities among the BRLM and Co BRLM. The BRLM and Co BRLM shall jointly and severally be liable to SEBI for all the activities described below. Inter-se allocation of responsibilities entered into between RR Financial Consultants Ltd. (RRFCL) and Chartered Capital & Investment Limited (CCIL):

Sr. No.	Activity	Responsibility	Co-ordination
1.	Capital Structuring with the relative components and formalities such as type of instruments etc.	RRFCL	RRFCL
2	Conducting a due diligence of the Company's operations/ management / business plans / legal etc. Drafting and designing the Draft Prospectus / Prospectus. Ensuring Compliance with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI.	RRFCL	RRFCL
3	Primary Co-ordination with SEBI, ROC and Stock Exchanges upto closure of the issue and coordinating interface with lawyers for agreements.	RRFCL	RRFCL
4	Primary Coordination of drafting/proofing of application forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.	RRFCL	RRFCL
5	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure etc.	RRFCL/CCIL	CCIL
6	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz. printers and advertising agency	RRFCL	RRFCL
7	Marketing of the issue, which will cover inter alia : <ul style="list-style-type: none"> <li>● Formulating marketing strategies, preparation of publicity budget.</li> <li>● Finalizing media &amp; public relation strategy.</li> <li>● Finalizing centers for holding conferences for press and brokers etc.</li> <li>● Following up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the issue material,</li> <li>● Preparing all road show presentations</li> <li>● Appointment of brokers to the issue and</li> <li>● Appointment of underwriters and entering into underwriting agreement.</li> </ul>	RRFCL/ CCIL	CCIL
8	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company	RRFCL /CCIL	CCIL
9	Co-ordinating post issue activities including management public issue account, dispatch of refunds to applicants etc.	RRFCL/CCIL	CCIL



**Gremach Infrastructure Equipments & Projects Ltd.**

<b>Sr. No.</b>	<b>Activity</b>	<b>Responsibility</b>	<b>Co-ordination</b>
10	Follow-up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on correct figures.	RRFCL/CCIL	CCIL
11	The post-issue activities for the issue will involve essential follow up steps, which include finalizing basis of allotment/ weeding out of multiple applications, the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as Registrars to the Issue and Bankers to the Issue and the bank handling refund business.	RRFCL/CCIL	CCIL

**LEGAL ADVISER TO THE ISSUE****Luthra & Luthra**

103, Ashoka Estate, Barakhamba Road,  
New Delhi-110001

**Tel:** 91-11-41215100

**Fax:** 91-11-23723909

**E-mail:** ahussain@luthra.com

**Contact Person :** Mr. A. Hussain

**BANKERS TO THE COMPANY****State Bank of India**

Industrial Finance Branch,  
Arcade, 2<sup>nd</sup> Floor, WTC,  
Cuffe Parade, Colaba,  
Mumbai - 400 005.

**Tel:** 91-22-22160926

**Fax:** 91-22-22160918

**E-mail:** sbi.08965@sbi.co.in

**REGISTRARS TO THE ISSUE****Intime Spectrum Registry Limited**

SEBI Regd. No. INR000003761  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai – 400 078

**Tel.:** 022 -25960320 (9 Lines)

**Fax:** 022 -25960329

**E-mail:** gremachinfra@intimespectrum.com

**Website:** www.intimespectrum.com

**Contact person:** Mr. Vishwas Attavar

**ESCROW COLLECTION BANKERS TO THE ISSUE****ICICI Bank Limited**

Capital Market Division  
30, Mumbai Samachar Marg  
Mumbai: 400001

**Tel:** 022 22627600

**Fax:** +91 022 22611138

**Email:** sidhartha.routray@icicibank.com

**HDFC Bank Limited**

Process House, 2nd Floor  
Kamala Mill Compound  
Senapati Bapat Marg  
Lower Parel, Mumbai – 400 013

**Tel:** +91 22 24988484

**Fax:** +91 22 24963871

**Contact Person :** Mr. Kripa Kalro

**Email:** kripa.kalro@hdfcbank.com

**Centurion Bank of Punjab Ltd.**

Modern Centre, C – Wing,  
Ground Floor

Sane Guruji Marg

Mahalaxmi (E)

Mumbai : 400 011

**Tel:** 022 6754 0000, 67540252

**Fax:** +91 22 6754 0011

**Contact Person :** Mr. Harpal Singh

**Email:** harpal.singh@centurionbop.co.in

**UTI Bank Limited**

Court Chambers,

35, Sir Vithaldas Thackersey Marg,

New Marine Lines

Mumbai : 400 020

**Tel:** 022 2200 7694/7698/7703

**Fax:** +91 22 2200 7703

**Contact Person :** Vivek Singh

**Email:** vivek.singh@utibank.co.in

**SYNDICATE MEMBERS****RR Equity Brokers (Pvt) Ltd.**

121-A, 12th Floor, A-Wing, Mittal Tower

Nariman Point, Mumbai.- 400 021

**Tel :** 022 22886627-28

**Fax :** 022 22851925

**E-mail:** rajeshagarwal@rrfcl.com

**Website:** www.rrfcl.com

**Contact Person:** Mr. Rajesh Agarwal

**Chartered Capital & Investment Limited**

711, Mahakant,

Opp. V.S.Hospital, Ellisbridge,

Ahmedabad- 380006

**Tel:** 079 26575337 Fax 079 26575731

**Website:** www.charteredcapital.net

**E-mail:** ipo\_gremach@charteredcapital.net

**Contact person:** Mr. Sagar Bhatt

**AUDITORS TO THE COMPANY****T. N. Dutta & Associates**

87/B, Cossipore Road,

Block No. B, Flat no. 8,

Kolkata 700 002

**Tel No.** 033-25573950

**Fax No.** 033-22302892

**Contact Person :** T.N. Dutta

**E-mail:** tn.datta@yahoo.co.in

**Credit Rating**

As the Issue is of Equity Shares, credit rating is not required.

**IPO Grading.**

We have not opted for grading of this issue.

## Gremach Infrastructure Equipments & Projects Ltd.

### Trustees

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

### Monitoring Agency

The company has appointed “**Centurion Bank of Punjab Ltd**” having its office at Modern Centre, C – Wing, Ground Floor, Sane Guruji Marg, Mahalaxmi (E), Mumbai - 400 011 as the monitoring agency to monitor the utilization of the proceeds of the public issue as per the recommendation of BSE.

### Book Building Process

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

- Gremach Infrastructure Equipments & Projects Limited
- The Book Running Lead Managers;
- The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the stock exchange (s) and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs;
- Escrow Collection Bank; and
- Registrars to the Issue

SEBI through its Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue to the public shall be available for allocation to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net Issue to the public shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIB Bidders are not allowed to withdraw their Bid (s) after the Bid Closing Date/Issue Closing Date and for further details please refer to the section titled “Terms of the Issue” on page 108.

We will comply with the Guidelines issued by SEBI for this Issue. In this regard, we have appointed RR Financial Consultants Ltd. as BRLMS to manage the issue and to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgement about investment through this process of book building prior to making a Bid(s) in the Issue.

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustration purpose 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 with issue size of Rs. 3,000 equity shares and five bids are received from bidders. Out of which one bidder has bid for 500 shares at Rs. 24 per share while another bid for 1,500 shares at Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	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:**

- Check eligibility for bidding (please refer to the section “Issue Procedure – Who Can Bid” on page no. 112 of this Red Herring Prospectus;
- Bidder necessarily needs to have a demat account;
- If your Bid is for Rs. 50,000 or more, ensure that you have mentioned Your PAN and attached copies of Your PAN to the Bid cum Application Form (see the section titled : “Issue procedure - PAN or GIR Number” beginning on Page 125 of this Red Herring prospectus)
- 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 at anytime after the Bid Opening Date/ Issue Opening Date but before Allotment, without assigning any reason therefor.

#### **Bid/Issue Programme**

##### **Bidding Period/Issue Period**

**BID/ISSUE OPENS ON: Thursday, 8<sup>th</sup> March, 2007**

**BID/ISSUE CLOSING ON: Wednesday, 14<sup>th</sup> March, 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (India Time) during the Bid/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1.00 p.m.** (Indian Standard Time) and updated till such time as permitted by the BSE on the Bid/ Issue Closing Date. **Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be duly disseminated by notification to the BSE by issuing a press release and also by indicating the change on the website of the BRLMS and at the terminals of the Members of the Syndicate.**

The Company reserves the right to revise the Price Band during the Bidding 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 Opening Date/Issue Opening Date.

In case of Revision in the Price bands, the Issue Period will be extended for three additional days after revision of the Price bands 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, 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.

#### **Underwriting Agreement**

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued 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 do not fulfill their underwriting obligations in terms of the Underwriting Agreement.

## Gremach Infrastructure Equipments & Projects Ltd.

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 RoC)*

<b>Name and Address of the Underwriters</b>	<b>Indicative Number of Equity shares to be Underwritten</b>	<b>Amount Underwritten (Rupees In Million)</b>
<b>RR Financial Consultants Ltd.</b> 121-A, 12th Floor, A-Wing, Mittal Tower, Nariman Point, Mumbai.- 400 021 Tel :-022 22886627-28, Fax 022 22851925	[●]	[●]
<b>Chartered Capital &amp; Investment Limited</b> 711, Mahakant, Opp. V.S.Hospital, Ellisbridge, Ahmedabad- 380006 Tel:-079 26575337 Fax 079 26575731	[●]	[●]

The above-mentioned amount is an indicative of underwriting and this would be finalised after pricing and actual allotment. The above Underwriting Agreement is dated [●]

In the opinion of the Board of Directors acting through the Managing Director and the BRLMs, based on a certificate given to them by the Underwriters, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The above Underwriting Agreements have been accepted by the Board of Directors acting through the Managing Director of our Company and our Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMS and the Syndicate Members shall be severally 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 to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

## CAPITAL STRUCTURE OF THE COMPANY

(Rupees in Lacs)

	Aggregate Nominal Value	Aggregate value at Issue Price
<b>(A) Authorized Share Capital</b>		
2,23,00,000 Equity shares of Rs.10/- each	2230.00	
<b>(B) Issued, Subscribed and Paid-up Equity Capital</b>		
83,57,300 Equity shares of Rs.10/- each (fully paid up)	835.73	1769.44
<b>(C) Present Issue in terms of this Red Herring Prospectus</b>		
[●] Equity Shares of Rs.10/- each (fully paid up)	[●]	5900.00
<b>(D) Reservation for Employees</b>		
[●] Equity Shares of Rs.10/- each (fully paid up)	[●]	590.00
<b>(E) Net Offer to the Public through this prospectus</b>		
[●] Equity Shares of Rs.10/- each (fully paid up)	[●]	5310.00
<b>Of which</b>		
Qualified Institutional Buyers portion of up to [●] equity shares:	[●]	2655.00
Non Institutional Portion of at least [●] equity shares	[●]	796.50
Retail portion of at least [●] equity shares	[●]	1858.50
<b>(F) Paid up capital after the Issue</b>		
[●]	[●]	[●]
<b>(G) Share Premium Account</b>		
Before the Issue	[●]	933.71
After the Issue		[●]

### Details of Increase in Authorised Capital

Date	Authorized Capital (Rs.)	Face Value (Rs.)	No. Of Shares	Particulars	Date of AGM/EGM
Upon Incorporation	Rs. 10 Lacs	10/-	1,00,000	Incorporation	
22.03.1994	Rs. 10 Lacs to Rs. 20 Lacs	10/-	2,00,000	Increase	22.03.1994
16.12.1995	From Rs.20 Lacs to Rs.530 Lacs	10/-	53,00,000	Increase	16.12.1995
28.03.2002	From Rs. 530 Lacs to Rs. 730 Lacs	10/-	73,00,000	Increase	28.03.2002
04.08.2005	From Rs. 730 Lacs to Rs 1730 Lacs	10/-	173,00,000	Increase	04.08.2005
27.11.2005	From Rs. 1730 Lacs to Rs 2230 Lacs	10/-	223,00,000	Increase	27.11.2005

## Gremach Infrastructure Equipments & Projects Ltd.

### NOTES FORMING PART OF THE CAPITAL STRUCTURE:

#### 1. Equity Share Capital History of the Company

Date of allotment	No. of shares allotted	Face Value (Rs.)	Cumulative no. of shares	Issue Price (Rs.)	Consideration	Nature of Allotment	Securities Premium Account (Rs.)	Cumulative Share Premium (Rs)
12.06.91	20	10	20	10	Cash	Subscription to Memorandum	Nil	Nil
30.03.92	99,980	10	100000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
31.03.94	90,000	10	190000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
31.03.95	8,000	10	198000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
31.03.96	10,000	10	208000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
27.03.99	2,17,600	10	425600	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
20.08.99	2,60,400	10	686000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
06.01.00	13,81,500	10	2067500	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
08.02.00	14,33,850	10	3501350	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
22.03.00	14,98,650	10	5000000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
01.02.01	3,00,000	10	5300000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
26.03.02	17,00,000	10	7000000	10	Cash	Further issue of shares to promoters and friends	Nil	Nil
28.03.02	1,00,000	10	7100000	30	Cash	Further issue of shares to promoters and friends	20,00,000	20,00,000
28.03.02	1,00,000	10	7200000	20	Cash	Further issue of shares to promoters and friends	10,00,000	30,00,000
28.03.02	1,00,000	10	7300000	15	Cash	Further issue of shares to promoters and friends	5,00,000	35,00,00 0
14.12.05	10,57,300	10	83,57,300	95	Cash	Further issue of shares to promoters and friends	8,98,70,500	9,33,70,500



## 2. Promoters' Contribution and lock-in.

### Shareholding of Promoters

Date of acquisition	Date when fully paid up	Nature of transaction	Consideration	No. of shares	Face value (Rs.)	Issue Price (Rs.)
<b>Ratan Lal Tamakuwala</b>						
26.09.1995	26.09.1995	Transfer	Cash	25000	10	10
20.08.1999	20.08.1999	Allotment	Cash	17000	10	10
06.01.2000	06.01.2000	Allotment	Cash	40000	10	10
22.03.2000	22.03.2000	Allotment	Cash	35000	10	10
26.03.2002	26.03.2002	Allotment	Cash	100000	10	10
				<b>2,17,000</b>		
<b>Ratan Lal Tamakuwala - HUF</b>						
26.09.1995	26.09.1995	Transfer	Cash	25000	10	10
27.03.1999	27.03.1999	Allotment	Cash	17600	10	10
20.08.1999	20.08.1999	Allotment	Cash	17400	10	10
06.01.2000	06.01.2000	Allotment	Cash	70000	10	10
22.03.2000	22.03.2000	Allotment	Cash	140000	10	10
01.02.2001	01.02.2001	Allotment	Cash	100000	10	10
				<b>370000</b>		
<b>Rishi Raj Agarwal</b>						
26.09.1995	26.09.1995	Transfer	Cash	25000	10	10
27.03.1999	27.03.1999	Allotment	Cash	60000	10	10
20.08.1999	20.08.1999	Allotment	Cash	91000	10	10
06.01.2000	06.01.2000	Allotment	Cash	254500	10	10
08.02.2000	08.02.2000	Allotment	Cash	100000	10	10
22.03.2000	22.03.2000	Allotment	Cash	710000	10	10
26.03.2002	26.03.2002	Allotment	Cash	350000	10	10
				<b>1590500</b>		
<b>Rishi Raj Agarwal - HUF</b>						
26.09.1995	26.09.1995	Transfer	Cash	15000	10	10
20.08.1999	20.08.1999	Allotment	Cash	2500	10	10
06.01.2000	06.01.2000	Allotment	Cash	40000	10	10
08.02.2000	08.02.2000	Allotment	Cash	100000	10	10
22.03.2000	22.03.2000	Allotment	Cash	132500	10	10
01.02.2001	01.02.2001	Allotment	Cash	100000	10	10
				<b>390000</b>		

**Gremach Infrastructure Equipments & Projects Ltd.**

Date of acquisition	Date when fully paid up	Nature of transaction	Consideration	No. of shares	Face value (Rs.)	Issue Price (Rs.)
<b>Lalita Agarwal</b>						
26.09.1995	26.09.1995	Transfer	Cash	25000	10	10
20.08.1999	20.08.1999	Allotment	Cash	48500	10	10
06.01.2000	06.01.2000	Allotment	Cash	150000	10	10
22.03.2000	22.03.2000	Allotment	Cash	72500	10	10
28.03.2002	28.03.2002	Allotment	Cash	50000	10	20
				<b>346000</b>		
<b>Sangeeta Agarwal</b>						
26.09.1995	26.09.1995	Transfer	Cash	20000	10	10
20.08.1999	20.08.1999	Allotment	Cash	2000	10	10
06.01.2000	06.01.2000	Allotment	Cash	100000	10	10
22.03.2000	22.03.2000	Allotment	Cash	140000	10	10
01.02.2001	01.02.2001	Allotment	Cash	100000	10	10
28.03.2002	28.03.2002	Allotment	Cash	50000	10	15
				<b>412000</b>		
<b>Shri Hanuman Investments Private Limited</b>						
06.01.2000	06.01.2000	Allotment	Cash	30000	10	10
08.02.2000	06.01.2000	Allotment	Cash	205000	10	10
22.03.2000	06.01.2000	Allotment	Cash	94500	10	10
30.03.2001	30.03.2001	Transfer	Cash	6,43,700	10	10
26.03.2002	26.03.2002	Allotment	Cash	250000	10	10
28.03.2002	28.03.2002	Allotment	Cash	50000	10	20
14.12.2005	14.12.2005	Allotment	Cash	1,10,000	10	95
				<b>13,83,200</b>		
			<b>Grand Total</b>	<b>47,08,700</b>		

**Details of lock in for 3 years**

Date of acquisition	No. of shares	Face value (Rs.)	% of post issue paid up equity capital	Lock in period
Ratan Lal Tamakuwala	[●]	10	[●]	3
Ratan Lal Tamakuwala- HUF	[●]	10	[●]	3
Rishi Raj Agarwal	[●]	10	[●]	3
Rishi Raj Agarwal- HUF	[●]	10	[●]	3
Lalita Agarwal	[●]	10	[●]	3
Sangeeta Agarwal	[●]	10	[●]	3
Shri Hanuman Investment Private Limited	[●]	10	[●]	3
<b>Grand total</b>	<b>[●]</b>		<b>[20]</b>	

Contribution by the promoters will form part of the lock in for the purpose of determining 20% of the post issued share capital. The promoters have vide their letter dated [●] consented for inclusion of their shareholding under lock in to the extent of 20% of the post issue paid up share capital

Out of the entire holding of 4708400 by the promoters [●] shares shall be locked in for a period of 3 years and the remaining [●] shares shall be locked in for a period of 1 year.

**Other than as stated above, the remaining entire pre issue equity share capital of our company [●] shall be Lock-in for one year from the date of allotment of equity shares in this issue.**

3. The above promoters have vide their letter dated [●] given their consent for lock in as stated above. The lock in period shall commence from the date of allotment of shares in the Public Issue. Shares issued last have been locked in first.
4. Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institution.
5. The equity shares to be held by the promoters under lock-in period shall not be sold/ transferred during the lock-in period. However, in terms of Clause 4.16(b) of the SEBI Guidelines, the Equity Shares may be transferred among the Promoters/ Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.
6. The details of shareholding is as under:

Particulars	No. of Equity Shares	% of Pre-Issue Capital
<b>(A) Promoters</b>		
Ratan Lal Tamakuwala	2,17,000	2.60
Ratan Lal Tamakuwala- HUF	3,70,000	4.43
Rishi Raj Agarwal	15,90,500	19.03
Rishi Raj Agarwal – HUF	3,90,000	4.67
Lalita Agarwal	3,46,000	4.14
Sangeeta Agarwal	4,12,000	4.93
Shri Hanuman Investment Private Limited	13,83,200	16.55
<b>Sub-Total (A)</b>	<b>47,08,700</b>	<b>56.34</b>
<b>(B) Relative of the promoter forming part of the promoter group</b>		
Vatsal Agarwal	50,000	0.60
Bina Fitkariwala	15,000	0.18
Santosh Kumar Fitkariwala	62,650	0.75
<b>Sub-Total (B)</b>	<b>1,27,650</b>	<b>1.53</b>
<b>(C) Companies promoted by Promoters</b>		
Austral Coke & Projects Ltd.	5,30,000	6.34
Anarcon Resources Private Limited	10,41,000	12.46
Industrial Lamcoke Private Limited	2,15,000	2.57
Gujarat Free Flow Salt & Refinery Private Limited	3,00,000	3.59
Shri Durga Finvest Private Limited	4,86,500	5.82
Tirupati Niket Private Limited	2,08,850	2.50
Saurashtra Projects Limited	5,26,300	6.30
<b>Sub-Total (C)</b>	<b>33,07,650</b>	<b>39.58</b>
<b>(D) Person Acting in Concert (PAC)</b>	<b>2,13,300</b>	<b>2.56</b>
<b>Grand Total (A+B+C+D)</b>	<b>83,57,300</b>	<b>100.00</b>

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### 7. Pre-issue and Post-issue Shareholding pattern

Category	Pre Issue		Post Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Promoters & Promoter Group	81,44,000	97.44	81,44,000	[●]
Person Acting in Concert (PAC)	2,13,300	2.56	2,13,300	[●]
Public	-	-	[●]	[●]
Total Share Capital	83,57,300	100%	[●]	100.00%

8. There has been no sale or purchase of Equity Shares of the Company by the Promoters and Promoter Group, during the period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.
9. The Promoters Contribution is more than the specified minimum lot as defined under SEBI Guidelines.
10. There is no “Buyback” or “Standby” or similar arrangement for the purchase of Equity Shares by the Company/ its Promoters/ Directors/BRLMSS for purchase of Equity Shares offered through the Red Herring Prospectus.
11. The Company has not raised any bridge loans against the proceeds of this issue.
12. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on “Basis of Allocation” on page on 128 of this Red Herring Prospectus.
13. An over-subscription to the extent of 10% of the Net Issue to the public can be retained for the purpose of rounding off to the nearest multiple of one (1) Equity Share while finalizing the allotment.
14. The Equity Shares offered through this public issue will be fully paid up.
15. Details of ten largest Shareholders of the Company

#### a) As on the date of filing the Red Herring Prospectus with ROC

Sr. No.	Name of Shareholders	No. of Equity shares held	% age of holding
1.	Rishi Raj Agarwal	1590500	19.03
2.	Shree Hanuman Investments P.Ltd	1383200	16.55
3.	Anarcon Resources P.Ltd	1041000	12.46
4.	Austral Coke & Projects Limited	530000	6.34
5.	Saurashtra Projects limited	526300	6.30
6.	Shree Durga Finvest P.Ltd	486500	5.82
7.	Sangeeta Agarwal	412000	4.93
8.	Rishi Raj Agarwal HUF	390000	4.67
9.	Ratan Lal Tamakhuwala HUF	370000	4.43
10	Lalita Agarwal	346000	4.14

#### b) Ten days prior to filing Red Herring Prospectus with ROC

Sr. No.	Name of Shareholders	No. of Equity shares held	% of holding
1.	Rishi Raj Agarwal	1590500	19.03
2.	Shree Hanuman Investments P.Ltd	1383200	16.55
3.	Anarcon Resources P.Ltd	1041000	12.46
4.	Austral Coke & Projects Limited	530000	6.34

Sr. No.	Name of Shareholders	No. of Equity shares held	% of holding
5.	Armstrong Infrastructure & Projects Ltd.	526300	6.30
6.	Shree Durga Finvest P.Ltd	486500	5.82
7.	Sangeeta Agarwal	412000	4.93
8.	Rishi Raj Agarwal HUF	390000	4.67
9.	Ratan Lal Tamakhuwala HUF	370000	4.43
10.	Lalita Agarwal	346000	4.14

c) Two years prior to filing the Red Herring Prospectus with ROC

Sr. No.	Name of Shareholders	No. of Equity shares held	% of holding
1.	Rishi Raj Agarwal	15,90,500	21.79
2.	Shri Hanuman Investment Private Limited	12,73,200	17.44
3.	Anarcon Resources Private Limited.	6,20,000	8.49
4.	Austral Coke & Projects Limited.	5,30,000	7.26
5.	Shree Durga Finvest P.Ltd	4,86,500	6.66
6.	Sangeeta Agarwal	4,12,000	5.64
7.	Rishi Raj Agarwal – HUF	3,90,000	5.34
8.	Ratan Lal Tamakuwala –HUF	3,70,000	5.07
9.	Lalita Agarwal	3,46,000	4.74
10.	Gujarat Free Flow Salt Refinery (P) Ltd.	3,00,000	4.11

16. On the date of filing the Red Herring Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing promoters or shareholders or any other person any option to receive equity shares after the issue.
17. The Company has not issued any shares for consideration other than cash.
18. The Company has not issued any Equity Shares out of revaluation reserves.
19. The Company undertakes that there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares offered through this Red Herring Prospectus have been listed or all monies have been refunded to all investors.
20. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of the Company.
21. At any given point of time, there shall be only one denomination for a class of Equity Shares of the Company.
22. The promoters' contribution that has been brought-in and has been considered for lock-in is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
23. The Company has not granted any options or shares of the Company under any scheme of Employee Stock Options or Employee Stock Purchase to its employees.
24. No single applicant can make an application for the number of shares exceeding the number of equity shares issued through this Red Herring Prospectus to each category of investor.

## Gremach Infrastructure Equipments & Projects Ltd.

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25. The Company has 19 shareholders as on the date of filing of this Red Herring Prospectus with the ROC.
26. The Company has reserved [●] Equity shares for Employees on competitive basis. Unsubscribed portion in the reserved category may be added back to the net offer to the public.
- An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public.
  - In the case of reserved categories, a single applicant in the reserved category can make an application for a number of security which exceeds the reservation.
  - In case of undersubscription in the net offer to the public portion, spill-over to the extent of undersubscription shall be permitted from the reserved category to the net public offer portion.
27. We have obtained consents of all financial institutions who have lent to us for the proposed Issue of the Company. As per our working capital loan agreements entered into by us with our lenders, we are required to obtain consent of them prior to altering our capital structure. Accordingly, we have obtained consents of our lenders for the present issue

Sr No.	Name of Lender	Reference No.	Date of Consent
1.	State Bank of India	IFBM:RM-III: 2006-07: 1364	12.02.2007

28. **Restrictive conditions under lenders agreements about capital structure**

There are restrictive covenants in agreements we have entered into with certain banks for short-term loans and long-term borrowings. These restrictive covenants require us to seek the prior permission of the said banks for various activities, including, amongst others, alteration of our capital structure, undertaking new projects, undertaking any merger/amalgamation/restructuring, investing by way of share capital in or lend or advance funds to or place deposits with any other concern, secured or unsecured borrowings, undertaking guarantee obligations, declaration of dividend exceeding 25% of the net profits and change in management.

## OBJECTS OF THE ISSUE

We are in the business of renting construction equipments and machinery for the last 9 years. With a view to expand our existing operations and cater to the need of different equipments relating to infrastructure projects, we plan to invest in specialized equipments. Further we propose to acquire high end multipurpose equipments as they are not readily available in the market and therefore a latent demand exists. This will enable the Company to utilize the equipments effectively.

The net proceeds from the issue after deducting underwriting commission and management fees, brokerage fees; fees to various advisors and all other issue related expenses from the issue of shares are intended to be deployed in setting up the project in the following manner:

### MAIN OBJECTS OF THE ISSUE:

The Issue is being made to raise funds for the following purposes

- To Acquire Equipments used for Construction of Roads, Construction and Development of Ports and Equipments used in mining activities and provide them on rent thereof.
- General corporate purposes
- To meet the Issue expenses.
- To get the Equity Shares listed on the Stock Exchange

The main object clause of the Memorandum of Association of the Company enables the Company to undertake the activities for which the funds are being raised and also for the activities, which the company has been carrying on till date.

### COST OF PROJECT AND MEANS OF FINANCE

The cost of the project and means of finance as estimated by our management are given below:

#### Cost of the Project

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Purchase of Construction Equipment	6099
2	General Corporate Purpose	661
3	Public Issue Expenses	590
	<b>Total</b>	<b>7350</b>

#### Means of Finance

Sr. No.	Particulars	Amount (Rs. In Lakhs)
1.	Public Issue	5900
2.	Term Loan	1450
	<b>Total</b>	<b>7350</b>

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The Company has received sanction for term loan of Rs. 1450 lakhs from State Bank of India, Industrial Financial Branch, Mumbai. The Company has also received NOC for raising Capital through Public Issue from State Bank of India, Industrial Financial Branch, Mumbai, vide their letter no. IFBM:RM III/2006-07/364 dated Feb 12, 2007. The brief terms of the sanctions from State Bank of India, Industrial Financial Branch are mentioned hereunder, principal terms of loans and assets charged as security are as under :-

<b>Credit Facility</b>	<b>Sanction Amount (Rs. in Lacs)</b>	<b>Outstanding as on 31-12-2006 (Rs. In Lacs)</b>	<b>Security</b>	<b>Fees/Pricing</b>
Cash Credit (Book Debts)	1000	643.81	<p>Primary – hypothecation charge on the entire current assets of the company.</p> <p>Collateral – 1. First charge by way of equitable mortgage of (i) Survey No.307, Village: Rampar, Distt. Kutch, Gujarat (ii) land &amp; building of Kalamboli warehouse. Land: Sr. no. 305, (Area 5.37 Acre) Rampur, Kutch, Gujarat and Sr. no. 299/1, (Area 7.11 Acre) Rampur, Kutch, Gujarat and Machinery of M/s Anarcon Resources Pvt. Ltd.</p> <p>Extension of hypothecation charge on the assets acquired out of the term loan (for cash credit) Extension of hypothecation charge over entire current assets of the company (for term loan) Guarantee –</p> <ol style="list-style-type: none"> <li>1. Personal guarantee of Mr. Ratan Lal Tamakuwala &amp; Mr. Rishi Raj Agarwal</li> <li>2. Corporate guarantee of Anarcon Resources Pvt. Ltd. &amp; Austral Coke &amp; Projects Limited</li> <li>3. M/s Tirupati Niket Pvt. Ltd.</li> </ol>	<p><b>Rate of interest/ commission - 1%</b> below SBAR i.e. 9.25% P.A. at monthly rest</p> <p><b>Processing fees –Rs.280</b> per lacs of the limits sanctioned or part thereof maximum 11.10Lacs</p>
Term loan –	1450	750.00	<p><b>Primary</b> – Hypothecation charge on the assets acquired out of the Term Loan.</p> <p><b>Collateral</b> – same as applicable for the CC limits</p> <p><b>Guarantee</b> – same as applicable for the CC limits</p>	<p><b>Rate of interest/ commission - 1%</b> below SBAR i.e. 9.25% P.A. at monthly rest</p> <p><b>Upfront fees – 50%</b> of the normal charges</p>
Letter of Credit (with fully interchangeable with BG Limit)	2440	0	<p><b>Primary</b> – Same as applicable for the CC limits</p> <p><b>Collateral</b> – same as applicable for the CC limits</p> <p><b>Guarantee</b> – same as applicable for the CC limits</p>	<b>Commission</b> – as applicable from time to time
<b>Total</b>	<b>4890.00</b>	<b>1393.81</b>		

The Company hereby confirms that firm arrangements have been made through verifiable means towards 75 % of the stated means of finance, excluding the amount to be raised through proposed Public Issue.



## DETAILS OF USE OF PROCEEDS

### 1) Capital Equipment Bank

In the Infrastructure equipment rental industry various kinds of machinery and equipment are required to perform the activities involved in construction and quality control thereof which are bulky and have high procurement cost. Currently, the Company has projected the requirement of equipment of aggregating Rs. 6099 Lacs. The Company has already acquired and taken possession of equipments worth Rs 1206.70 Lacs till 15<sup>th</sup> Jan 2007, the details of which are mentioned hereunder:

#### List of Machines Procured

Sr. No.	Particulars	Name of the Supplier	Quantity	Total Cost (Rs. Lacs)
1	Mahindra 475 wheel driven Tractors	Maruti Tractors	3	12.42
2	Mahindra 605 DI (Arjun) 60 hp	Maruti Tractors	1	4.99
3	Front end loader	Maruti Tractors	2	2.45
4	Bajaj Altima	Dewan Auto	1	0.38
5	Double Deck Vibrating Screening	Bridge & Building Const. Co. P. Ltd.	1	42.50
6	400 Ton Fraction Screw Press	Bridge & Building Const. Co. P. Ltd.	1	69.80
7	Gasifier Plant for Direct Heating Furnace	Bridge & Building Const. Co. P. Ltd.	1	84.27
8	Mahindra Bolero Camper	B. Mangatram & Co.	1	4.84
9	Redial type Drilling Machine	Bridge & Building Const. Co. P. Ltd.	1	73.79
10	Pneumatic Tyred Roller	Bridge & Building Const. Co. P. Ltd.	1	38.50
11	38 Ton EOT Crane	AIS International	2	137.26
12	150 MM All Geared Boring Machine	Bridge & Building Const. Co. P. Ltd.	1	45.74
13	Escort Crane	Unicorn	1	10.00
	<b>Total A</b>			<b>526.94</b>

Pending the Issue and owing to immediate requirement of machineries the company purchased a few second hand machinery out of the list of machineries to be procured as follows:

14	Vibratory Asphalt Compactor	Bridge & Building Const. Co. P. Ltd.	3	51.97
15	Vibratory Soil Compactor	Bridge & Building Const. Co. P. Ltd.	7	116.42
16	Pneumatic Tyred Roller	AIS International	7	148.77
17	Concrete Pump	Bridge & Building Const. Co. P. Ltd.	3	28.50
18	Sensor Paver	Bridge & Building Const. Co. P. Ltd.	3	86.42
19	Hyd. Sensor Paver	Om Marketing	5	142.06
20	L&T Excavator PC 200-6		5	105.62
	<b>Total B</b>			<b>679.76</b>

Further, the Company has received quotations for requirement of balance Capital Equipment. The brief details of Capital Equipment required to be acquired are mentioned hereunder:

**Gremach Infrastructure Equipments & Projects Ltd.**

We have estimated the remaining total cost of equipment required for expansion as Rs. 5473.02 lakhs, details of which are as under:

(Rs.in Lacs)

Description	Supplier	Date of Quotations	Unit	Cost per Equipment	Cost
Transit Mixer	Schwing Stetter (India) Private Limited + Ashoka Leyland Taurus	11/01/2007	45	24.22	1089.90
Batching Plant Model CP 30 with accessories	Schwing Stetter (India) Private Limited	11/01/2007	8	42.95	343.60
Concrete Pump bp 350 Xtd	Schwing Stetter (India) Private Limited	11/01/2007	15	23.99	359.85
Hydrostatic Paver	Gujarat Apollo Equipments Limited	11/01/2007	4	41.74	166.96
Kerb Laying Machine	Apollo Construction Equipments Private Limited	15/01/2007	5	9.28	46.40
Apollo Bitumen Pressure Distributor	Apollo Earth Movers Limited	11/01/2007	3	8.96	26.88
Dumper/Tipper	Tata / Bafna Motors Mumbai Private Limited	11/01/2007	40	16.06	642.40
L&T Excavator PC 200-6	Larsen & Toubro Limited	09/01/2007	10	51.12	511.20
L&T Kamatsu PC 300 LC 7	Larsen & Toubro Limited	09/01/2007	15	85.73	1285.95
Vibratory asphalt compactor	Inger Soll-Rand (India) Limited	11/01/2007	2	29.92	59.84
Hydrostatic sensor paver	Inger Soll-Rand (India) Limited	11/01/2007	5	71.9	359.50
<b>Total C</b>					<b>4892.48</b>
<b>Total A</b>					<b>526.94</b>
<b>Total B</b>					<b>679.76</b>
<b>Total C</b>					<b>4892.48</b>
<b>Grand Total</b>					<b>6099.18</b>

For the above estimates where orders are yet to be placed we have relied on quotations received over the past six months and on our past experience. For the above quotations there could be more than one quotation sought and in all such cases the lowest of the quotation has been indicated above. We have yet to finalize the suppliers for the equipments.

The orders for above Construction Equipments will be placed immediately after availability of Public Issue proceeds for utilization. The Equipments proposed to be acquired will be ready to use and can be put in operation at any of the working sites immediately after the procurement. Further, the expected date of supply of these Equipments is within 90 days from the date of placement of orders.

In case the cost of machinery exceeds the amount as stated above then the additional funds required shall be first adjusted against money raised for General Corporate purposes.

Further, we have not bought except as mentioned above any second hand equipments out of the Issue proceeds or do not propose to buy any further second hand equipment.

## 2 General corporate purposes

The Company also intends to deploy the proceeds of this issue for general corporate purposes including but not limited to strategic initiatives, entering into strategic alliances, partnerships, joint venture and acquisitions, developing vendors and ancillaries, repayments of working capital, etc.

We plan to provide equipment at the shortest possible time and also to ensure that the said equipment to productivity. With this view in mind it is imperative on the Company's part to establish hubs at various geographical locations to park these equipments, to ensure safety of them and to keep it in good condition.

The workshop will have general maintenance equipments/machinery for its diversified fleet and will be staffed with trained professionals and mechanic. It shall also house just in time inventory in order to ensure up time.

The Company has at present a small workshop facility at Kalamboli, Maharashtra which also need to be upgraded and staffed, but is also looking for suitable locations at various geographical locations in the North, East and South of India to develop such hubs from the proceeds of this issue depending on the future infrastructural activity.

As on the date of this Red Herring Prospectus, we have not entered into any letter of intent or any other commitment for any such acquisitions/investments/joint venture or definitive commitment for any such strategic initiatives and acquisitions. Our Board of Directors will review various opportunities from time to time.

## 3) Issue Related Expenses

We have allocated Rs. [•] Lacs towards issue related expenses, which includes expenses towards issue management fees, Registrar's expenses, Legal Advisors fee, underwriting commission, selling & brokerage, Stamp duty, advertisement, printing & distribution, other statutory charges etc. brief details of which are as under:

Particulars	Amount (Rs. In Lacs)
Printing & Distribution	[•]
Issue Advertisements	[•]
Issue Management Fee	[•]
Underwriting & Selling Commission	[•]
Registrars Expenses	[•]
Other costs including fee to legal Advisors, Stamp Duty, Listing Fee etc.	[•]
<b>TOTAL</b>	<b>590</b>

### Appraisal:

The funds requirement and funding plans are Company's own estimates and have not been appraised by any Bank/Financial Institution.

### Schedule of Implementation:

The Equipments proposed to be acquired is ready to use and can be put in operation at any of the working sites after the procurement. The proposed schedule for procurement of remaining Capital Equipment is as under:

Particulars	Schedule
Placement of Orders	Within 30 days from availability of the public issue proceeds
Procurement	Within 90 days of the placement of order

The company is in the process of identifying the location, which is best suited to their requirements, and the acquisition will be made within 90 days from the availability of the funds.

## Gremach Infrastructure Equipments & Projects Ltd.

### Funds Deployment:

The overall cost of the proposed project and the proposed year wise break-up of deployment of funds are as under:

(Rs. In Lacs)

Particulars	Already incurred till January 15, 2007	To be incurred upto June 30, 2007	Total
Construction Equipment Bank	1206.70	4892.48	6099.18
General Corporate Purpose	-	660.82	660.82
Public Issue Expenses	33.80	556.20	590.00
<b>Total</b>	<b>1240.50</b>	<b>6109.50</b>	<b>7350.00</b>

### Funds deployed in the project till date.

As per certificate dated 12<sup>th</sup> February, 2007 given by the Auditors, M/s. T. N. Dutta & Associates, Chartered Accountants, the actual expenditure incurred on the project is Rs.1240.50 Lacs till the 15<sup>th</sup> of January 2007. The details of the funds already deployed are as under:

Expenditure	Total Amount (Rs. In Lacs)
Construction Equipment	1206.70
Preliminary and Issue Expenses	33.80
<b>Total</b>	<b>1240.50</b>

### Sources of funds already deployed:

The funds already deployed have been sourced as under:

Particulars	Amount (Rs. In Lacs)
Term Loan from State Bank of India	975.45
Internal Accrual	265.05
<b>Total</b>	<b>1240.50</b>

### Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have the flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue, in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

## BASIS FOR ISSUE PRICE

The Issue price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares is Rs. 10/- and the Issue price is 7.5 times the face value at the lower end of the price band and 9 times the face value at the higher end of the price band.

Investors should read the following summary with the Risk Factors included in page numbers x to xx and the details about the Company and its financial statements included in this Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and you may lose all or part of your investments.

### Qualitative Factors:

- Strong Management team with experience of 9 years in the business
- We are a profit making and dividend paying Company for the last 5 years.
- We have qualified and experienced manpower.
- We have strong long-standing relationship with a large number of clients.

### Quantitative Factors:

#### 1. Adjusted Earning Per Equity Share

Year	Earning per Equity Share (Rs.)	Weight
2003-04	0.89	1
2004-05	2.56	2
2005-06	4.80	3
31.12.2006	9.49 (Annualised)	4
<b>Weighted Average</b>	<b>5.84</b>	

- The Earning per equity share has been computed on the basis of adjusted Profits & Losses for the respective years/ periods after considering the impact of accounting changes and prior period adjustments/regroupings pertaining to the earlier years.
- EPS Calculations have been done in accordance with Accounting Standard 20-"Earning per Share" issued by the Institute of Chartered Accountants of India.
- The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.

#### 2. Price / Earning Ratio (P/E) in relation to the Issue Price [●]

(a) Based on fiscal year 2005-06 EPS of Rs. 4.80 - and as on 31.12.2006 EPS is 9.49 (Annualised)

(b) P/E for Industry -

Our financial information relates to our Equipment Rental business and as there are no listed companies in the Equipment Rental business, information about our peer group is not available. However, the construction industry P/E & Engineering Turn Key Services P/E is as below:

Industry P/E*		Engineering Turn key	
Construction industry			
Highest	160.80	Highest	101.40
Lowest	3.20	Lowest	14.80
Average	25.90	Average	30.10

\* Source: Capital Market Edition Feb 12-25, 2007

## Gremach Infrastructure Equipments & Projects Ltd.

### 3. Return on Net worth

Year	RONW (%)	Weight
2003-04	6.12	1
2004-05	15.03	2
2005-06	15.30	3
31.12.2006	24.78 (Annualised)	4
<b>Weighted Average</b>	<b>18.12</b>	

### 4. Minimum RONW to maintain the Pre-issue EPS is [●]

### 5. Net Asset Value per Equity Share

Particulars	NAV (Rs.)
As of December 31, 2006	38.28
As of March 31, 2006	31.38
As of March 31, 2005	17.02
After the Issue	[●]
Issue Price	[●]

### 6. Comparison with Peer Group

(figures are for the trailing twelve months ended 31<sup>st</sup> Dec 2006)

Name of Company	Sales Rs.In Cr	Net Profit Rs.In Cr	Book Value	EPS	PE
Sanghvi Movers	168.68	40.85	101.10	50.70	14.80

Source : Capital Market Feb 12-25, 2007 Segment Engg- Turnkey services

(figures are for nine months ended 31<sup>st</sup> Dec 2006)

Name of Company	Sales Rs.In Cr	Net Profit Rs.In Cr	Book Value	EPS	PE
Gremach Infrastruture	83.23	5.95	38.28	9.49	-

### 7. The Issue Price is 7.5 times of the face value at the lower end of the price band and 9 times of the face value at the higher end of the price band.

The final price will be determined on the basis of demand from investors.

### Conclusion

The Company in consultation with the Book Running Lead Manager believes that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' Report on page no. 69 of the Red Herring Prospectus to have a more informed view of the investment.

## STATEMENT OF TAX BENEFITS

Under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, interalia, will be available to the Company and the Members. However, an investor is advised to consider in his own case the tax implications of an investment in the shares from time to time. The statement of tax benefits certificate from the Tax of the Company is reproduced below:

"We hereby report that the enclosed annexure states the possible tax benefits available to Gremach Infrastructure Equipments & Projects Ltd., (the "Company") and its shareholders under the current direct tax laws. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil. 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 benefit 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 and the interpretation of current tax laws.

**FOR T. N. Dutta & Associates**  
**CHARTERED ACCOUNTANTS**

Sd/-  
Tarak Nath Dutta  
Proprietor  
Membership No. 56676

Dated: 25.01.2007  
Place: Kolkata

**ANNEXURE TO THE STATEMENT OF TAX BENEFITS**

**Benefits available to the Company under the Income Tax Act, 1961.**

1. Under Section 10(34) of the Act, dividend income referred to in section 115-O (whether interim or final ) declared, distributed or paid by the domestic company as distributed or paid by any other Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the company
2. As per the provisions of Section 112(1) (b) of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the provision to section 112(1)(b), the long term capital gains resulting on transfer of listed securities listed in any Recognised stock Exchange, unit of UTI or a Mutual Fund or Zero Coupon Bonds ( not covered by section 10(36) and 10(38), would be subject to the tax at the rate of @ 20% with indexation benefits (plus applicable surcharge and education cess) as per the second proviso to the section 48. The amount of such tax however be limited to 10% (plus applicable surcharge) without indexation, at the option of the assessee.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of equity shares in any company through a recognized stock exchange or from the sale of units of an equity –oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
4. The Company is eligible under section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the Issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
5. As the provisions of section 111A, Short Term Capital gains arising from the transfer of equity shares in any company through a recognized stock exchange or from the sale of units of equity –oriented mutual fund shall be subject to tax @ 10% (plus applicable surcharge) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. In accordance with and subject to the conditions and to the extent specified in section specified 54EC of the Act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset {not covered by section 10 (36) and 10 (38)} if such capital gain is invested within 6 months from date of transfer in any of the long- term specified assets in the manner prescribed in the said section. Where the long term specified asset is transferred or converted into money at any time 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. But where the such long term capital assets has been taken in to account for the purpose of sec 54 EC then deduction U/S 88 or 80 C from Income tax shall not allowed.
7. As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of UTI or a Mutual Fund (Whether listed in recognised stock exchange or not) before 01-04-2006 {not covered by section 10(36) and section 10(38)} shall not be chargeable to tax to the extent such gains are invested in acquiring specified Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
8. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such income.

**Benefits available to Resident Shareholders under the Income Tax Act, 1961**

1. Under Section 10(34) of the Act, dividend income referred to section 115-O (whether interim or final) declared, distributed or paid by the company as distributed or paid by domestic any other Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the company.
2. As per the provisions of Section 112(1) (b) of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the provision to section 112(1)(b), the long term capital gains resulting on transfer of listed securities listed in any Recognised stock Exchange, unit of UTI or a Mutual Fund or Zero Coupon Bonds (not covered by section 10(36) and 10(38), would be subject to the tax at the rate of @ 20% with indexation benefits (plus applicable surcharge and education cess) as per the second proviso to the section 48. The amount of such tax however be limited to 10% (plus applicable surcharge) without indexation, at the option of the assessee.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity –oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.



4. As the provisions of section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity –oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
5. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such income.
6. In accordance with and subject to the conditions and to the extent specified in section specified 54EC of the Act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset {not covered by section 10 (36) and 10 (38)} if such capital gain is invested within 6 months from date of transfer in any of the long- term specified assets in the manner prescribed in the said section. Where the long term specified asset is transferred or converted into money at any time 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. But where the such long term capital assets has been taken in to account for the purpose of sec 54 EC then deduction U/S 88 or 80 C from Income tax shall not allowed.
7. In accordance with and subject to the conditions and to the extent specified section 54ED of the Act, the shareholders would be entitled to the exemption from long-term capital gain arises from the transfer before 01-04-2006, tax on transfer of their assets, being listed securities or units of UTI or a Mutual Fund (Whether Recognised in stock exchange or not) {not covered by section 10(36) and section 10(38)} to the extent such capital gain is invested in acquiring Equity Shares forming part of an ' eligible issue of share capital' in the manner prescribed in the said section.
8. In case of a shareholder being an individual or a Hindu Undivided family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would be not chargeable to tax on a proportionate basis. Further, if the ' residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

#### **Benefits available to Non-Resident Indian Shareholders**

1. Under Section 10(34) of the Act, dividend referred to section 115- O ( whether interim or final ) declared, distributed or paid by the domestic company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the company.
2. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in section 115D read with section 115E of the Act, long term capital gains arising from the transfer of an Indian company's shares ( not covered by sections 10(36) and 10(38) ), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation and investment incomes from foreign exchange assets will be taxed by 20 %.
3. In the case of a shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in section 115F of the Act, the non-resident Indian shareholder would be entitled to exemption from long term capital gains ( not covered by sections 10(36) and 10(38) ), on the transfer of shares in the company upon investment of net consideration in modes as specified in sub-section (1) of section 115F.
4. As per the provisions of section 115 I of the Act, a Non –Resident Indian may elect not to be governed by the provisions of chapter XII-A for any assessment year by furnishing his return of income for that year under section 139 of the Act, declaring therein that the provisions of chapter XII-A shall not apply to him for the assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
5. In accordance with and subject to the conditions and to the extent specified in section 112(1) (b) of the Act, tax on long term capital gains arising on sale on listed securities, units or Zero Coupon Bonds not covered by sections 10(36) and 10(38) will be at the option of the concerned shareholder, 10% of the capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed on either case.

## **Gremach Infrastructure Equipments & Projects Ltd.**

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6. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity – oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
7. As the provisions of section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity – oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
8. As per the provisions of section 88E, where the business income of a assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
9. In accordance with and subject to the conditions and to the extent specified in section specified 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains arising on transfer of their shares in the company (not covered by section 10(36) and 10 (38)) if such capital gain is invested in any of the long- term specified assets in the manner prescribed in the said section. Where the long term specified asset is transferred or converted into money at any time 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. But where the such long term capital assets has been taken in to account for the purpose of sec 54 EC then deduction U/S 88 or 80 C from Income tax shall not allowed.
10. In accordance with and subject to the conditions and to the extent specified section 54ED of the Act, the shareholders would be entitled to the exemption from long-term capital gain tax on transfer of their assets before 01-04-2006, being listed securities or units of UTI or Mutual Fund (Whether listed in stock Exchange or not) (not covered by section 10(36) and section 10(38)) to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
11. In case of a shareholder being an individual or a Hindu Undivided family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would be not chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

### **Benefits available to other Non-residents**

1. Under Section 10(34) of the Act, dividends referred to in section 115-O (whether interim or final) declared, distributed or paid by the domestic company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the company.
2. In accordance with and subject to the conditions and to the extent specified in section 112(1) (b) of the Act, tax on long term capital gains arising on sale on listed securities , units or Zero coupon Bond before 1st October 2004 will be at the option of the concerned shareholder, 10% of the capital gains (computed without indexation benefits) or 20% of capital gains ( computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed on either case.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity –oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
4. As the provisions of section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity –oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
5. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time 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. But where the such long term capital assets has been taken in to account for the purpose of sec 54 EC then deduction U/S 88 or 80 C from Income tax shall not allowed.
7. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on transfer of their assets before 01-04-2006 being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
8. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

#### **Benefits available to Foreign Institutional Investors ('FII')**

1. Under Section 10(34) of the Act, dividends referred to in section 115-O (whether interim or final) declared, distributed or paid by the domestic company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the company.
2. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the Conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However benefits of first & second proviso of sec. 48 shall not available to FII. However short term capital gains on sale of Equity Shares of a company through a recognised stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 10% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in /section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10 (36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time 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. But where the such long term capital assets has been taken in to account for the purpose of sec 54 EC then deduction U/S 88 or 80 C from Income tax shall not allowed.
6. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax (not covered by sections 10 (36) and 10(38)) on transfer of their assets before 01-04-2006, being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

**Benefits available to Mutual Funds**

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

**Benefits available to Venture Capital Companies /Funds**

In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

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

As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

**Benefits available under the Gift Tax Act**

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

**Note:**

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2006.
2. All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.

However, a shareholder is advised to consider in his / her / its own case. The tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

## INDUSTRY OVERVIEW

### Infrastructure Sector

The main business of our company is to give on hire, equipments to companies engaged in construction activities particularly in construction of road, building and port. Thus the activities of the company are affected by the conditions in the Infrastructure Industry. Construction activity is an integral part of a country's infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings; urban infrastructure (including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; telecommunications etc.

With the present emphasis on creating physical infrastructure, massive investment was planned during the Tenth Plan. The construction industry would play a crucial role in this regard.

The Government of India's focus and sustained increased budgetary allocation and increased funding by international & multilateral development financial institutions for infrastructure development in India has resulted in or is expected to result in several large infrastructure projects in this region. The sectoral scope is derived from the following numbers as contained in the Budget 2005-2006 speech of the Finance Minister

- Rs 1400 crore was provided for further four laning of the GQ project of NHAI.
- Outlay for National Highway development was increase to Rs 9320 crores for the year 2005-06.
- Provision for the Indira Awas Yojna, flagship rural housing scheme for weaker section for the year 2005-06 has been increased to Rs 2750 crore.
- For the purpose of financing large infrastructure project which otherwise have financial viability but face difficulty in raising resources Finance Minister proposed to establish an SPV to finance these projects with a borrowing limit of Rs 10,000 crore.
- The government provided Rs 8000 crore as corpus for Rural Infrastructure development fund for providing basic infrastructure to the poor, especially those in rural India and in Indian urban slums.

With the government giving thrust in the area and new investment coming in the infrastructure projects the equipment industry supplying equipment to the infrastructure segment is also get affected. As per the 10<sup>th</sup> Five-year plan document the breakup of the cost in various construction project are as under:

Sector	Materials (%)	Construction Equipment (%)	Labour (%)	Finance (%)	Enabling Expenses (%)	Admin Expenses (%)	Surplus (%)
Building	58-60	4.5	11-13	7-8	5.5-6.5	3.5-4.5	5-6
Roads	42-45	21-23	10 -12	7-8	5.5-6.5	3.5-4.5	5-6
Bridges	46-48	16-18	11-13	7-8	5.5-6.5	3.5-4.5	5-6
Dams, etc	42-46	21-23	10-12	7-8	5.5-6.5	3.5-4.5	5-6
Power	41-43	21-24	10-12	7-8	5.5-6.5	3.5-4.5	5-6
Railway	51-53	7-8	16-18	7-8	5.5-6.5	3.5-4.5	5-6
Mineral Plant	41-44	20-22	12-14	7-8	5.5-6.5	3.5-4.5	5-6
Medium Industry	50-52	7-8	16-18	7-8	5.5-6.5	3.5-4.5	5-6
Transmission	49-51	6-7	19-21	7-8	5.5-6.5	3.5-4.5	5-6

(Source: Construction Industry Development Council Survey, 10th Plan)

Thus construction equipment cost particularly in the road projects, bridges/ dam construction and port projects constitutes a major cost of the projects. Further, with rapid technological developments, the cost of replacement of these equipments is also very high and can have a major impact on the profitability of a project.

This is where the companies with a facility of providing equipments on hire have started coming in. At present there are not many big companies in this sector, which is largely unorganized. However now these unorganized sector have started pooling in there equipments so that they are able to get better returns of there investment by way of maximum utilization of the equipment, better rental value and better maintenance of the same.

However as the project location are diverse and the equipment requirement at various sites may vary the sector has recently seen consolidation, as development of infrastructure at various geographical location all over India will involve huge fund outlays which can be only managed by the companies in the organized sector who have access to the funds easily and are able to develop the infrastructure.

**Technology**

The construction and mining equipment sector has a wide range of products. A few of them are:

<b>Constuction Equipment</b>	<b>Mining Equipment</b>
Backhoe Loaders	Dumpers
Crawlers Dozer upto 320 HP	Dozers (above 320 HP)
Crawler Excavators above 3.5 Cu. M.	Hydraulic Excavators (65 T and above)
Loaders	Rope Shovels
Motor Graders	Drag Lines
Skid Steer Loaders	Drills
Wheel Loaders below 3 Cu. M.	Wheel Loaders above 3 Cu. M.
Vibratory Compactors	Surface Miners
Dump Trucks (below 35 T)	Off Highway Dumpers (above 35 T)
Tippers	Continuous Miners
Breakers	Long Wall Equipment
All Terrain Cranes	
Asphalt Pavers	
Asphalt Drum / Wet Mix Plant	
Fork Lifts	

The technology leaders in the construction equipment sector are: Komatsu, Caterpillar, Hitachi, Terex, Volvo, Case, Ingersoll-Rand, HAMM, Bomag, John Deere, JCB, Poclain, Bitelli, Kobelco, Hyundai and Daewoo. Except for the last 3, all the other companies are present in India either as joint ventures, or have set up their own manufacturing facilities, or marketing companies.

In the **mining sector**, the leaders are: Wrigten, Atlas Copco, Liebherr, Joy Mining Machinery, Hitachi, Komatsu, Terex, Ranson & Rappier, Bucyrus Erie and DBT. Out of these companies, DBT does not have any technology transfer and neither is it manufacturing in India. Joy Mining Machinery has a small operation in India to manufacture spares and provide sales support. However, these are the two leaders in continuous mining and long wall equipment in the world.

In the **construction equipment sector**, the level of technology prevalent internationally can be made available in India through joint ventures. However, the equipment currently being manufactured in India is not of the same size. For example for a 15 Cu.M. hydraulic shovel, the manufacturers do not feel the need to bring in the technology due to low volumes and uncertain demand though the companies have the manufacturing facilities and design capabilities to manufacture the same in India.

Some of the other reasons for not manufacturing the latest equipment are :

- The Indian market cannot absorb the cost of the latest technology
- If manufactured in India for export markets, most of the components will have to be imported
- Equipment adhering to the latest emission norms cannot be used since the quality of fuel required for them is yet to be made available here.

At the same time, off highway construction and mining equipment do not need stringent emission norms in India. The construction equipment sector in India has evolved over the years and is at present in an intermediate stage of development. The industry is trying to bring in international levels of technology as demand and the scale of operation increases.

The users are now not looking at only the initial cost of the equipment, but focusing on total costing, or cost per ton of usage. It is anticipated that 5 years hence, the need for more and more mechanization and enhancement of scale may lead to change in the level of technology in use.

Advances in technology have allowed an increase in haul truck and rope shovel size. For example haul trucks are now being manufactured upto 400 tons capacity. Here the increased machine size has provided an opportunity for increased production. In the case of mining equipment, the technology depends on the mining operations prevailing in the country. In India, open cast mining is much more popular than underground mining. Hence for the equipment required for open cast mining like dumpers, dozers, shovels, draglines and excavators, the level of technology of the equipment manufactured is at par with international standards except with respect to usage of electronic controls, hydraulic systems and engines adhering to the latest emission norms.

The industry is quite mature in terms of marketing abilities as compared to the other sectors of the capital goods industry. Majority of the companies have strategic planning programmes in place and have well chalked out business strategies at all levels.



In order to enhance their market share, companies need to improve quality and service followed by reduction in costs, increase in product range and finally adopt more aggressive marketing strategies. The competitive edge lies in satisfying customers by delivering higher quality products at lower prices.

## ROADMAP

The Indian heavy equipment rental industry has evolved primarily on the basis of domestic demand generated over the various plan periods, essentially on the basis of investments which have gone into mining, infrastructure development and the building and construction sector. Today it is still focused largely on the domestic market and exports are marginal at a level of around Rs.300 crores for an industry approaching a market size of Rs.7,000 crores.

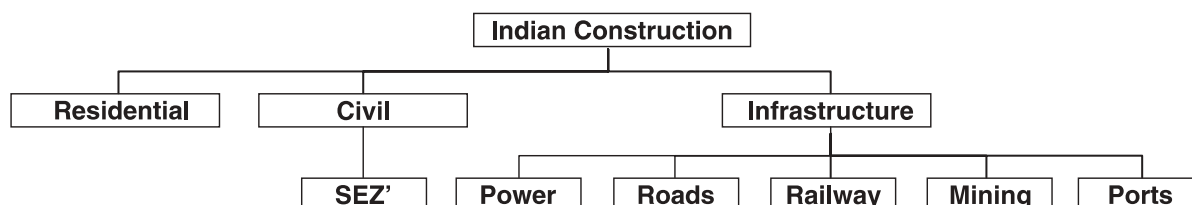
The customers in the mining and construction sectors are increasingly becoming conscious of quality, productivity and down time and demanding better performance from Indian suppliers who have been complying with the expectations of the market. This process is expected to accelerate. The survey results have identified some of the areas where operational efficiencies are required to improve.

The availability of sophisticated equipment results in higher quality work, shorter turnaround time, less delays due to lower downtime and maintenance and hence less cost overruns.

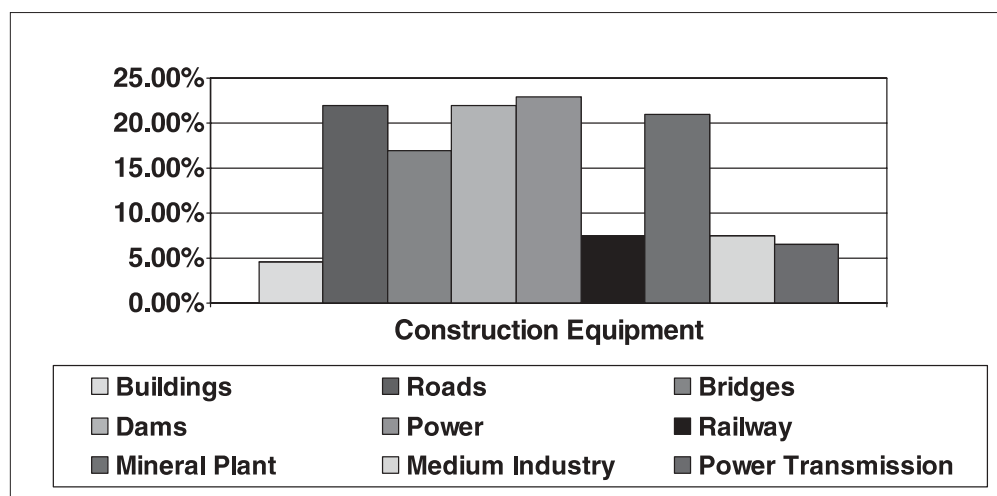
## The Highlights of the Equipment Renting Industry

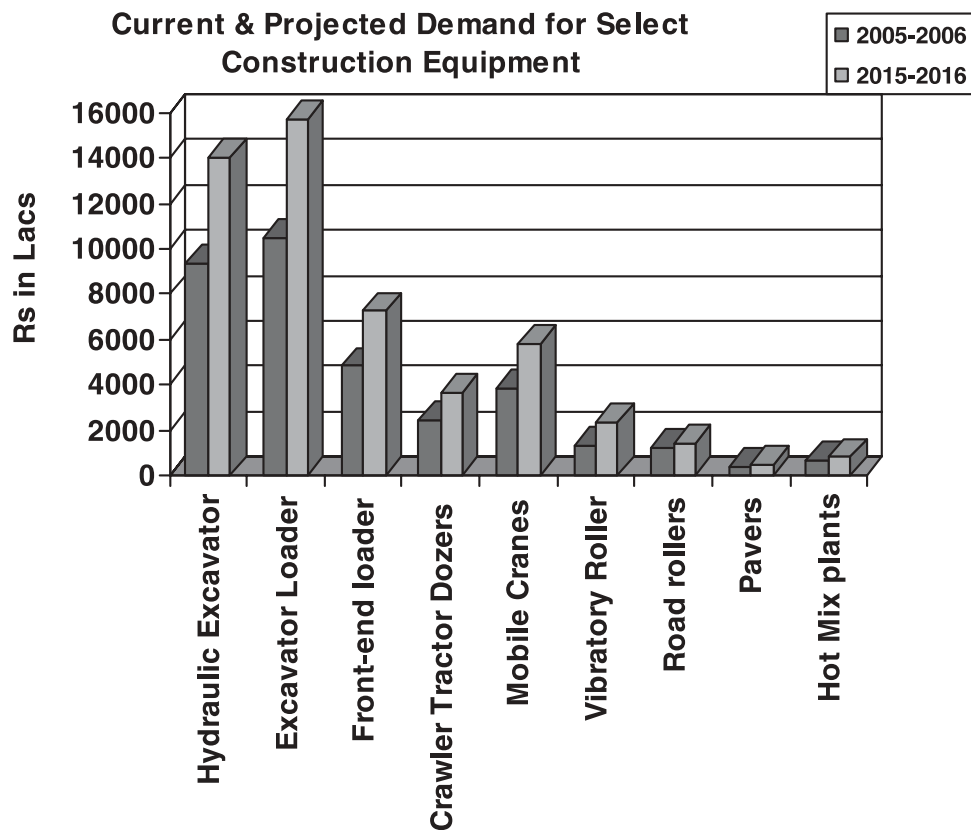
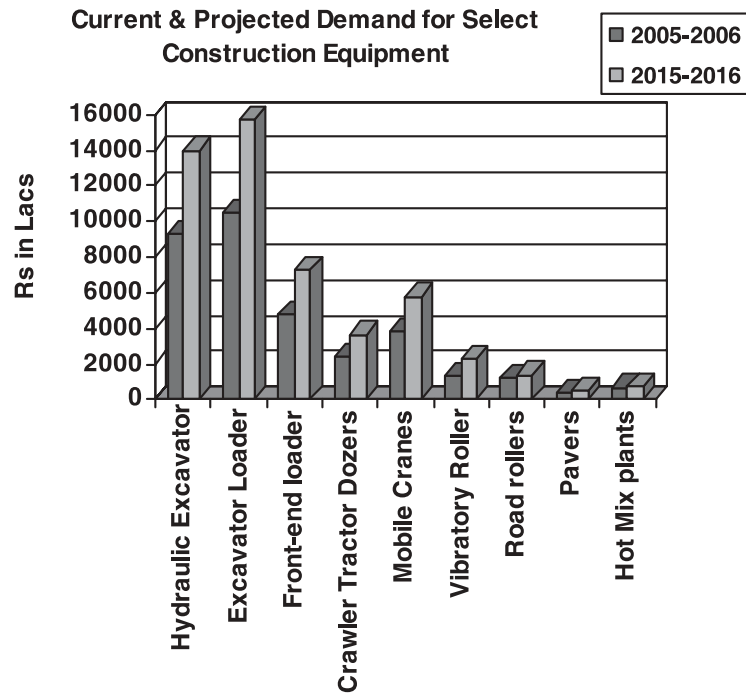
- The current market size is Rs. 12.5 Billion, growing at a CAGR of 13% (2001-2006)
- There are a number of one-man businesses; very few organized players
- The penetration levels are low at 2%; compared to UK at 80% and North America at 35%
- Demand for an effective alternative to owning equipment outstrips Supply
- The Market is expected to grow to Rs. 15 Billion over the next five years
- The investment in construction accounts for 11% of india's GDP and 50% of its GFCF (gross fixed capital formation).
- The investment in this segment over the financial year 2005 to 2010 is estimated to US\$ 124.65 billion.
- The India is expected to record the highest growth rate of over 10% till 2008. it is also expected to grow at a CAGR of 15% over the next few years.

## Expenditure on construction equipment in various sectors



## Expenditure on construction equipment in various sectors







## BUSINESS OVERVIEW

### OUR BUSINESS

Our main activity is to provide rental of construction /earthmoving machineries to medium / large construction companies who are engaged in the business of constructing/building of roads, airports, power projects, institutional & industrial complexes, multiplexes and residential buildings and other related infrastructural activities chiefly catering to Public Sector undertakings, private sector, CPWD and various national & international government aided projects.

It makes business sense for the firms implementing these numerous infrastructure projects to take these costly construction equipments on a rental basis as they would not like to block their money in procuring construction equipments which can be used for executing other projects as well. The other advantage of taking the equipment on rental basis is the availability of quality equipments without the hassle of their maintenance.

We have experienced growth in last 10 years of existence in the Rental industry. We have pursued a strategy of diversifying the selection of machinery/equipment according to different business segments in the Infrastructure sector. In addition to renting our owned equipments, we also hire equipments owned by other parties and rent to our own clients. In the past over 82.73% of our total rental incomes are derived from equipments, which are exclusively owned by third parties. We have established a network so as to have a geographical reach as well as a diversified industrial and project segment. It is necessary for us to invest in deploying technology machines in all projects. Each of these projects are time bound and of short to medium term duration.

### Operating Strengths

#### Quality Management

Our Company believes in quality management and has taken several steps in this regard. It has put in place a reporting structures and feedback mechanisms in place enabling the management to take effective and timely decisions. This translates to improvement in the service quality to the clients.

#### Financial Management

Our company has utilised its financial resources adequately. It has ploughed back almost all its profits for the last three years for the expansion of its business activities. It also has lines of credit of Rs. 14.50 Cr. with the banks that are being utilised for acquisition of new equipments.

#### Long Term relationship with clients

We have built knowledge base of our user-entities' processes. This understanding has been used to provide value to our user-entities by saving time and costs through equipment and other advisory support.

### BUSINESS STRATEGY

Considering the existing competition in the industry and future entrants, the Company has focused on the following business strategies:

- To operate into diversified sectors by providing equipments to sectors like urban infrastructure (townships, offices, houses etc.), development of airports, power projects etc..
- To service diversified client base, which includes not only Public Sector Undertakings and Central Public Works Department, but also Private Sector Business Groups
- To improve size of the projects.

#### Equipments:

Road projects are capital intensive in nature. A majority of the equipments required are purchased either from the domestic market or imported. However, the equipments relating to excavation such as excavators and transport equipments such as dumpers are a mix of owned and rentals. We presently have excavators, PTR, dumpers. We also own Electronic Sensor Pavers, mechanical Pavers, Kerb Laying Machine, concrete batching and mixing plant, weigh Batchers, Vibro Compactor, tandem vibratory roller, front end wheel loader, bitumen spreaders, rock breakers, dozers, and automatic road marking machine and tunneling boomer which are installed all over India.

### Location

Considering the nature of Company's business i.e. renting construction equipments, the location of project depends upon the contracted site, which usually varies from project to project. We presently have a centralized maintenance department/Workshop situated at Plot No. 1560 & 1561 Steel Yard Road No. 18, Kalamoli, Navi Mumbai spread over an area of 450 sq. mtrs each. Plot no. 1560 is under registered assignment of Lease dated March 30, 2000 for a period of 45 years till December 26, 2045 from Narender Steel Corporation. Narender Steel Corporation is not related to the Promoters / Promoter Group / Directors of our Company. Plot no. 1561 is on leave & license agreement for a period of 11 months ending in May 2007.

### TECHNOLOGY/COLLABORATIONS

There are no key processes, technology and collaboration agreements with any parties for technology.

### PROCESS

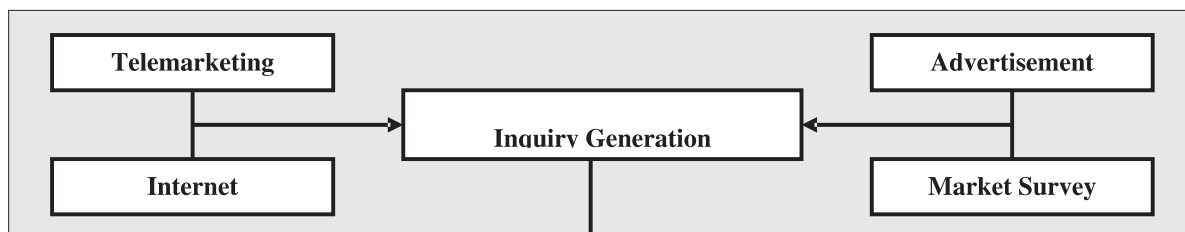
The process of the Company can be broadly divided into the following stages:

**Pre-deployment Stage-** This stage consists of:

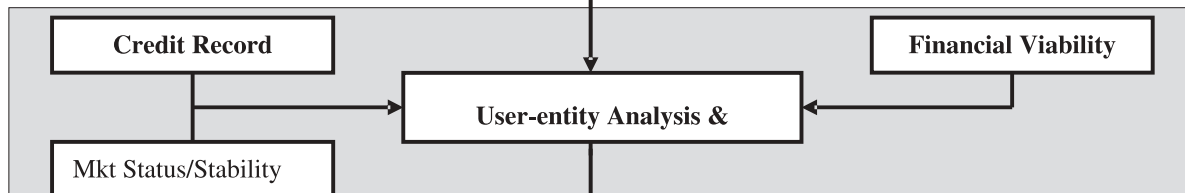
- **Marketing & Sales:** The demand for equipment is assessed through various sources – market surveys, industry organizations, industry reports, the Internet, telemarketing, etc. Once the demand is ascertained and the prospective user-entity identified, the business development process takes over and leads to the ultimate generation of business.
- **Analysis:** The prospective user-entity is appraised for their creditworthiness, their stability and financial status through independent sources. In case Gremach had an existing relationship, then the past experience is looked at. Simultaneous studies are conducted with reference suitability and location of the requirement vis-à-vis to the availability of the equipment. Deployment of owned equipment is preferred over rented equipment subject to the logistical and other constraints.
- **Execution:** Only after the satisfactory conclusion of the above, the work orders are procured and processed. This includes the finalisation of rates, the signing of rental agreements and the receipt of advance payments.
- **Logistics:** After the execution of the deal, the appropriate equipment with all the necessary spares, consumables and the repair toolkit is transported to the user- entities' site. A supervisor is deputed to the site.

## Business Process

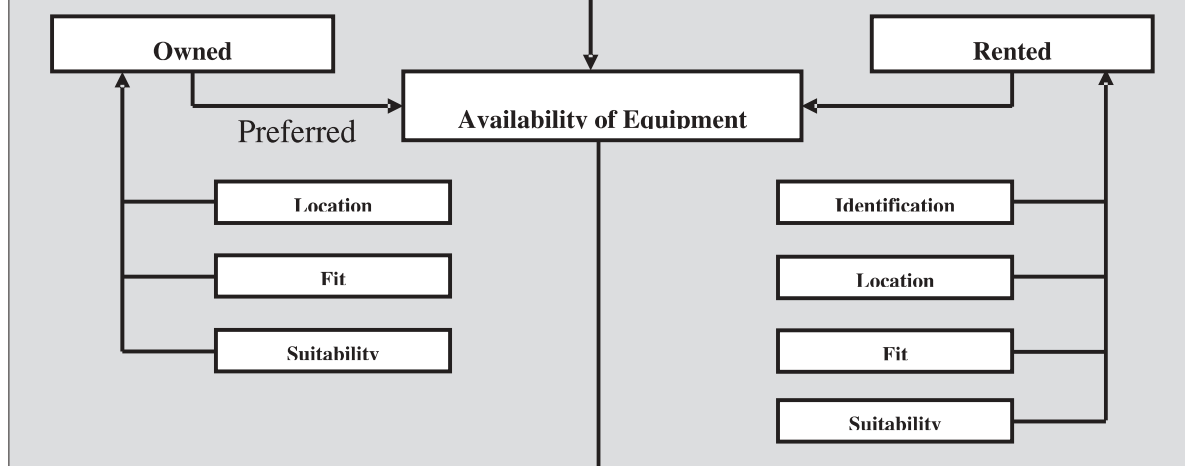
*Marketing*



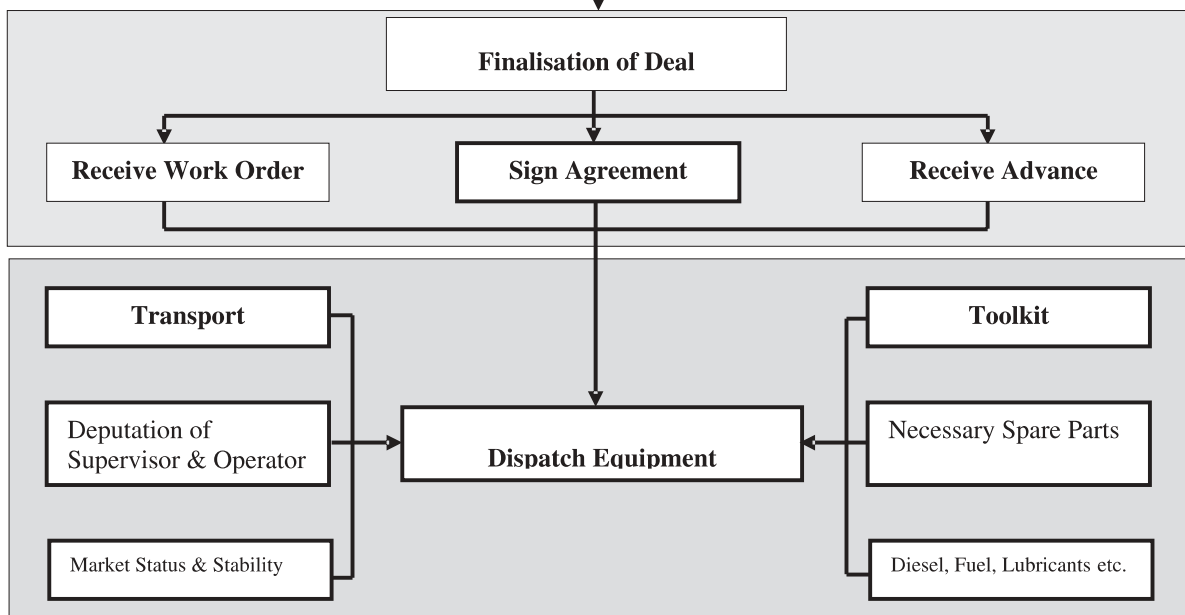
*Analysis*



*Execution*



*Logistics*



### Post Deployment Stage

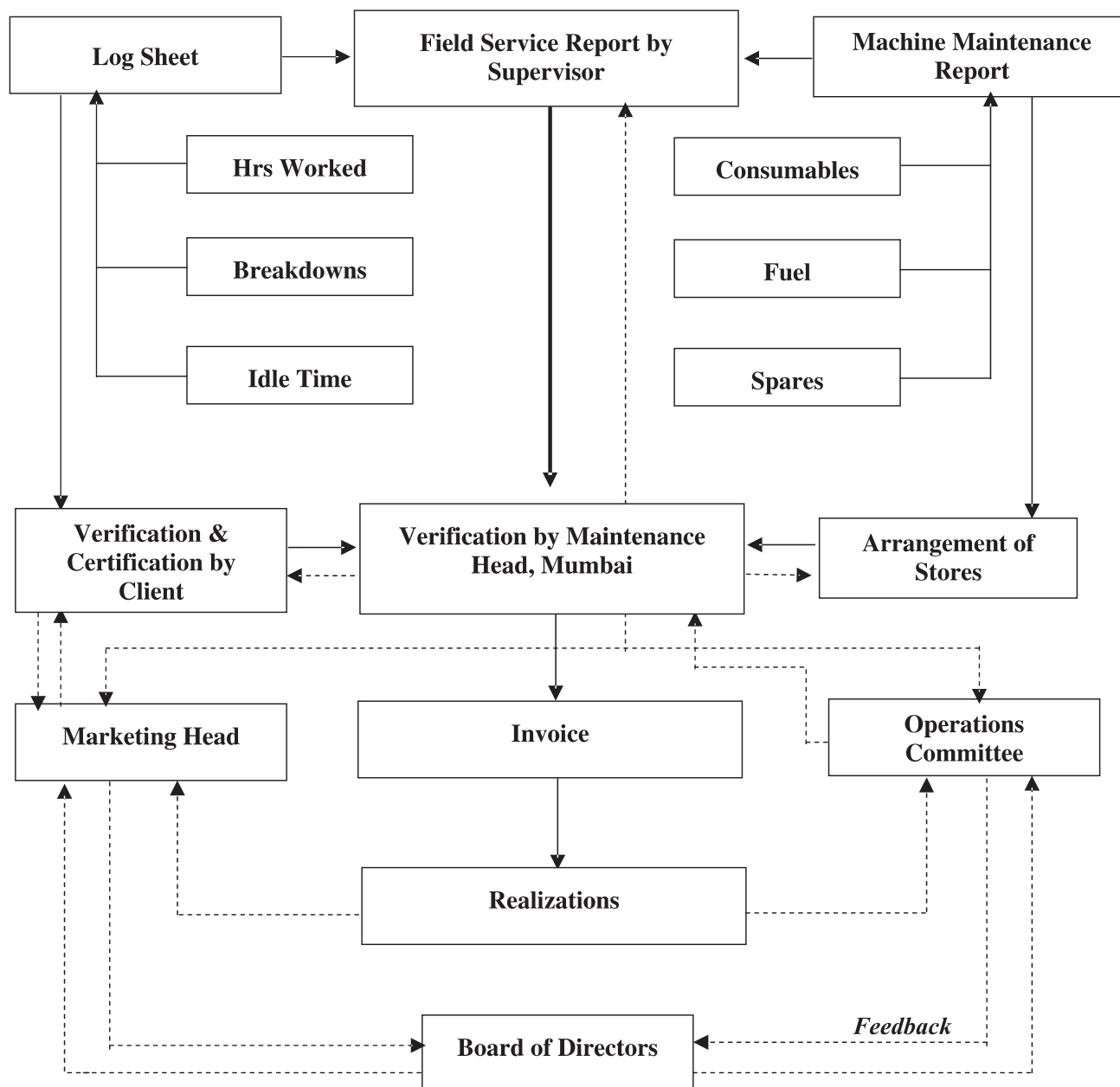
Once the equipment is mobilized and deployed at the user-entity site, the Operations and Maintenance Department takes over. Records of maintenance, operations, consumables etc. are maintained both at the site and the head office. The reporting system is well defined and the processes are in place.

The documentation includes

- **Log Sheet:** The operators' report on equipment is called a Log Sheet. It contains details of the number of hours worked, breakdown time and idle hours, if any. The Log Sheet is prepared on daily basis and is counter signed by the client's site supervisor. The Log Sheet is then sent to the head office for invoicing and further processing.
- **Field Service Report:** The site supervisor of our company makes a detailed report that includes the details on consumables, lubes, spares etc. and the operational details viz. number of hours worked, idle hours, break-downs etc. The report also indicates various maintenance aspects and their fixation.
- **Machine Maintenance Report/Weekly Site Report:** The site supervisor makes another report detailing the maintenance of equipment, requisition of spare parts etc.

These reports are sent to the head office on a weekly basis and are verified by the head of maintenance. All the maintenance details and costs incurred are recorded in the History Sheet. By analyzing this document, the management can understand the maintenance needs and keep check on expenditure. On the basis of the reports sent in by the supervisor and the History Sheet, adequate provisions for stores and consumables are made at the site. Thereafter, these reports are sent to the finance and accounts department for invoicing and further processing. Once the invoices are made, the realization of the bills takes place in due course. The Company also has a legal counsel on its payrolls, so as to agreements and help in realization of payments. The process has feed back loops at every end and all the related parties give and receive feedback with a view to improve the processes further. The entire process is shown as under:

## Reports and Records Management



## Gremach Infrastructure Equipments & Projects Ltd.

### Infrastructure Facilities

#### Raw Materials

As our main activity is providing construction equipment on rental basis therefore there is no requirement of raw material. However, following consumables are required for providing equipments: -

1. Spares
2. Plumbing & Sanitary Fittings
3. Electrical Fittings & Accessories
4. Hardware Fittings

We have evolved a system of centralized purchases for bulk and valuable materials while basic inputs like spares are purchased from local market. There is no problem in the availability of the requisite quantity of spares/ consumables. The requirements of the aforesaid items are estimated according to the contracts in hand and hence it is not possible to estimate the annual quantitative requirement.

#### Manpower

The present strength of the Company as December 31, 2006 is 55 employees on the roll of the company and remaining 300 are on contract basis. The details are as under.

Department/Function	No. of Employees		
	On the rolls of Company	Contractual employees	Total Employees
Marketing	18	-	18
Finance & Accounts	12	-	12
Supervisors	23	-	23
Operators & Helpers	0	261	261
Skilled-operationsUnskilled	2	13	15
	0	29	29
<b>Total</b>	<b>55</b>	<b>303</b>	<b>358</b>

The existing manpower is sufficient to handle the projected growth of the Company; it may change from time to time as per our requirement. Besides, most of the labour requirements at construction sites are met through petty contractors.

#### Marketing Set-up

Our Company adopts direct marketing approach. We have set-up a separate Tender Department to procure Contracts. The Tender Department is headed by Senior Manager (operations) and is supported by his subordinates. This department functions under direct supervision of Managing Director, considering the importance and sensitive nature of the Department.

While, Public Sector Undertakings and Government Departments invite tenders through public notice, tender from private sector are floated by their Architects/Consultants. The Company obtains tender document from Public Sector Undertakings/ Government Department on the basis of such public notice and has been successfully doing so. To procure contracts from Private Clients, the Company on continuous basis collects market information and makes presentation to Architects/ Consultants. We have been getting repeat orders from our reputed existing client base.

#### Capacity Utilization

Our business being project specific and not in the nature of a manufacturing concern with specified installed capacities, we are unable to determine the capacity. Hence existing installed capacities and capacity utilization for past three years and next three years are not being given.

#### Competition

The Company is in the business of giving Construction Equipments on hire and has competition from few organized players in the market however the rental industry is in early stage of development and there are few small unorganized players who own only a few equipment at various locations in the country.

## Insurance

We have taken different insurance policies covering the following

### I. Building & Office Premises:

Policy type	Office Protection Shield (General)
Property Insured	Corporate Office situated at Upavan Building, 1 <sup>st</sup> floor, 7/106 D.N. Nagar, Andheri (West), Mumbai - 400053 And Plot No. 1560, Rd No. 18, Steel Yard, Kalamboli, Dist. - Thane, Navi Mumbai
Coverage	Rs. 178.00 Lac
Policy No.	130700/48/06/52/70000458 & 130700/11/06/00000137
Agency	The New India Assurance Company
Sum Insured (Rs.)	Rs. 158.10 Lac & Rs. 20.00 Lac respectively
Total Premium (Rs.)	Rs. 35190
Valid Upto	31.05.2007 & 12.04.2007 respectively
Claim, if any	No
Remarks	None

### II. Workmen Compensation Insurance:

Policy type	Workmen Compensation Insurance
Coverage	Rs. 5,37,600.00
Policy No.	2006-43011886
Agency	IFFCO-TOKIO
Sum Insured (Rs.)	Rs.5,37,600.00
Total Premium (Rs.)	Rs. 21695.75
Valid Upto	16.09.07
Claim, if any	No
Remarks	None

### III. Vehicle Insurance:

Policy type	Miscellaneous
Property Insured	Stock of all kind of Earth Moving Equipments
Coverage	Rs. 24,00,00,000.00
Policy No.	130700/46/06/04/00000287
Agency	The New India Assurance Co. Ltd.
Sum Insured (Rs.)	24,00,00,000.00 (Rupees Twenty Four Crores only)
Total Premium (Rs.)	39,733.00
Claim, if any	No
Remarks	None

**Purchase of Property**

Except as stated in the section titled “Objects of the Issue”, there is no property which the Company has purchased or acquired or propose to purchase or acquire which is to be paid for whole, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus other than property in respect of which:

- The contracts for the purchase or acquisitions were entered into in the ordinary course of the business and the contracts were not entered into in contemplation of the issue nor in the issue contemplated in consequence of the contracts, or the amount of the purchase money is not material or the relevant disclosure in this Red Herring Prospectus have been made.

We have not purchased any property in which any of our promoter companies and/ or directors, have any direct or indirect interest in any payments made thereof.



## HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

### History & Background

We were originally incorporated as Gremach Commerce Private Limited vide Certificate of Incorporation No. 21-52026 on June 12, 1991 with Registrar of Companies, West Bengal and subsequently converted into a Public Limited Company on December 16, 1995 vide fresh Certificate of Incorporation dated January 12, 1996. The Company was renamed as Gremach Infrastructure Equipments & Projects Limited with effect from August 9, 2005.

The turnover of our company has grown to Rs. 7585.13 lakhs with the net profit of Rs. 401.17 lakhs in the FY 2005-06 from Rs.1878.42 lakhs with the net profit of Rs.16.23 lakhs in the FY 2001-2002 respectively. For the current nine months ended 31.12.2006 the turnover was Rs.8323.36 lacs with net profit of Rs.594.63 lacs.

### Milestones

Year	Particulars
1991	Incorporation in June
1994	Increase in Authorised Capital to Rs. 20 Lacs
1995	Taken over by Current Promoters
1995	Converted into Public Limited Company from private company
1995	Increase in Authorised Capital to Rs.530 Lacs
1995	Profit in the first year of Takeover
2002	Increase in Authorised Capital to Rs. 730 Lacs
2005	Increased in Authorised Capital to Rs. 2230 Lacs
2005	The Company changed its name to Gremach Infrastructure Equipments and Projects Limited

### Change in Registered Office of the company

Previous address	New address	Reason for change in address	Date of change
28,C.I.T Road, Kolkata 700 010	1, British India Street, Unit no. 205 B, 2nd Floor, Kolkata 700 069	Shifting of our office due to inadequacy of space.	01.03.1995
1, British India Street, Unit no. 205 B, 2nd Floor, Kolkata 700 069	12C, Lord Sinha Road Kolkata -700 071	Shifting of our office due to inadequacy of space.	04.12.1995
12C, Lord Sinha Road Kolkata -700 071	10, Old Post Office Street, Room No. 99A, 3rd Floor, Kolkata 700 001	Shifting of our office due to inadequacy of space.	22.06.2005
10, Old Post Office Street, Room No. 99A, 3 <sup>rd</sup> Floor, Kolkata 700 001	P-50, Princep Street, Deo Bhawan, 3rd floor Kolkata-700 017	Shifting of our office due to inadequacy of space.	09.12.2005

### Our Main Objects

The main objects as contained in our Memorandum of Association are:

1. To carry on and undertake the business of rental purchase, leasing and to finance lease operations of all kinds, and/ or rental or letting on rental all kinds of plants, machinery and equipment and to deal in full, all forms of movable immovable property including land and building estates and plantations, plants, machinery and equipment, ships, aircrafts, automobile, office or household equipments, furniture or fixture consumer or industrial goods and to lease or otherwise and deal with them in any manner whatsoever including purchase or sale thereof whether new or used.
2. To carry on the business as an investment company and to underwrite sub underwrite, to invest in and acquire by gift or otherwise and hold , sell, buy or otherwise deal in shares debentures, debenture stock, bonds Units, obligations and securities issued or guaranteed by Indian or Foreign Governments states, dominions, Sovereigns Municipalities or Public Authorities or bodies and shares, stocks debentures, debenture stock, bonds, obligations and securities issued and guaranteed by any company corporation, firm or person whether incorporated or established in India or elsewhere and to manage investment pools, mutual funds syndicates in shares, stocks securities, finance subject to the necessary for Government approval, however the company shall not carry on any chit fund activates.

## Gremach Infrastructure Equipments & Projects Ltd.

3. To carry on business as exports, imports, traders, Dealers, distributors, buyers, sellers, agents, brokers, processors, manufactures and laminators of jute, jute goods, bag, laminated jute clothes, corrugated products packaging materials and of plants, machineries and to carry on business of distributors of tea, coffee and textiles, cotton, cellulose or synthetic fiber silk, yarn, wool and woollen goods, handicrafts marble and other stones, steel, plastic, rubber, rubber, chemicals, engineering goods, metals minerals, electronic, cloth, dresses, garments, transport vehicles, food products, books, reading and educative materials, paper and paper products, tobacco products, coke and coal products.
4. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account. Furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, promote, provide, participate, reconstruct, grout, dig, excavate, pour, renovate, remodel, build, rebuild, undertake, contribute, assist, and to act as contractor, sub-contractor, turnkey contractor and manager of all types of constructions & development work in all its branches such as roads, ways, culverts, dams, bridges, tramways, water tanks, reservoirs, canals, wharves, warehouse, factories, buildings, structures, drainage & sewage works, water distribution & filtration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, hubs, rock drilling, aquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, service apartments, hospitals, dharmashalas, multistory, colonies, complexes, housing projects, any manufacturing activities and other similar works under ownership, build, operate, lease, rent, finance and subsequently transfer, assign, mortgage, pledge, lien of the above facilities includes BOT, BOOT, BOLT & collection of Toll and for the purpose to acquire, handover, purchase, sell, own cut to size, develop, distribute, or otherwise to deal in all sorts of lands & buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of foregoing objects.

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

### Changes in the Memorandum of Association

Since incorporation of our Company, the following changes have been made in the Memorandum of Association:

Amendment	Date of Amendment
Increase in Authorized Capital From Rs.10 to Rs. 20 lacs	22.03.1994
Increase in Authorized Capital From Rs.20 to Rs.530 lacs	16.12.1995
Conversion from Private Limited to Public Limited	12.01.1996
Increase in Authorized Capital From Rs.530 to Rs. 730 lacs	28.03.2002
Increase in Authorized Capital From Rs.730 to Rs. 1730 lacs	04.08.2005
Change of name to Gremach Infrastructure Equipments and Projects Ltd	09.08.2005
Increase in Authorized Capital From Rs.1730 to Rs. 2230 lacs	27.11.2005
Alteration / Addition in Object Clause	17.01.2006

### Subsidiaries of the Company

The Company does not have any subsidiary.

### Shareholders Agreements

The Company has not entered into any shareholders agreements.

### Other Agreements

The Company has not entered into any other agreements.

### Strategic Partners

At present, the Company does not have any strategic partners.

### Financial Partners

At present, the Company does not have any financial partners.

## MANAGEMENT

### Board of Directors

Under our Articles of Association, we cannot have less than three (3) and more than twelve (12) directors. We currently have five (5) Directors.

The following table sets forth current details regarding our Board of Directors:

Name, Designation, Father's Name, Address, Occupation	Age	Independent/ Non-independent Director	Date of Appointment and Term	Other Directorships
<b>Mr. Ratan Lal Tamakuwala</b> Non-Executive Chairman s/o Brijlal Tamakuwala 703-04. A Wing Shiv Parvati Chs Ltd, SVP Road, Andheri (W), Mumbai. Industrialist Non Executive Chairman	62 yrs	Non Independent director	4-4-1998  Liable to Retire by Rotation	i. Austral Coke & Projects Limited ii. Anarcon Resources Private Limited iii. Shri Hanuman Investment Pvt. Ltd. iv. Armstrong Infrastructure & Projects Ltd. v. Tirupati Niket Pvt. Ltd. vi. Shri Balaji Enclave Pvt. Ltd.
<b>Mr. Rishi Raj Agarwal</b> Managing Director S/o. Ratan Lal Tamakuwala 703-04. A Wing Shiv Parvati Chs Ltd, SVP Road, Andheri (W), Mumbai.  Business Managing Director	37 yrs.	Non Independent director	16.08.97 Non Rotational	i. Austral Coke & Projects Limited ii. Armstrong Infrastructure & Projects Limited iii. Anarcon Resources Private Limited iv. Shri Durga Finvest Pvt Ltd v. Shri Tirupati Niket Pvt Ltd vi. Gujarat Free Flow Salt Refinery Pvt Ltd
<b>Mr. Anand Agarwal</b> Independent & Non-Executive Director S/o. Hari Prasad Agarwal 206, Rajsheela building, 597 J.S. Road, Chira Bazaar Mumbai 02  Business	45 yrs	Independent director	30.08.2005  Liable to Retire by Rotation	i. Comfort Intech Limited ii. Subham Commerce Pvt Ltd iii. Nana Fintrade Services Pvt Ltd
<b>Mr. Kranti Sinha</b> Independent Director S/o. Late R.P. Sinha Flat no. 3, 2 <sup>nd</sup> floor, Jeevan Sangram, Plot no. 24, sector II, Charkop, Kandiwali ( w) Mumbai 400 067  Service	64 yrs.	Independent director	22.12.2005  Liable to Retire by Rotation	i. The Global Institute for Financial and Education Services (India) P Ltd. ii. Larsen & Toubro Ltd iii. India Infoline Limited iv. Hindustan Motors Ltd v. LICHFL Care Homes Ltd
<b>Mr. Jiwraj Khaitan</b> Independent & Non-Executive Director S/o. Late Maliram Khaitan 43, Bondel Road, Flat no. 4-A Kolkata – 700 019  Business	68 yrs.	Independent director	30.12.2005  Liable to Retire by Rotation	Nil

### Details of Directors

**Mr. Ratanlal Tamakuwala, B.A.** aged 62 years is the Non- Executive Chairman. He has experience in the technical side of the business. He has experience in managing heavy construction and material handling equipment. He was one of the promoters of Gujarat NRE Coke Ltd. However due to family dispute he has disassociated from Gujarat NRE Coke Ltd. with effect from 1997.

**Mr. Rishi Raj Agarwal, B.Com** aged 37 years. He is the Managing Director of the Company. He has over 10 years of experience in the marketing of renting heavy equipment.

**Mr. Anand Agarwal, B.Com, AICWA, FCA**, aged 45years. He is the Non Executive and an Independent Director. He has 20 years of experience in the field of auditing, accounts, Finance and involved in rendering of corporate planning services. He is also a Partner in M/s. Churuwala and Associates A firm of Chartered Accountants

**Mr. Kranti Sinha, M. A** aged 64 years. He is a graduate from university of Agra with a Masters degree in Arts. He started his career in 1965 as a direct recruit Class I Officer with Life Insurance Corporation of India and rose through the hierarchy to serve as a director and Chief Executive of LIC Housing Finance Limited. He acted as member of the working group on Construction of Planning Commission for the 10<sup>th</sup> Plan, member of governing council of National Insurance academy, Pune and member of governing council of the Construction Industry Development council. He was president of Forum of Housing Finance Companies and also Deputy President of the governing council of Insurance institute of India.

**Mr. Jiwraj Khaitan, B.Com**, aged 68 years. He is the Non Executive and an Independent Director of the Company. He has a work experience of about 30 years in the field of logistics handling and at present he is looking after complete operation of coke manufacturing company. He was also secretary to the Kolkata Coke and Coal dealers association.

### Borrowing Powers of the Board

Vide a resolution passed at the Annual General Meeting of the Company held on 30th September, 2005 consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of the Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of the company and its free reserves shall not at any time exceed Rs. 50,00,00,000 (Rupees Five thousand lacs Only)".

### Remuneration of Managing Director

Mr. Rishi Raj Agarwal, Managing Director has been appointed as the Managing Director of the Company pursuant to the resolution passed at the Annual General Meeting held on September 30, 2005 for a period of 5 years with effect from August 30, 2005 under the following terms and conditions

- (a) Salary: Rs.40000 including dearness and all other allowances, per month with increments will be scale of 40000/-20000/-140000 amounts not exceeding 10% of the salary and allowances.
- (b) Perquisites as follows:
  - (i) Housing: :- Managing Director shall be entitled to House rent allowance of Rs. 5000 per month which will be suitably increased by the board of director if required
  - (ii) Medical Benefits: Expenses incurred on Mr. Rishi Raj Agarwal and his family subject to a ceiling of one month's salary in a year or of as many months salary sin a block of so many years as is there in the total tenure.
  - (iii) Leave Travel Concession: For Mr. Rishi Raj and his family, once in a year incurred in accordance with the rules specified by the Company for executives.
  - (iv) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
  - (v) Personal Accident Insurance : Personal accident policy as per the policy of the company.
  - (vi) Company's contribution to Provident Fund at the rate of 12% of the salary.
  - (vii) Company's contribution towards superannuation fund as per the rules of the Company's superannuation scheme as may be applicable from time to time; provided, however, that the Company's contribution to the superannuation fund together with its contribution to the Provident Fund shall not exceed 27% of the salary.
  - (viii) Gratuity in accordance with the rules of the Company as applicable to the Senior Executives of the Company.

- (ix) Car for use on the Company's business and telephone at Mr. Rishi Raj Agarwal residence. Personal long distance calls on telephone to be billed by the Company to Mr. Rishi Raj Agarwal
- (x) Leave unavailed of to be allowed to be encashed as per rules of the Company.

It was further resolved that in the event of inadequacy or absence of profit in any financial year Mr. Rishi Raj Agarwal, Managing Director, shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time."

### Corporate Governance

The Company has complied with such provisions, with respect to the appointment of independent Directors to the Board and the constitution of the following committees of the Board: the Audit Committee, the Remuneration Committee and the Investors Grievances Committee. The corporate governance guidelines as per clause 49 of the listing agreement will be applicable to the company immediately on listing of the shares on the stock exchange. We are in compliance with the Corporate Governance Code in accordance to clause 49 (as applicable) of the listing agreement to be entered into with the Stock Exchange prior to listing.

The Board of Directors of the Company comprises of five (5) directors, of which the Chairman is Non Executive and Non Independent, there is one executive non independent director and three (3) non executive independent directors. The Company has also constituted the various committees viz. Audit Committee, Share Transfer & Investor Grievance Committee and Remuneration Committee."

**The following committees have been formed in compliance with the Corporate Governance norms:**

#### Audit Committee

Audit committee of the Board has been constituted in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement relating to the composition and terms of reference of the Audit Committee. Audit Committee is, inter alia, responsible for the financial reporting and ensuring compliance with the Accounting Standard and reviewing the financial policies of the company and to recommend the appointment of statutory auditors and internal auditors and to fix their remuneration. The Committee is responsible for reviewing the reports from internal auditors as well as the group companies. The Committee will review all quarterly reports before submission of the same to the Board. Name of the directors who are members of the Committee are as under:-

Sr. No	Name of the Director	Nature of Directorship
1	Anand Agarwal, Chairman	Independent
2	Kranti Sinha	Independent
3	Ratan Lal Tamakuwala	Non-Independent & Non-Executive

Chief Accounts Officer of the Company attends the Committee Meetings, Representatives of Statutory Auditors and Internal Auditors are invited to attend the meetings. Company Secretary acts as the Secretary of the Committee.

#### Share/Debenture Transfer & Investors' Grievance Committee

The company has constituted an investors relations committee comprising of 2 directors with chairmanship of non executive director for speedy disposal of the share transfer requests received by the company. The committee along with overseeing share transfer work, looks into the complaints received from investors. The Committee will meet at least two times per month to dispose off the pending share transfers and complaints, if any. The constitution of the Committee is as under:-

Sr. No	Name of the Director	Nature of Directorship
1.	Ratan Lal Tamakuwala (Chairman)	Non-Independent & Non Executive
2.	Anand Agarwal	Independent
3	Kranti Sinha	Independent

## Gremach Infrastructure Equipments & Projects Ltd.

### Remuneration Committee

A Remuneration Committee has been constituted as required under the Schedule XIII of the Companies Act, 1956 to consider and approve the remuneration package payable to the Executive Directors of the Company. The Committee comprises of the following directors of the Company:

Sr. No	Name of the Director	Nature of Directorship
1.	Ratan Lal Tamakuwala (Chairman)	Non Independent & Non-Executive
2.	Anand Agarwal	Independent
3.	Kranti Sinha	Independent

### Shareholding of the Directors in the Company

The Articles of Association do not require the directors to hold any qualification shares. The present shareholding of Directors is detailed below:

Name of the Director	Designation	No. of Shares held	% of pre issue paid-up share capital
Ratan Lal Tamakuwala	Chairman	2,17,000	2.60
Rishi Raj Agarwal	Managing Director	15,90,500	19.03
Anand Agarwal	Non-Executive Director	Nil	Nil
Kranti Sinha	Non-Executive Director	Nil	Nil
Jiwraj khaitan	Non-Executive Director	Nil	Nil

### Interest of Directors

All 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 under the Articles of Association of the Company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our company or that may be subscribed for and allotted to them, out of present issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the Companies, firms and trust, in which they are interested as Directors, members, partners or trustees.

### Changes in our Board of Directors during the last three years

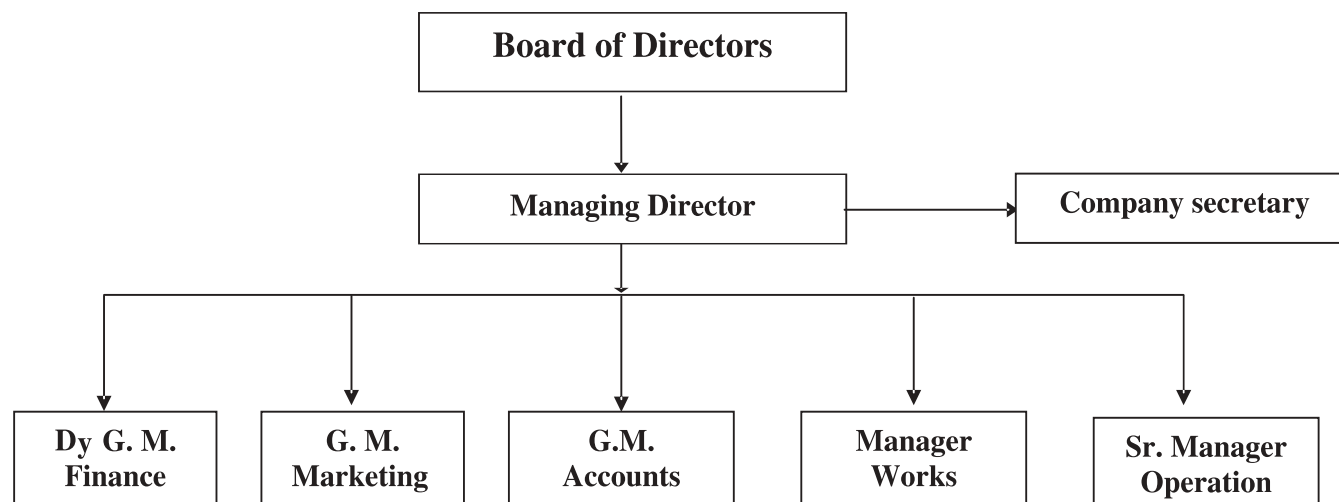
The changes in the directors during last three years are as follows:

Name	Date of Appointment	Reason
Anand Agarwal	30-09-2005	Strengthen the board
Neville Dinshaw Madan	14-11-2005	Strengthen the board
Kranti Sinha	22.12.2005	Strengthen the board
Jiwraj Khaitan	30.12.2005	Strengthen the board

Name	Date of Cessation	Reason
Mridula Krishnan	22.12.2005	Personal Reason
Neville Dinshaw Madan	17.01.2006	Personal Reason

## Organisation Structure



## Key Managerial Personnel

At present the Company has a total workforce of 358 people out of which 55 are permanent employees of the Company. The details of the key managerial personnel of the Company are as follows:

Name	Date of Joining	Age (yrs.)	Designation	Functional Responsibilities	Qualification	Previous Employment
Mr. Ajay Halwai	10.12.2003	29	Senior Manager (Operation)	Operation	B.Com.	I.T. Integrated Solutions Ltd.
Mr. C. V. Dixit	15.05.1998	40	General Manager. (Accounts)	Accounts	B.COM, DBMA, DMM	Gujarat Ambuja Cements Ltd.
Mr. Johny Fernandes	05.12.2003	48	General Manager (Marketing)	Handles Marketing	B.A.	Sea Scope Industry
Mr. Sanjive Arora	01.09.2005	42	Company Secretary	Secretarial & Compliance	B.Com, FCS	Uniflex Cables Limited
Mr. Sayed Mubarak	1.05.2004	26	Manager (Works)	Repairs and Maintenance	D.M.E.(AMIE). C.N.C.AUTO CAD.	Telco Engineering limited
Mr. Deepak Ahuja	13.09.2006	25	Dy GM (Finance)	Incharge of Finance & Accounts	B.Com ACA	



## Gremach Infrastructure Equipments & Projects Ltd.

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### Brief Profile of Key Managerial Personnel

The brief profile of the aforesaid Key Managerial Personnel is mentioned as under:

#### Mr. Ajay Halwai

Mr. Ajay Halwai, Senior Manager (Operation) aged about 29 years. He takes care operation, administration and Co-ordination of the projects/ sites of the company.

#### Mr. C. V. Dixit

Mr. C. V. Dixit, General Manager (Accounts Department), aged about 40 years. He is holding Diploma in Business and Material Management. He is the General Manager in the Accounts Department and has been attending the accounts and tax affairs of the Company. He has a total of 15 years experience in the field of Accounts and Taxation.

#### Mr. Johny Fernandes

Mr. Johny Fernandes aged 50 years. He is the General Manager (Marketing Department) and looks after the cost estimate, negotiates with clients. He has an experience of around 28 years in the Construction Industry.

#### Mr. Sanjive Arora

Mr. Sanjive Arora aged 42 years, He is the Company Secretary. He has an experience of 16 years experience in the corporate secretarial field. He is the fellow of the Institute of Company Secretaries of India.

#### Mr. Deepak Ahuja

Mr. Ahuja is aged 25 years. He is the Dy General Manager (Finance). He is a Chartered Accountant and provides valuable inputs in project and the financial Planning of the Company.

#### Mr. Sayed Mubarak

Mr. Sayed Mubarak, Manager (Works), aged 26 years, is holding Diploma in Mechanical Engineering. He looks after the repairs and the maintenance of the construction equipment of the Company.

None of the Key Managerial Personnel are related to each other. All the above-mentioned key managerial personnel are permanent employees of our Company.

### Shareholding of Key Managerial Personnel

None of the key managerial personnel hold any equity shares.

### Bonus and/or profit sharing plan for Key Managerial Personnel.

There is no Bonus and / or profit sharing plan for Key Managerial Personnel

### Payment or benefit to the officers of our company.

**As a part of total compensation the key managerial personnel are offered a comprehensive and competitive benefit package. Except that there is no additional benefit given to the employees.**

### Changes in Key Managerial Personnel during last one year

Name	Date of Appointment	Date of Cessation	Reasons
Mr. Rahul Jain	26.03.2005	01.01.2007	Personal Reason
Mr. Manoj Sand	26.05.2005	26.05.2006	Personal Reason
Mr. Deepak Ahuja	13.09.2006	-	-





### Employees Stock Option Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme/ Employees Stock Purchase Scheme, as required by the guidelines or regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.



## PROMOTERS

The Promoters of the Company are as follows:

<p><b>Mr. Ratan Lal Tamakuwala</b></p> 	<p>Mr. R.L.Tamakuwala (62 years) is the chairman and promoter of the company. He is graduate and having experience in the technical side of the business. He has experience in managing heavy construction and material handling equipment He was one of the promoters of Gujarat NRE Coke Ltd. However due to family dispute he has disassociated from the company with effect from 1997.</p> <p><b>Passport No.</b> : F3362759</p> <p><b>Driving License number</b> : WB - 01- 125905</p> <p><b>PAN No.</b> : ACUPT7280 P</p> <p><b>Bank Account No.</b> : 0191000027289 HDFC Bank Versova Mumbai</p>
<p><b>Mr. Rishi Raj Agarwal</b></p> 	<p>Mr. Rishi Raj Agarwal (37 years) is a commerce graduate. He has over 10 years of experience in the marketing of renting heavy equipment. In 1995, the Company was taken over and promoted by him, and currently heads the Company in the capacity of the Managing Director.</p> <p><b>Passport No.</b> : F3697196.</p> <p><b>Driving License number</b> : MH-02-2002-14502</p> <p><b>PAN No :</b> : AEQPA0755 E</p> <p><b>Bank Account No.</b> : 0191000021239 HDFC Bank Versova Mumbai</p>
<p><b>Mrs. Lalita Agarwal</b></p> 	<p>Mrs. Lalita Agarwal (58 years) is a commerce graduate and is also on the board of directors of Gujarat Free Flow Salt Refinery Private Limited. She was one of the promoters of Gujarat NRE Coke Ltd. However due to family dispute he has disassociated from Gujarat NRE Coke Ltd. with effect from 1997</p> <p><b>Passport No.</b> : F3363242</p> <p><b>Driving License number</b> : She does not have a driving license</p> <p><b>PAN No</b> : ACLPA2107 R</p> <p><b>Bank Account No.</b> : 5-69925-118 Citi Bank JUHU Mimbai</p>
<p><b>Mrs. Sangeeta Agarwal</b></p> 	<p>Mrs. Sangeeta Agarwal age 36 is a commerce graduate and is on the board of directors of Shri Hanuman Investments Private Limited.</p> <p><b>Passport No.</b> : F5994719</p> <p><b>Driving License number</b> : She does not have a driving license</p> <p><b>PAN No</b> : ADAPA1962G</p> <p><b>Bank Account No.</b> : 0191000022244 HDFC Bank Versova Mumbai</p>

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of Promoter Individuals were submitted to the Stock Exchanges at the time of filing the Red Herring Prospectus.

## Gremach Infrastructure Equipments & Projects Ltd.

### Ratanlal Tamakuwala HUF

Ratanlal Tamakuwala HUF is a Hindu undivided family recognized under the Indian Law. Ratan Lal Tamakuwala is the Karta of this HUF and is authorised to take all decision in relation to the assets and properties of the HUF.

**PAN No.:** AAJHR 4373K

**Bank Account No.** 5-604553-115 CITI Bank

### Rishi Raj Agarwal HUF

Rishi Raj Agarwal HUF is a Hindu undivided family recognized under the Indian Law. Rishi Raj Agarwal is the Karta of this HUF and is authorised to take all decision in relation to the assets and properties of the HUF.

**PAN No.** AADHR8823 F

**Bank Account No.** 5-604552-119 CITI Bank Juhu Mumbai

### Promoter Company

#### Shri Hanuman Investments Private Limited.

<b>Date of Incorporation</b>	The Company was incorporated on November 8, 1996		
<b>Nature of Activities</b>	The Company deals in equipment rental & investment business.		
<b>Registered Office</b>	12-C, Lord Sinha Road, Kolkata-71		
<b>Registration Number</b>	21-081997		
<b>Financial Performance</b>			
<b>(Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	84.23	10.00	10.00
<b>Reserves (excluding revaluation reserves)</b>	1678.57	0.85	0.62
<b>Total income</b>	32.87	31.76	30.74
<b>Profit After Tax</b>	0.45	0.23	0.22
<b>E.P.S. (Rs.)</b>	0.05	0.0023	0.0022
<b>N.A.V. (Rs.)</b>	209.28	10.83	10.59

**PAN No.** AAGCS5378C

**BANK Account No. :** C.A. 243468 ABN Amro Nariman Point Mumbai

#### Shareholding Pattern as on January 31st, 2007.

<b>S. No.</b>	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>Shareholding %</b>
1	Rishi Raj Agarwal	400000	47.49
2	Sangeeta Agarwal	99900	11.86
3	Santosh Kumar Fitkariwala	100	0.01
4	Agarwal Iron And Steel Co. Pvt. Ltd.	2000	0.24
5	Fidelity Marketing Pvt. Ltd.	10000	1.19
6	Graffco Sales Pvt. Ltd.	10000	1.19
7	Green Field Techno Services Pvt. Ltd.	9000	1.07
8	Kamal Kunj Commodities Pvt. Ltd.	28000	3.32
9	Kashiraj Supply Pvt. Ltd.	10000	1.19
10	Mahasakti Vyapaar Pvt. Ltd.	10000	1.19
11	Maradona Holdings Pvt. Ltd.	8000	0.95
12	Mgb Commercial Pvt. Ltd.	10000	1.19
13	Nairit Tie - Up Pvt. Ltd.	9000	1.07
14	Nilkanth Fincon Pvt. Ltd.	7000	0.83

15	Parrot Agencies And Credit Pvt. Ltd.	12000	1.42
16	Sivog Marketing Pvt. Ltd.	2000	0.24
17	Sreedeb Commercial Pvt. Ltd.	38300	4.55
18	Swarnsathi Advisory Services Pvt. Ltd.	10000	1.19
19	Maradona Holdings Pvt. Ltd.	10000	1.19
20	Swarnsathi Advisory Services Pvt. Ltd.	10000	1.19
21	Mahasakti Vyapaar Pvt. Ltd.	20000	2.37
22	Tirupati Niket Pvt. Ltd.	127000	15.08
	<b>TOTAL</b>	<b>842300</b>	<b>100</b>

**Present Promoters of the Company are:**

1. Mr. Rishi Raj Agarwal .
2. Mrs. Sangeeta Agarwal.

**Board of Directors as on 31<sup>st</sup> January 2007**

1. Mr. Santosh Kumar Fitkariwala
2. Mrs. Sangeeta Agarwal
3. Mr. Ashok Agarwal
4. Mr. Subham Kumar
5. Mr. Vijendra Keyal
6. Mr. Ratanlal Tamakuwala

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

We confirm that the permanent account number, bank account number and registration number of the promoter company was submitted to the stock exchanges at the time of the filing the Red Herring Prospectus with the Stock Exchanges.

**Common Pursuits**

Our Promoter Company i.e. Shri Hanuman Investments Private Limited., as well as the other companies forming part of the Promoter Group is in the business of leasing construction equipments. Hence to this extent there exists a potential conflict of interest between us and these entities.

The aforementioned Promoters of the Company are interested to the extent of their shareholding in the Company. 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 Committee thereof and also to the extent of their remuneration, reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. All our Promoters Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company.

Further some of our Promoters Directors are also on the boards of certain companies and they may be deemed to be interested to the extent of the payments made by the company, if any, to these Group Companies. For a list of such Promoters who are directors of other group companies, please refer the sections titled 'Promoters' on Page no.55 of this red herring prospectus. For the payments that are made by our company to certain other group companies, please refer the section "Related Party Transactions" on Page 74 of this Red Herring Prospectus.

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 with them including the properties purchased by the Company other than in the normal course of business.

**Conflict of Interest between our company and other group companies.**

Some of our group companies are in the same line of business and the shareholders of group companies are the directors in our company. The interest of shareholders of our company may conflict with the interest of our group company shareholders when they compete each other for the opportunities available in the market.

## INFORMATION OF THE GROUP COMPANIES

## Financial Information of Group Companies.

## 1. Austral Coke and Projects Limited.

<b>Date of Incorporation</b>	Originally Incorporated on April 22nd, 1994 in the name of NRE Stocknet Ltd. Under the Companies Act, 1956. It was granted Certificate of commencement of business on September 01, 1995. The name of the company was changed to Net Interactive Limited on June 16th, 1998 and received fresh Certificate of Incorporation consequent to change of name to Austral Coke & Projects Limited on September 14th, 2005		
<b>Nature of Activities</b>	The company has diversified its business from equipment rental to the business of coking coal and coke manufacturing so the existing equipment would be utilised in the coal & coke business.		
<b>Registration Number</b>	21-63008 in the state of West Bengal		
<b>Financial Performance (Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	696.96	434.00	300.00
<b>Share application money</b>	0.00	0.00	50.00
<b>Reserves (excluding revaluation reserves)</b>	3328.65	591.50	72.48
<b>Total Income</b>	12212.17	4249.39	2029.11
<b>Profit After Tax</b>	202.07	127.74	30.50
<b>E.P.S. (Rs.)</b>	2.90	2.94	1.02
<b>N.A.V. (Rs.)</b>	57.06	23.15	12.41

Source: Audited Balance Sheet

Shareholding Pattern as on January 31<sup>st</sup> 2007

S. No.	Name of Shareholder	No. of Shares	Shareholding %
1	Adonis Niryat P. Limited.	20000	0.29
2	Adroit Commercial P. Limited.	25000	0.36
3	Agarwal Iron & Steel Co. Pvt. Ltd.	30000	0.43
4	Amazon Sales P. Limited.	62500	0.9
5	Amit Mercantiles P. Limited.	10000	0.14
6	Anarcon Resources P. Limited.	1687100	24.21
7	Bhatinda Tracom Pvt. Ltd.	10000	0.14
8	Bimex Exports Pvt. Ltd.	6000	0.09
9	Consultants P. Limited.	25000	0.36
10	Deepraj Vinimay Pvt. Ltd.	21800	0.31
11	Divyansh Engineering Pvt. Ltd.	6000	0.09
12	Empire Advisory Services Pvt. Ltd.	8000	0.11
13	Fun Food Pvt. Ltd.	28000	0.4
14	Ganapati Vincom P. Limited.	25000	0.36
15	Gangotri Commodities Invt. P. Ltd.	25000	0.36
16	Gliadin Inter Trade P. Limited.	25000	0.36

S. No.	Name of Shareholder	No. of Shares	Shareholding %
17	GMB Investments P. Limited.	25000	0.36
18	Graffco Sales Pvt. Ltd.	16000	0.23
19	Grow – N – Grow Invest. Holding P. Ltd.	7500	0.11
20	Gujarat Freeflow Salt Refinery P. Ltd.	258000	3.7
21	Hopewell Trexim P. Limited.	10000	0.14
22	Industrial Lamcoke Projects Ltd.	75000	1.08
23	Innocent Merchandise P. Ltd	50000	0.72
24	Jalsagar Commerce P. Limited.	137500	1.97
25	Jhunjhun Commerce Pvt. Ltd.	4000	0.06
26	Kamal Kunj commodities Pvt. Ltd.	4000	0.06
27	Krishna Dokania	5000	0.07
28	Lalita Agarwal	270100	3.88
29	Lunia Technologies P. Limited.	50000	0.72
30	Maina Devi Rungta	100	0
31	Mood Dealers Pvt. Ltd.	6000	0.09
32	Mrigiya electronics Industries Pvt. Ltd.	10000	0.14
33	Nairit Tie – Up P. Limited.	25000	0.36
34	Nalimbur Suppliers Pvt. Ltd.	30000	0.43
35	Nilkanth Fincon P. Limited.	52000	0.75
36	Nupur computers Pvt. Ltd.	4000	0.06
37	Orbital Contractors and Financiers Pvt. Ltd.	20000	0.29
38	Parrot Agencies & Credit Pvt. Ltd.	101000	1.45
39	Pee Kay Vanijya Pvt. Ltd.	22000	0.32
40	Plus Jet Finevest Pvt. Ltd.	144300	2.07
41	Pradip Sen	100	0
42	Pragya Commerce Pvt. Ltd.	4000	0.06
43	Prozen Merchants P. Limited.	85000	1.22
44	Rajnil Sales P. Limited.	25000	0.36
45	Ratanlal Tamakhuwala	275000	3.95
46	Ratanlal Tamakhuwala HUF	150000	2.15
47	Rishi Raj Agarwal	666000	9.55
48	Rishi Raj Agarwal HUF	149300	2.14
49	Ritus Creation P. Limited	50000	0.72
50	S.N.R. Trading Company P. Ltd.	20000	0.29
51	Sangeeta Agarwal	111400	1.6
52	Shiv Kumar Rungta	100	0
53	Shree Leasing & Finance Ltd.	10000	0.14

**Gremach Infrastructure Equipments & Projects Ltd.**

<b>S. No.</b>	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>Shareholding %</b>
54	Shreemaya Holdings P. Limited.	50000	0.72
55	Shri Balaji Enclave P. Limited.	395300	5.67
56	Shri Durga Finvest P. Limited.	313100	4.49
57	Shri Hanuman Investment P. Ltd.	1069800	15.35
58	Sindha Trexim Pvt. Ltd.	6000	0.09
59	Strip Commodeal P. Limited.	50000	0.72
60	Stupendors Traders P. Limited.	50000	0.72
61	Subnam Cosmetics P. Limited.	25000	0.36
62	Sushil Kumar Rungta	100	0
63	Teac Consultants Pvt. Ltd.	4000	0.06
64	Telstar Packaging Pvt. Ltd.	6000	0.09
65	Topgrain Management Pvt. Ltd.	10000	0.14
66	Vedant Vinimay P. Limited.	78500	1.13
67	Vinayak Commercial P. Limited.	25000	0.36
	<b>TOTAL</b>	<b>6969600</b>	<b>100.00</b>

**Board of Directors as on 31<sup>st</sup> January 2007**

1. Mr. Rishi Raj Agarwal.
2. Mr. Ratan Lal Tamakuwala
3. Mr. M.K. Sinha
4. Mr. Tapodhir Bhattacharjee
5. Mr. Raghunathrai Kumar
6. Mr. Shyam Kumar J Chowdary
7. Mr. H. S. Kohina

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

## 2. Armstrong Infrastructure and Projects Limited (Earlier known as a Saurashtra Projects Limited)

<b>Date of Incorporation</b>	The Company was incorporated as Saurashtra Projects Private Limited on August 12, 1994. The Company was converted into Limited Company on May 05, 2002 and a fresh certificate of incorporation was obtained. The name was subsequently changed to Armstrong Infrastructure and Projects Limited w.e.f 23.01.2007.		
<b>Nature of Activities</b>	The Company presently deals into Equipment rental, Textiles Trading and Proposes to undertake Manufacturing of saw pipe business		
<b>Registration Number</b>	04-22757 in the state of Gujarat		
<b>Financial Performance (Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	487.50	250.00	250.00
<b>Share application money</b>	0.00	175.00	175.00
<b>Reserves (excluding revaluation reserves)</b>	1363.00	57.93	57.63
<b>Total Income</b>	1308.00	830.64	804.95
<b>Profit After Tax</b>	<b>5.69</b>	<b>9.16</b>	<b>17.59</b>
<b>E.P.S. (Rs.)</b>	0.12	0.37	0.70
<b>N.A.V. (Rs.)</b>	37.96	19.32	12.30

Source: Audited Balance Sheet

### Shareholding Pattern as on 31<sup>st</sup> January 2007

S. No.	Name of Shareholder	No. of Shares	Shareholding %
1	Adonis Niryat P. Ltd.	20,000	0.36
2	Adroit Commercial P. Ltd.	25,000	0.45
3	Alpha Impex P. Ltd.	20,000	0.36
4	Anarcon Resources Pvt. Ltd.	1,025,000	18.64
5	Bina Fitkariwala	14,000	0.25
6	Bluepex Vyapar P. Ltd.	15,000	0.27
7	Cosmo Management Services P. Ltd.	20,000	0.36
8	Gangotri Commodities Invt P. Ltd.	25,000	0.45
9	Gauravrose Real Estate P. Ltd.	15,000	0.27
10	Hopewell Trexim P. Ltd.	10,000	0.18
11	Jet Air Properties P. Ltd.	10,000	0.18
12	Krishna D. Kariya	8,000	0.15
13	Kusum Fitkariwala	22,500	0.41
14	Lalita Agarwal	25,000	0.45
15	Lexi Export P Ltd.	50,000	0.91
16	Manish Agarwal	5,000	0.09
17	Merrill Financial & Mgt. Consultants P. Ltd.	30,000	0.55
18	Nordflex Textiles Private Limited	12,000	0.22

## Gremach Infrastructure Equipments & Projects Ltd.

S.NO.	Name of Shareholder	No. of Shares	Shareholding %
19	Ocean Cassette Business P. Ltd.	15,000	0.27
20	Pankaj K. Jain	2,000	0.04
21	Ratanlal Tamakhuwala	275,000	5.00
22	Ravindra Kumar Jain	5,000	0.09
23	Rishi Raj Agarwal	1,485,000	27.00
24	Sangeeta Agarwal	6,500	0.12
25	Santosh Kumar Fitkariwala	30,000	0.55
26	Santosh Kumar Fitkariwala – HUF	20,000	0.36
27	Saroj Rungta	5,000	0.09
28	Shri Balaji Enclave P. Ltd.	430,000	7.82
29	Shri Durga Finvest P. Ltd.	440,000	8.00
30	Shri Hanuman Investment P. Ltd.	1,415,000	25.73
31	Vaishnavi Vyapar P. Ltd.	20,000	0.36
	<b>Total</b>	<b>5,500,000</b>	<b>100</b>

### Board of Directors as on 31<sup>st</sup> January 2007

1. Santosh Kumar Fitkariwala.
2. Rishi Raj Agarwal.
3. Pradeep Sen
4. Ratan Lal Tamakhuwala

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

### 3. Anarcon Resources Private Limited.

<b>Date of Incorporation</b>	The Company was incorporated on 13 <sup>th</sup> March 1997.		
<b>Nature of Activities</b>	The company is in the business of equipment rental		
<b>Registration Number</b>	21-83327 in the state of West Bengal		
<b>Financial Performance (Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	98.03	5.03	5.03
<b>Share application money</b>	0.00	123.97	48.97
<b>Reserves (excluding revaluation reserves)</b>	2601.95	7.72	6.89
<b>Total Income</b>	9.23	39.01	983.28
<b>Profit After Tax</b>	(2.77)	0.83	5.97
<b>E.P.S. (Rs.)</b>	(—)	1.65	11.87
<b>N.A.V. (Rs.)</b>	275.42	271.76	23.64

Source: Audited Balance Sheet



**Shareholding Pattern as on January 31<sup>st</sup> 2007.**

S. No.	Name of Shareholder	No. of Shares	Shareholding %
1	Agarwal Iron & Steel Co. Pvt. Ltd.	25000	2.55
2	Fidelity Marketing Pvt. Ltd.	9000	0.92
3	Gagan Suppliers Pvt. Ltd.	10000	1.02
4	Graffco Sales Pvt. Ltd.	10000	1.02
5	Green Field Techno Services Pvt. Ltd.	12000	1.22
6	Kamal Kunj Commodities Pvt. Ltd.	50000	5.10
7	Kashiraj Supply Pvt. Ltd.	10000	1.02
8	Mahasakti Vyapaar Pvt. Ltd.	60000	6.12
9	Maradona Holdings Pvt. Ltd.	31000	3.16
10	Mgb Commercial Pvt. Ltd.	3000	0.31
11	Nairit Tie - Up Pvt. Ltd.	10000	1.02
12	Nawneet Marketing Pvt. Ltd.	10000	1.02
13	Nilkanth Fincon Pvt. Ltd.	12000	1.22
14	Orbital Contractors And Financiers Pvt. Ltd.	12000	1.22
15	Parrot Agencies & Credit Pvt. Ltd.	20000	2.04
16	Pradeep Sen	100	0.01
17	Rajnil Sales Pvt. Ltd.	11000	1.12
18	Rishi Raj Agarwal	450000	45.90
19	Sarita Saraogi	100	0.01
20	Shiv Kumar Rungta	100	0.01
21	Shri Durga Finvest Pvt. Ltd.	162000	16.53
22	Sivog Marketing Pvt. Ltd.	2000	0.20
23	Sreedeb Commercial Pvt. Ltd.	43000	4.39
24	Swarnsathi Advisory Services Pvt. Ltd.	20000	2.04
25	Vishakha Tradecom Pvt. Ltd.	8000	0.83
	<b>Total</b>	<b>980300</b>	<b>100.00</b>

**Board of Directors as on 31<sup>st</sup> January 2007**

1. Ratan Lal Tamakuwala
2. Shubham Kumar
3. Rishi Raj Agarwal

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

## Gremach Infrastructure Equipments & Projects Ltd.

### 4. Tirupati Niket Private Limited.

<b>Date of Incorporation</b>	The Company was incorporated under the provisions of the Companies Act, 1956 on March 25, 1997, as a private limited company as Tirupati Niket Private Limited.		
<b>Nature of Activities</b>	The company is in the business of equipment rental		
<b>Registration Number</b>	21-83630 in the state of West Bengal		
<b>Financial Performance (Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	12.02	12.02	12.02
<b>Share application money</b>	12.02	12.02	12.02
<b>Reserves (excluding revaluation reserves)</b>	0.44	0.40	0.31
<b>Total Income</b>	0.18	24.97	22.16
<b>Profit After Tax</b>	0.04	0.09	0.08
<b>E.P.S. (Rs.)</b>	0.03	0.07	0.07
<b>N.A.V. (Rs.)</b>	20.36	10.32	10.24

Source: Audited Balance Sheet

### Shareholding Pattern as on January 31<sup>st</sup> 2007

<b>Name</b>	<b>No. of Shares</b>	<b>Shareholding %</b>
Ratan Lal Tamakuwala	1, 20,000	99.84
Sandeep Agarwal	100	0.08
Anand M. Agarwal	100	0.08
<b>Total</b>	<b>1,20,200</b>	<b>100.00</b>

### Board of Directors as on 31<sup>st</sup> January 2007

1. Rishi Raj Agarwal
2. Ratanlal Tamakuwala.

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

## 5. Gujarat Free Flow Salt Refinery Private Limited.

<b>Date of Incorporation</b>	The Company was incorporated under the provisions of the Companies Act, 1956 on January 09, 1997, as a private limited company vide Certificate of Incorporation No. 21 – 82557 of 1997 as Gujarat Free Flow Salts Refinery Private Limited.		
<b>Nature of Activities</b>	The company is in the business of equipment rental		
<b>Registration number</b>	21-82557 in the state of West Bengal		
<b>Financial Performance (Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	1.00	1.00	1.00
<b>Reserves (excluding revaluation reserves)</b>	0.53	0.44	0.35
<b>Total income</b>	11.93	39.19	38.41
<b>Profit After Tax</b>	0.08	0.09	0.09
<b>E.P.S. (Rs.)</b>	0.81	0.90	0.90
<b>N.A.V. (Rs.)</b>	15.11	14.19	13.19

Source: Audited Balance Sheet

## Shareholding Pattern as on January 31<sup>st</sup> 2007

<b>Name</b>	<b>No. of Shares</b>	<b>Shareholding %</b>
Armstrong Infrastructure & Projects Ltd.	9,800	98
Rishi Raj Agarwal	100	1
Pradeep Sen	100	1
<b>TOTAL</b>	<b>10,000</b>	<b>100</b>

## Board of Directors as on 31<sup>st</sup> January 2007

1. Lalita Agarwal.
2. Subham Kumar.
3. Rishi Raj Agarwal

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

## Gremach Infrastructure Equipments & Projects Ltd.

### 6. Industrial Lamcoke Projects Limited.

<b>Date of Incorporation</b>	The Company was incorporated under the provisions of the Companies Act, 1956 on 24th October 1994 as a NRE Projects limited. The Certificate of Commencement of Business was issued on January 23rd, 1995 by the Registrar of Companies, West Bengal. The Company changed its name from NRE Projects Limited to Industrial Lamcoke Projects Limited and the fresh certification on consequent of change of name was issued by the Registrar of Companies, West Bengal effective from November 27, 1997.		
<b>Nature of Activities</b>	The company is in the business of equipment rental		
<b>Registration Number</b>	21-65582 in the state of West Bengal		
<b>Financial Performance (Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	25.00	25.00	25.00
<b>Reserves (excluding revaluation reserves)</b>	0.27	0.22	0.21
<b>Total Income</b>	0.81	28.42	20.28
<b>Profit After Tax</b>	0.05	0.01	0.07
<b>E.P.S. (Rs.)</b>	0.02	0.004	0.029
<b>N.A.V. (Rs.)</b>	10.12	6.00	10.08

Source: Audited Balance Sheet

### Shareholding Pattern as on January 31<sup>st</sup> 2007.

Sl. No.	Name of Shareholder	No. of Shares	Share Holding %
1.	Armstrong Infrastructure & Projects Limited	75,000	30.00
2.	Austral Coke & Projects Limited	64,300	25.72
3.	Gujarat Free Flow Salts Refinery P. Ltd.	5,000	2.00
4.	Gremach Commerce P. Limited	40,000	16.00
5.	Lalita Agarwal	10,100	4.04
6.	Rishi Raj Agarwal	100	0.04
7.	Sangeeta Agarwal	100	0.04
8.	Pradeep Sen	100	0.04
9.	Shiv Kumar Rungta	100	0.04
10.	Kusum Kedia	100	0.04
11.	Samir Pramanik	100	0.04
12.	Merril Fin & Magt. Conds. P. Limited	25,000	10.00
13.	Hope Well Trexim P. Limited	10,000	4.00
14.	Adonis Niryat P. Limited	10,000	4.00
15.	Bluepex Vyapar P. Limited	10,000	4.00
	<b>TOTAL</b>	<b>2,50,000</b>	<b>100.00</b>

### Board of Directors as on 31<sup>st</sup> January 2007

1. Vijendra Keyal.
2. Mukesh Tiwari.
3. Bhageshwar Jha.

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

## 7. Shri Durga Finvest Private Limited

<b>Date of Incorporation</b>	The Company was incorporated under the provisions of the Companies Act, 1956 on October 16, 1996, as a private limited company as Shri Durga Finvest Private Limited.		
<b>Nature of Activities</b>	The company is in the business of equipment rental		
<b>Registration Number</b>	21-81794 in the state of West Bengal		
<b>Financial Performance (Rs. in lakhs except per share data)</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>
<b>Equity Share Capital</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b>Reserves (excluding revaluation reserves)</b>	<b>0.92</b>	<b>0.77</b>	<b>0.57</b>
<b>Total Income</b>	<b>0.25</b>	<b>30.57</b>	<b>28.48</b>
<b>Profit After Tax</b>	<b>0.15</b>	<b>0.20</b>	<b>0.17</b>
<b>E.P.S. (Rs.)</b>	<b>1.51</b>	<b>2.00</b>	<b>1.70</b>
<b>N.A.V. (Rs.)</b>	<b>19.08</b>	<b>17.43</b>	<b>15.26</b>

Source: Audited Balance Sheet

### Shareholding Pattern as on 31<sup>st</sup> January 2007.

<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>Shareholding %</b>
1.	Rishi Raj Agarwal	100	1
2.	Anarcon Resources P Ltd.	4,900	49
3.	Tirupati Niket P. Ltd.	4,900	49
4.	Jyoti Dalmiya	100	1
	<b>TOTAL</b>	<b>10,000</b>	<b>100</b>

### Board of Directors as on 31<sup>st</sup> January 2007

1. R. L. Ram.
2. Vijendra Keyal
3. Rishi Raj Agarwal

The Company is an unlisted Company and it has not made any public issue in the preceding three years. It has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

### Common Pursuits and Interest:

Our Promoter Company as well as the other companies forming part of the Promoter Group is in business of leasing construction equipments. Hence to this extent there exists a potential conflict of interest between these entities and us.

## **CURRENCY OF PRESENTATION**

In the Red Herring Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

In this Red Herring Prospectus, throughout all figures have been expressed in Lacs. The word “Lac” or “Lacs” or “Lakh” or “Lakhs” means “One hundred thousand”.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statement prepared in accordance with Indian GAAP.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of the company, at their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The Summary of dividends declared by the company during the last five financial years is as follows: -

<b>PARTICULARS</b>	<b>31.03.06</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.03</b>	<b>31 .03.02</b>
Face Value of Equity Share (Rs. Per share)	10.00	10.00	10.00	10.00	10.00
Dividend (Rs in Lacs)	8.36	1.46	0.73	0.73	0.73
Rate of Dividend %	1.0	0.20	0.10	0.10	0.10
Dividend per Equity Share (Rs.)	0.10	0.02	0.01	0.01	0.01

## FINANCIAL INFORMATION

To,  
The Board of Directors  
Gremach Infrastructure Equipments & Projects Limited  
Mumbai,

We have examined the following financial information of Gremach Infrastructure Equipments & Projects Limited. ("the Company") as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors which has been prepared in accordance with Paragraph B-1 Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications. The related information has been prepared by the company and approved by the board of directors of the company

### A. Financial Information as Per Audited Financial Statements

We have examined the attached restated summary of Assets and Liabilities (annexure I) of the company as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and as at 31st December 2006 and the restated summary of profit & loss account (annexure II) for each of the year/ period ended on those dates, together referred to as 'summary statements' and notes to summary statements as set out in Annexure III & Significant Accounting Policies and Standard Notes on accounts as per the audited accounts. (Annexure IV)

Our examination consisted of comparing the information in the summary statement for the year ended 31st March 2002 audited solely by J. Ghose & Co., and year ended 31st March 2003, 31st March 2004, audited by A. Toshniwal & Co., and year ended 31st March 2005, 31st March 2006 and 31st December 2006 being last date to which the accounts of the Company have been made up and prepared and approved by the Board of Directors of the Company and audited by us for the purpose of disclosure in the Red Herring Prospectus. & period ended 31st March 2006, audited by us and have been adopted by the board of directors & members.

Based on our examination of these summary statements, we state that:

- The restated profit & losses 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 respective years
- The summary statement of the company have been restated with retrospective effect to reflect the significant accounting policies ( as disclosed in annexure to this report ) as adopted by the company as at March 31, 2005, March 31, 2006 and 31st December, 2006.
- There are no qualifications in the auditor's reports that require any adjustments to the summary statements.
- There are no extra ordinary items that need to be disclosed separately in the summary statements.

### B. Other financial information

We have examined the following financial information relating to the company proposed to be included in the prospectus, approved by the board of directors and annexed to this report: :

- (i) Cash flow statement as restated to reflect the retrospective effect of the accounting policies adopted by the company as at 31.03.2005, 31.03.2006 and for the Period ended 31.12.2006 (Annexure V)
- (ii) Statement of Accounting Ratios (Annexure VI)
- (iii) Capitalization Statement (Annexure VII )
- (iv) Statement of changes in Share Capital (Annexure VIII)
- (v) Statement of rate of dividend (Annexure IX)
- (vi) Statement of Unsecured loan (Annexure X)
- (vii) Statement of other income (Annexure XI)
- (viii) Statement of Tax Shelter (Annexure XII)
- (ix) Principal terms of loans & assets charged as security (Annexure XIII)
- (x) Statement showing Age wise analysis of Sundry Debtors & Details of Loans & Advances (Annexure XIV)

## **Gremach Infrastructure Equipments & Projects Ltd.**

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The financial information contained in this report have been extracted from the audited accounts for the year-ended march 31, 2002, 2003, 2004, 2005 & 2006 and for the period ended Dec.31, 2006

In our opinion, the financial information of the company attached to this report as mentioned in paragraphs (A) & (B) above, read with respective significant accounting policies and notes as annexed to this report and after making adjustments and regroupings as considered appropriate; has been prepared in accordance with part II of schedule II of the act and the guidelines issued by the SEBI.

This report is intended solely for your information and for inclusion in the prospectus in connection with the specific initial public offer of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For T. N. Dutta & Associates**  
Chartered Accountants

Proprietor  
Membership No.56676

Place : Kolkata  
Dated : 25<sup>th</sup> January 2007



# Annexure I – Summary of Assets and Liabilities – Restated

(Rs. in Lacs)

As at	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
<b>A) Fixed Assets:</b>						
Gross Block	5,224.48	3,665.18	2,284.64	1,363.19	887.89	852.65
Less: Depreciation	1,930.58	1,488.79	1,067.11	696.83	465.18	351.90
Net Block Total	3,293.90	2,176.39	1,217.52	666.36	422.71	500.75
Goodwill	180.85	180.85	180.85	180.85	180.85	180.85
<b>Total fixed assets (A)</b>	<b>3,474.75</b>	<b>2,357.24</b>	<b>1,398.37</b>	<b>847.21</b>	<b>603.56</b>	<b>681.60</b>
<b>B) Current Assets, Loans &amp; Advances</b>						
Inventories	74.49	72.41	67.29	19.23	16.40	15.86
Sundry Debtors	2358.96	2,239.14	1,655.22	788.18	630.27	499.49
Cash & Bank Balances	591.25	157.29	64.07	3.08	1.29	13.62
Loans & Advances	607.30	531.17	314.88	274.32	390.75	278.01
<b>Total (B)</b>	<b>3632.00</b>	<b>3,000.01</b>	<b>2,101.46</b>	<b>1,084.81</b>	<b>1,038.71</b>	<b>806.98</b>
<b>C) Liabilities &amp; Provisions</b>						
Secured loans	1,450.56	166.11	672.20	199.77	146.08	190.21
Unsecured Loans	-	350.49				
Current Liabilities & Provisions	1958.24	1,919.64	1,440.33	612.59	469.58	317.35
Deferred Income Tax Liability	498.62	298.47	144.97	62.54	33.45	14.01
<b>Total (C)</b>	<b>3907.42</b>	<b>2,734.71</b>	<b>2,257.50</b>	<b>874.90</b>	<b>649.11</b>	<b>521.57</b>
<b>NET WORTH (A+B-C)</b>	<b>3199.33</b>	<b>2,622.54</b>	<b>1,242.34</b>	<b>1,057.12</b>	<b>993.16</b>	<b>967.01</b>
<b>NET WORTH REPRESENTED BY:</b>						
Share Capital	835.73	835.73	730.00	730.00	730.00	730.00
Share Application Money	-	-	-	-	-	-
Reserve & Surplus	2,397.40	1,802.78	512.34	327.28	263.48	237.48
<b>TOTAL</b>	<b>3,233.13</b>	<b>2,638.51</b>	<b>1,242.34</b>	<b>1,057.28</b>	<b>993.48</b>	<b>967.48</b>
Less: Misc. Expenditure (to the extent not written off)	33.80	15.97	-	0.16	0.32	0.47
<b>NET WORTH</b>	<b>3,199.34</b>	<b>2,622.54</b>	<b>1,242.34</b>	<b>1,057.12</b>	<b>993.16</b>	<b>967.01</b>

## Annexure II - Summary of Profit &amp; Loss - Restated

(Rs. in Lacs)

			For the period ended on				
	Particulars	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
	<b>INCOME</b>						
	Rental Charges Received	8,323.36	7,585.13	4,737.40	3,024.50	2,287.23	1,878.42
	Other income	20.53	7.14	0.00	33.74	0.05	2.41
	Increase /(decrease) of stock	2.08	5.12	48.05	2.82	0.54	4.81
<b>A</b>	<b>Total Income</b>	<b>8,345.97</b>	<b>7,597.39</b>	<b>4,785.45</b>	<b>3,061.06</b>	<b>2,287.82</b>	<b>1,885.64</b>
	<b>EXPENDITURE</b>						
	Direct Contract Expenses (vehicle rental expenses)	6,763.17	6,319.09	3,851.94	2,547.90	1,940.43	1,602.00
	Audit Fees	0.23	0.12	0.12	0.12	0.12	0.12
	Administrative Expenses	176.72	192.85	218.73	158.32	117.30	102.72
	Interest & Financial Charges	64.69	55.67	49.74	21.12	29.72	34.31
	Depreciation	441.79	421.68	370.27	231.65	149.98	117.85
	Preliminary / Deferred Rev. Exps W/off	0.00	0.00	0.16	0.16	0.16	0.16
<b>B</b>	<b>Total Expenditure</b>	<b>7,446.60</b>	<b>6,989.41</b>	<b>4,490.96</b>	<b>2,959.27</b>	<b>2,237.71</b>	<b>1,857.16</b>
	<b>Net Profit Before Tax &amp; extra ordinary items (A-B)</b>	<b>899.37</b>	<b>607.98</b>	<b>294.47</b>	<b>101.79</b>	<b>50.11</b>	<b>28.48</b>
	Provision for Income Tax Current	104.59	53.31	25.31	8.00	3.95	2.18
	Provision for Income Tax deferred	200.15	153.50	82.43	29.09	19.44	10.07
	<b>Profit before extra ordinary items</b>	<b>594.63</b>	<b>401.17</b>	<b>186.73</b>	<b>64.70</b>	<b>26.72</b>	<b>16.23</b>
	Extra ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Net profit after Tax</b>	<b>594.63</b>	<b>401.17</b>	<b>186.73</b>	<b>64.70</b>	<b>26.72</b>	<b>16.23</b>
	Balance of Profit brought forward	750.76	359.04	173.96	51.47	25.57	10.07
	Dividend	0.00	8.36	1.46	0.73	0.73	0.73
	Corporate Tax on Dividend	0.00	1.09	0.19	0.09	0.09	0.00
	<b>Balance Carried to Balance sheet</b>	<b>1,345.39</b>	<b>750.76</b>	<b>359.04</b>	<b>115.35</b>	<b>51.47</b>	<b>25.57</b>

### **Annexure III - Notes to Adjustment Carried Out In Restated Financial Statements**

1. Restated financial statements have been prepared in respect of five years commencing from the financial years ended 31.03.2002 to 31.12.2006. As a result of restatement of income and expenses amounts, the necessary adjustments have been made against the reserves.
2. The company has adopted accounting standard – 22 issued by ICAI in preparing financial statements for the accounting year commencing 1.04.2004, for the earlier year also the deferred taxation has been worked out.

### **Annexure IV - Significant Accounting policies and Notes to accounts**

#### **A. ACCOUNTING POLICY**

##### **1. General**

The accounts are prepared under mercantile basis

##### **2. Preliminary expenses**

Preliminary expenses are written off over a period of ten years

##### **3. Fixed Assets**

Fixed assets are valued at cost less depreciation wherever applicable

##### **4. Depreciation**

Depreciation has been provided in the manner and is as per the rates prescribed under Schedule XIV of the Companies Act, 1956

Individual assets costing less than Rs.5000/- have been depreciated in full in the year of purchase.

##### **5. Dividends**

Dividends have been accounted for as and when received.

##### **6. Valuation of investments**

Unquoted shares have been valued at cost.

##### **7. Valuation of inventories**

Stores and spares and consumables are valued at cost. The cost is worked out on FIFO Basis.

##### **8. Provision for Current And Deferred Tax**

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961

Deferred Tax resulting from “timing difference” between book and taxable Profit is accounted for using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future

##### **9. Impairment Loss**

As per Accounting Standard – 28 ‘Impairment of Assets’ effective from April 1, 2004 the company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account.

##### **10. Provisions, Contingent Liabilities And Contingent Assets**

A provision is made based on reliable estimate when it is probable that an outflow embodying economic benefits will be required to settle an obligation. Contingent liabilities if material disclosed by way of notes to Accounts. Contingent Assets are not recognized.

**B. NOTES TO ACCOUNTS**

1. The previous year's figures have been reworked, regrouped, reclassified and / or rearranged wherever necessary
2. Balances in Debtors, Creditors, Advances and Loans are subjected to confirmation, reconciliation and consequent adjustments.
3. Value of goodwill has been considered as evaluated by the management.
4. The Accounted Standard 22 on "Accounting for Taxes on Income" first becomes applicable to the Company from the accounting periods beginning April 1, 2002. The company recognized both deferred tax assets and liability for the first time for the year ended March 31, 2005. Deferred tax liabilities as at December 31, 2006 is as under :

(Rs. In Lacs)

	Particulars	30.12.2006	Year 2005-06
A	Amount debited to P&L A/c		
	Tax on difference between Depreciation as per The Companies Act and The Income Tax Act.	200.15	153.50
B	Opening balance of Deferred tax Liability	298.47	144.97
	<b>Total deferred tax liability</b>	<b>498.62</b>	<b>298.47</b>

5. In view of the insufficient information from the suppliers regarding their status as SSI Units amount overdue to such undertakings can not be ascertained in the current year

**6. RELATED PARTY DISCLOSURE**

Related party disclosures as required by Accounting Standard 18, "Related party disclosure" are given below:

**Related Party Transaction as on December 31, 2006**

Key Management Personnel	Nature of Relationship
Mr. Ratanlal Tamakhuwala	Non Executive Chairman (Whole Time Director Till 14.11.05)
Mr. Rishi Raj Agarwal	Promoter / Managing Director

**Relatives of Key Management Personnel**

Name of the Concern	Nature of Relationship
Austral coke & Projects Limited	Related parties where KMP/RKMP exercise significant influences
Saurashtra Projects Ltd.	Related parties where KMP/RKMP exercise significant influences
Anarcon Resources P. Ltd.	Related parties where KMP/RKMP exercise significant influences
Shri Hanuman Investments P. Ltd.	Related parties where KMP/RKMP exercise significant influences

**Details of Transactions**

(Rs. In Lacs)

Sr. No.	Particulars	Amount
1	Directors Remuneration	
	Rishi Raj Agarwal	3.60
2	Guarantee given on behalf of Austral Coke & Projects Ltd	
	State Bank of India, IFB, Worli, Mumbai	6325.00
	State Bank of Indore, Commercial Branch, Nariman Point, Mumbai	2500.00
3	Guarantees taken for S.B.I. Loan	
	Ratanlal Tamakuwala	4890.00
	Rishi Raj Agarwal	
	Saurashtra projects limited	
	Austral Coke & Projects Ltd	

**Related Party Transaction as on March 31, 2006**

Key Management Personnel	Nature of Relationship
Mr. Ratanlal Tamakuwala	Non Executive Chairman (Whole Time Director Till 14.11.05)
Mr. Rishi Raj Agarwal	Promoter / Managing Director

**Relatives of Key Management Personnel**

Name of the Concern	Nature of Relationship
Austral coke & Projects Limited	Related parties where KMP/RKMP exercise significant influences
Saurashtra Projects Ltd.	Related parties where KMP/RKMP exercise significant influences
Anarcon Resources P. Ltd.	Related parties where KMP/RKMP exercise significant influences
Shri Hanuman Investments P. Ltd.	Related parties where KMP/RKMP exercise significant influences

**Details of Transactions**
**(Rs. In Lacs)**

Sr. No.	Particulars	Amount
1.	Allotment of shares (In Numbers)	
	Anarcon Resources P. Ltd.	4,21,000
	Saurashtra Projects Ltd.	5,26,300
	Shri Hanuman Investments P. Ltd	1,10,000
2	Administrative Expenses	
	Ratanlal Tamakuwala ( Whole Time Director Till 14.11.05 )	2.12
	Rishiraj Agarwal	3.65
3	Guarantee given	
	Austral Coke & Projects Limited	6300.00
4	Guarantees taken for S.B.I. Loan	
	Ratan Lal Tamakuwala	1540.00
	Rishi Raj Agarwal	
	Saurashtra projects limited	
5	Unsecured Loan Received	
	Shri Hanuman Investments Private Limited	89.99
	Saurashtra Projects Ltd.	40.50
	Anarcon Resources P. Ltd.	220.00

**Related Party Transaction as on March 31, 2005**

Key Management Personnel	Nature of Relationship
Mr. Ratanlal Tamakuwala	Promoter / Director
Mr. Rishi Raj Agarwal	Promoter / Director

**Relatives of Key Management Personnel**

Name of the Concern	Nature of Relationship
Austral coke & Projects Ltd	Related parties where KMP/RKMP exercise significant influences
Saurashtra Projects Ltd.	Related parties where KMP/RKMP exercise significant influences
Anarcon Resources P. Ltd.	Related parties where KMP/RKMP exercise significant influences

**Gremach Infrastructure Equipments & Projects Ltd.****Details of Transactions**

(Rs. In Lacs)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
1.	Purchase of Fixed Assets	
	Saurashtra Projects Ltd.	622.33
2.	Trade Advances Paid	
	Anarcon Resources P. Ltd.	144.02
	Net Interactive Ltd.	9.76
	Saurashtra Projects Ltd.	136.70
3.	Trade Advances received	
	Net Interactive Ltd.	58.82
	Saurashtra Projects Ltd.	622.33
4	Directors Remunerations	
	Ratanlal Tamakuwala	4.60
	Rishi Raj Agarwal	2.40
5	Guarantees taken for S.B.I. Loan	
	Ratan Lal Tamakuwala	1540.00
	Rishi Raj Agarwal	
	Saurashtra projects limited	

**Related Party Transaction as on March 31, 2004**

<b>Key Management Personnel</b>	<b>Nature of Relationship</b>
Mr. Ratanlal Tamakuwala	Promoter / Director
Mr. Rishi Raj Agarwal	Promoter / Director

**Details of Transactions:**

(Rs. In Lacs)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
1	Directors Remunerations	
	Ratanlal Tamakuwala	2.40
	Rishi Raj Agarwal	2.40

**Related Party Transaction as on March 31, 2003**

<b>Key Management Personnel</b>	<b>Nature of Relationship</b>
Mr. Ratanlal Tamakuwala	Promoter / Director
Mr. Rishi Raj Agarwal	Promoter / Director

**Details of Transactions:**

(Rs. In Lacs)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
1	Directors Remunerations	
	Ratanlal Tamakuwala	1.20
	Rishi Raj Agarwal	1.20

7. The Members of the Company at an Extraordinary General Meeting held on 4th august 2005 have resolved to increase the authorised capital of the company from Rs.730 lacs (Rupees seven hundred thirty lacs) divided into 73 lacs shares of Rs. 10 each to Rs. 1730 lacs (Rupees seventeen hundred thirty lacs) divided into 173 lac shares (one hundred seventy three lacs shares)

Another Extraordinary general meeting held on 17th November 2005 the Authorised share capital is further increased from Rs. 1730 lacs (Rupees seventeen hundred thirty lacs) divided into 173 lac shares (one hundred seventy three lac share) to Rs. 2230 lacs (Rupees twenty two hundred thirty lac) divided into 223 lacs equity shares

8. During the year the company has also incurred expenses on its upcoming Initial Public Offering accordingly the entries in regards to issue related expenses would be accounted during the financial year 2005-06
9. As per the accounting standard issued by The Institute of Chartered Accountant of India under accounting standard 28 "impairment of assets", the company has assessed the recoverable amount of the relevant assets and found that no indication of impairment exists in relation to its assets as at March 31, 2006
10. In the opinion of the management, Current Assets, Loans and Advances have value in realisation in the ordinary course of business at least equal to the amount at which they are stated

## Annexure V - Cash Flow Statement

(Rs. In Lacs)

	Year Ended 31st, March					
	31.12.06	2006	2005	2004	2003	2002
<b>CASH FROM OPERATING ACTIVITIES</b>						
Net Profit before Extra Ordinary items & Tax	899.37	607.98	294.47	101.79	50.11	28.48
Adjustments for :						
Depreciation	441.79	421.68	370.28	231.65	149.97	117.85
Interest/ Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Preliminary Exp. W/off	0.00	0.00	0.15	0.15	0.15	0.15
Interest Paid	26.11	19.20	5.53	5.38	19.90	23.21
Other Non-operating (incomes) /expenses	-20.53	-7.14	0.00	0.00	0.00	0.00
<b>Operating profit before working capital changes</b>	<b>1346.74</b>	<b>1041.72</b>	<b>670.44</b>	<b>338.98</b>	<b>220.15</b>	<b>169.70</b>
Adjustments for :						
Trade & Other receivables	-119.82	-583.91	-867.04	-157.91	-130.78	-68.96
Inventories	-2.09	-5.12	-48.06	-2.82	-0.54	-4.81
Other current assets	-76.13	-216.29	-22.09	114.20	-110.12	-203.86
Current liabilities	-41.48	449.66	826.91	142.91	152.24	23.30
<b>Cash generated from operations</b>	<b>1107.22</b>	<b>686.06</b>	<b>560.15</b>	<b>435.36</b>	<b>130.94</b>	<b>-84.64</b>
Income Taxes paid	15.07	31.44	43.79	5.76	6.56	3.76
<b>Net cash flow from operating activities</b>	<b>1092.15</b>	<b>654.62</b>	<b>516.36</b>	<b>429.59</b>	<b>124.38</b>	<b>-88.40</b>
<b>CASH FROM INVESTING ACTIVITIES</b>						
Purchase of fixed assets	-1559.31	-1380.54	-1021.99	-475.30	-157.54	-69.39
Sale of fixed assets	0.00	0.00	100.55	0.00	85.61	0.00
Investments sold	0.00	0.00	0.00	0.00	0.00	0.00
Deferred revenue exp. Incurred	-17.83	-15.97	0.00	0.00	0.00	0.00
<b>Net cash flow for investing activities</b>	<b>-1577.13</b>	<b>-1396.51</b>	<b>-921.45</b>	<b>-475.30</b>	<b>-71.93</b>	<b>-69.39</b>
<b>CASH FROM FINANCING ACTIVITIES</b>						
Issue of Equity	0.00	105.73	0.00	0.00	0.00	160.00
Share Premium	0.00	898.71	0.00	0.00	0.00	35.00
Borrowings	933.96	-155.60	472.43	53.70	-44.14	-9.26
Interest/dividend received	20.53	7.14	0.00	0.00	0.00	0.00
Interest paid	-26.11	-19.20	-5.53	-5.38	-19.90	-23.21
Dividend paid and tax thereon	-9.44	-1.65	-0.82	-0.82	-0.73	-1.32
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>918.93</b>	<b>835.12</b>	<b>466.07</b>	<b>47.49</b>	<b>-64.77</b>	<b>161.21</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>433.95</b>	<b>93.22</b>	<b>60.99</b>	<b>1.79</b>	<b>-12.32</b>	<b>3.42</b>
<b>CASH &amp; CASH EQUIVALENTS beginning of the year</b>	<b>157.30</b>	<b>64.07</b>	<b>3.08</b>	<b>1.29</b>	<b>13.61</b>	<b>10.19</b>
<b>CASH &amp; CASH EQUIVALENTS at the end of the year</b>	<b>591.25</b>	<b>157.30</b>	<b>64.07</b>	<b>3.08</b>	<b>1.29</b>	<b>13.61</b>



**Annexure VI - Statement of Accounting Ratios-Restated**

(Rs. In Lacs)

PARTICULARS	31.12.06	31.03.06	31.03.05	31 .03.04	31 .03.03	31 .03.02
EARNING PER SHARE (EPS)						
Profit After Tax (a)	594.63	401.17	186.73	64.7	26.72	16.23
No. of Shares (b)	83,57,300	83,57,300	73,00,000	73,00,000	73,00,000	73,00,000
EPS (in Rs.) a/b (Annualised)	9.49	4.8	2.56	0.89	0.37	0.22
RETURN ON NETWORTH						
Profit after Tax (a)	594.63	401.17	186.73	64.7	26.72	16.23
Net Worth (b)	3199.34	2622.54	1242.34	1057.12	993.16	967.01
Return On Networth % (a/b*100) (Annualised)	24.78	15.30	15.03	6.12	2.69	1.68
NET ASSETS VALUE PER SHARE						
Total Assets	7106.76	5357.25	3499.83	1932.02	1642.27	1488.58
Total Liabilities	3907.42	2734.71	2257.5	874.9	649.11	521.57
Net Assets Value-(A)-(B)	3199.34	2622.54	1242.34	1057.12	993.16	967.01
No of Shares	83,57,300	83,57,300	73,00,000	73,00,000	73,00,000	73,00,000
Net Assets Value Per Share (In Rs.)	38.28	31.38	17.02	14.48	13.6	13.25

**Annexure VII - Capitalization Statement**

(Rs. in Lacs)

PARTICULARS	PRE-ISSUE As at 31.12.2006	POST ISSUE
Working Capital Loan	700.56	•
Long Term Debt	750.00	•
Loans-Secured	1450.56	•
Shareholder's funds:		
Share Capital	835.73	•
Reserves & Surplus	2397.40	•
Total Shareholder's funds	3233.13	•
Long Term Debt/Shareholder's funds	0.23	•

**Annexure VIII - Statement of changes in Share Capital**

	BALANCE SHEET AS AT		
PARTICULARS	31.12.06	31.03.06	31.03.05
Share Capital			
Authorized Share Capital			
No of Shares of Rs. 10 Each	223,00,000	223,00,000	73,00,000
Amount (Rs. In Lacs)	2,230.00	2,230.00	730.00
Issued Subscribed & Paid Up			
No. of Shares of Rs. 10 Each	83,57,300	83,57,300	73,00,000
Amount (Rs. In Lacs)	835.73	835.73	730.00

**Gremach Infrastructure Equipments & Projects Ltd.****Annexure IX - Statement of rate of dividend**

PARTICULARS	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31 .03.02
EQUITY SHARES						
Rate of Dividend %	0.00	1.0	0.20	0.10	0.10	0.10
Dividend Amount (Rs. In Lacs)	0.00	8.36	1.46	0.73	0.73	0.73
No of Equity Shares of Rs.10 Each	83,57,300	83,57,300	73,00,000	73,00,000	73,00,000	73,00,000

**Annexure -X Statement of Unsecured loan**

There was unsecured loan of Rs. 350.49 lacs as on 31<sup>st</sup> March 2006 and the same has been repaid.

**Annexure XI Statement of other income**

(Rs. in Lacs)

PARTICULARS	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02	Remarks
Profit Before Tax	899.37	607.98	294.47	101.79	50.11	28.48	
20% of Profit Before Tax	179.87	121.6	58.89	20.35	10.02	5.69	
<b>Other Income</b>							
Brokerage income	0.00	7.00	0	33.75			Non recurring
Misc. Income/ Interest	20.53	0.14	0	0	0.04	2.41	
TOTAL	20.53	7.14	0	33.75	0.04	2.41	

**XII - Statement of Tax Shelter**

(Rs. In Lacs)

PARTICULAR	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Profit as per Books of Account-Before Tax	899.37	607.98	294.47	101.8	50.11	28.48
Tax Rate %	30	30	35	35	35	35
Surcharge %	10	10	2.5	2.5	5	2
Education cess %	2	2	2	-	-	-
Notional Tax Payable- (A)	102.57	204.65	107.75	36.52	18.42	10.17
B) Permanent Difference						
1 -Difference between tax depreciation & book depreciation	594.64	456.03	225.27	81.1	52.91	28.21
Total- (B)	594.64	456.03	225.27	81.1	52.91	28.21
Tax (Burden)/ Savings thereon	(200.15)	153.5	82.43	29.09	19.44	10.07
Total Tax as per normal tax provision	102.57	51.15	25.32	7.42	-1.02	0.1
Tax rate as per MAT %	10	7.5	7.5	7.5	7.5	7.5
Surcharge %	10	10	2.5	2.5	5	2
Education cess %	2	2	2	-	-	-
Tax as per MAT	100.91	51.16	23.09	7.82	3.95	2.18
WHICHEVER IS HIGHER	102.57	51.16	25.32	7.82	3.95	2.18

### Annexure XIII Principal Terms of loans & assets charged as security.

The company has been sanctioned the following credit limits by State bank of India, industrial finance branch, World Trade Centre, Cuffe Parade, Mumbai -05 vide their letter No. IFBM:IL:2006-07:1115 Dated 26<sup>th</sup> June, 2006

Credit Facility	Sanction Amount (Rs. in Lacs)	Outstanding as on 31.12.06 (Rs. In Lacs)	Security	Fees/Pricing
Cash Credit (Book Debts)	1000.00	643.81	<b>Primary</b> – hypothecation charge on the entire current assets of the company. <b>Collateral</b> – 1. First charge by way of equitable mortgage of (i) Survey No.307, Village: Rampar, Distt. Kutch, Gujarat (ii) land & building of Kalamboli warehouse. Land: Sr. no. 305, (Area 5.37 Acre) Rampur, Kutch, Gujarat and Sr. no. 299/1, (Area 7.11 Acre) Rampur, Kutch, Gujarat and Machinery of M/s Anarcon Resources Pvt. Ltd. Guarantee – 1. Personal guarantee of Mr. Ratan Lal Tamakuwala & Mr. Rishi Raj Agarwal 2. Corporate guarantee of Anarcon Resources Pvt. Ltd. & Austral Coke & Projects Limited 3. M/s. Tirupati Niket Pvt. Ltd.	Rate of interest/ commission - 1% below SBAR i.e. 9.75% P.A. at monthly rest Processing fees Rs. 280 per lacs of the limits sanctioned or part thereof maximum Rs.11.10 Lacs
Term loan –	1450.00	750.00	Primary – hypothecation charge on the assets acquired out of the term loan.Collateral – same as applicable for the CC limitsGuarantee – same as applicable for the CC limits	Rate of interest/ commission - 1% below SBAR i.e. 9.75% P.A. at monthly restUpfront fees – 50 % of the normal charges
Letter of Credit (With flexibilities to use LC Limits to the extent of 25% as BG Limit)	2440.00	0	Primary – Same as applicable for the CC limits Collateral – same as applicable for the CC limits Guarantee – same as applicable for the CC limits	Charges – as applicable from time to time
<b>Total</b>	<b>4890.00</b>	<b>1393.81</b>		

### Annexure XIV - Statement showing Age-wise analysis of Sundry Debtors & Details of loans and Advances

(Rs. In Lacs)

PARTICULARS	As on 31.12.06	As on 31.03.06
Sundry Debtors (Unsecured, Considered Goods) (Unless otherwise stated)		
Over Six Months	93.38	84.56
Other	2265.58	2154.58
Total	2358.96	2239.14
Loans & Advances, Unsecured, Good (Unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Other Deposits	0.94	0.93
Prepaid Taxes	30.10	25.10
Tax Deducted at sources	113.39	31.70
Other Advances	462.87	473.44
<b>Total</b>	<b>607.30</b>	<b>531.17</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The investors should read the following discussion of our financial condition and results of operations together with our audited financial statements for each for the Nine Months Ending 31.12.2006 and year ending March 31, 2006, 2005, 2004 and 2003 including the notes thereto and the reports thereon which appear in the section titled "Financial Information of the Company" beginning on page no. 69 of this Red Herring Prospectus.

The Financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the report of our statutory Auditor viz. M/s. T.N. Dutta & Associates dated 10<sup>th</sup> November, 2006 in the section titled "Financial Information of the Company" for the Nine Months Ending 31.12.2006 beginning on page no. 69 of this Red Herring Prospectus.

The fiscal year of the Company ends on March 31 of each year, so all references to a particular fiscal year are to the twelve month period ended 31<sup>st</sup> day of that year.

### OVERVIEW OF THE BUSINESS

The company was incorporated in name of Gremach Commerce Private Limited on 12<sup>th</sup> June 1991 It was converted into a public limited company on January 12, 1996. The company's name was changed to Gremach Infrastructure Equipments & Projects Limited with effect from August 09, 2005

The day to day activity of our company are been looked after by Mr. Rishi Raj Agarwal who is the Managing Director of the company.

Our main activity is to provide rental of construction /earthmoving machineries to medium / large construction companies who are engaged in the business of constructing/building of roads, airports, power projects, institutional & industrial complexes, multiplexes and residential buildings and other related infrastructural activities chiefly catering to Public Sector undertakings, private sector, CPWD and various national & international government aided projects.

It makes business sense for the firms implementing these numerous infrastructure projects to take these costly construction equipments on a rental basis as they would not like to block their money in procuring construction equipments which can be used for executing other projects as well. The other advantage of taking the equipment on rental basis is the availability of quality equipments without the hassle of their maintenance.

We have experienced growth in last 9 years of existence in the Rental industry. We have pursued a strategy of diversifying the selection of machinery/equipment according to different business segments in the Infrastructure sector. In addition to renting our owned equipments, we also hire equipments owned by other parties and rent to our own clients. In the past over 65% of our total rental incomes are derived from equipments, which are exclusively owned by third parties. We have established a network so as to have a geographical reach as well as a diversified industrial and project segment. It is necessary for us to invest in deploying technology machines in all projects. Each of these projects are time bound and of short to medium term duration.

### FACTORS THAT MAY AFFECT RESULTS OF THE OPERATION

Except as otherwise stated in this Red Herring Prospectus, the Risk Factors given in this Red Herring Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- **General economic and business conditions;**

The company will be affected by the general economic condition of the country particularly economic condition affecting the Indian infrastructure sector. India's GDP Growth, industrial growth and infrastructure demand has been and will continue to be important factors in determining our operating results and future growth.

- **Growth in the Infrastructure Sector;**

The government of India's focus on infrastructure and sustained increase in budgetary allocation and the development of a structured and comprehensive infrastructure policy that encourages greater private sector, and public-private participation as well as increased funding by national / international and multilateral development financial institutions for infrastructure projects in this country. Our ability to benefit from the considerable investment proposed in the infrastructure sector in the medium and long term will be crucial for our operations.

- **Increasing competition in the Infrastructure Industry;**

We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new market where we may compete with well established infrastructure companies. Our competition varies depending on the size, nature and complexity of the projects and on the geographical region in which the project is executed

- **Geographically widespread operations**

Our nation wide operations may be exposed to uncertain political, legal, environment, and government instability. Our ability to manage, evolve and improve our operational financial and internal controls across the organization and to integrate our wide spread operations and derive benefits from our national presence is key to our growth strategy and results of operations.

- **Changes in fiscal, economic or political conditions in India;**

Equipment rental business depends mainly on infrastructure activity carried out in the country, and these activities will depend on the general economic scenario of the country, funds allocation by the Government of India. Infrastructure spends is still dependent to a large extent on the priority given by the government towards such projects. The government's budgetary position (or other financial closures) also plays an important role in determining healthy cash flows and timely completion of the projects.

**Some other factors that may affect company's current business are as follows:-**

- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Increases in labour costs, prices of equipments to be purchased and insurance premium;
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Changes in laws and regulations that apply to the Construction industry;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.
- Ability to train attracts and retains people.
- Mismatch of cash flows and achievement of spreads.
- Internal or external factors which may affect the working of the contractor taking our equipment.
- Legal complexities which may hamper receipt of our rentals or redeployment of our equipment.
- Inability to pay statutory dues which may be a state or central government subject.
- Inability to procure equipments owned by third party which is to be placed on rental by the company.

**ANALYSIS OF RESULTS OF OPERATION**

(Rs. In Lacs)

Particulars	Nine Months Ended 31 <sup>st</sup> December, 2006	Year ended 31 <sup>st</sup> March, 2006	Year ended 31 <sup>st</sup> March, 2005	Year ended 31 <sup>st</sup> March, 2004	Year ended 31 <sup>st</sup> March, 2003
Rental Income	8323.36	7585.13	4737.39	3024.49	2287.23
Other income	20.53	7.14	-	33.74	0.05
Increase/(Decrease) in Closing Stock	2.09	5.12	48.05	2.82	0.54
<b>Total Income</b>	<b>8345.98</b>	<b>7597.39</b>	<b>4785.44</b>	<b>3061.05</b>	<b>2287.82</b>
Vehicle Running Expenses	6763.17	6319.09	3851.95	2547.9	1940.43
% to Sales	81.25	83.31	81.31	84.24	84.84
Administrative expenses	176.72	192.85	218.74	158.32	117.30
% to Sales	2.12	2.54	4.62	5.24	5.13
Financial expenses	64.69	55.67	49.74	21.12	29.72
% to Sales	0.77	0.73	1.05	0.70	1.30
Depreciation	441.79	421.68	370.28	231.65	149.98
% to Sales	5.30	5.56	7.82	7.66	6.56
<b>Profit before tax</b>	<b>899.37</b>	<b>607.98</b>	<b>294.48</b>	<b>101.79</b>	<b>50.11</b>
Current tax	104.59	53.31	25.32	8.00	3.95
Deferred tax	200.15	153.5	82.43	29.09	19.44
<b>Profit for the year</b>	<b>594.63</b>	<b>401.17</b>	<b>186.73</b>	<b>64.70</b>	<b>26.72</b>
<b>% increase of PAT</b>	<b>97.63</b> <b>(Annualized)</b>	<b>114.84</b>	<b>188.61</b>	<b>142.14</b>	<b>64.63</b>

**COMPARISION OF THE F.Y ENDED MARCH 31, 2006 WITH F.Y ENDED MARCH 31, 2005**

**Rental Income**

The rental recorded an increase of 60.12% with Rs. 7585.12 Lacs For the year ended on March 31 , 2006 as against Rs. 4737.39 Lacs For the year ended March 31, 2005. Due to increase in capacity utilization and introduction of new machineries in the business, further the increase is on account of healthy order book position and increasing number of orders under execution.

**Expenditure**

Vehicle Running Expenses accounted for 83.31 % of sales during the year ended 31.03.2006 at Rs. 6319.09 lacs as compared to 81.31 % of sales at Rs. 3851.94 lacs for the year ended 31.03.2005, while the administrative expenditure accounted for 2.54 % of sales at Rs. 192.85 Lacs during the year ended 31.03.2006 as compared to 4.62 % of sales at Rs. 218.74 Lacs for the year ended 31.03.2005.

**Finance Charges**

Finance Charges during the year ended 31.03.2006 is Rs. 55.67 lacs as against to Rs. 49.74 lacs for the year ended 31.03.2005.

**Depreciation**

Depreciation during the year ended 31.03.2006 is Rs. 421.68 lacs as against Rs. 370.28 lacs for the year ended 31.03.2005

**COMPARISION OF F.Y ENDED MARCH 31, 2005 WITH F. Y ENDED MARCH 31, 2004**

**Rental income**

The rentals recorded an increase of 56.63% with Rs. 4737.39 Lacs for the year ended on March 31, 2005 as against Rs. 3024.49 Lacs for the year ended March 31, 2004. Due to increase in capacity utilisation & introduction of new machinery in the business, further the increase in on account of healthy order book position and increasing number of orders under execution.

**Other Income**

During the year 2005 the Company did not earn any miscellaneous income as against the last year's other income of Rs 33.74 Lacs

**Expenditure**

The Rental Charges expenses accounted for 81.31 % of income during the year at Rs. 3851.95 lacs as compared to 84.24 % of sales at Rs. 2547.90 lacs, while the administrative expenditure accounted for Rs. 4.62 % of sales at Rs. 218.74 Lacs during the year as compared to 5.24% of sales at Rs. 158.60 Lacs during the last year. The dilution of percentage in relation to sales is due to economy of scale which we achieved.

**Finance charges**

Finance Charges increased during the year from Rs. 21.12 Lacs to Rs. 49.74 Lacs due to additional loans taken during the year. The Company got Credit facility in the form of Cash Credit, Term Loan from UTI Bank.

**Depreciation**

Depreciation is provided on a written down value Basis as per Schedule XIV of the Companies Act after providing for any sale / purchase during the year. New Assets were purchased during the year, due to which depreciation increased from Rs 231.65 Lacs to Rs 370.28 Lacs.

**COMPARISION OF F.Y ENDED MARCH 31, 2004 WITH F. Y ENDED MARCH 31, 2003**

**Rental income**

The Company achieved sales of Rs.3024.49 Lacs during the year 2004, an increase of 32.23% as against the previous year sales of Rs.2287.23 Lacs. the increase in on account of healthy order book position and increasing number of orders under execution.

**Other Income**

During the year other income increased from Rs. 0.05 Lacs to Rs.33.74 Lacs, due to some commission earned by the company on account of machinery deployment of other

## **Expenditure**

Direct rental charges accounted for 84.24% of sales during the year at Rs.2547.90 Lacs as compared to 84.84% of sales at Rs. 1940.43 Lacs during the last year, while the administrative expenditure accounted for 5.24% of sales at Rs.158.32 Lacs during the year as compared to 5.13% of sales at Rs. 117.30 Lacs during the last year.

## **Finance Charges**

Financial charges decreased during the year from Rs.29.72 Lacs to Rs. 21.12 Lacs due to some repayment of loan during the year.

## **Depreciation**

Depreciation increased from Rs.149.98 Lacs to Rs. 231.65 Lacs during the year, due to purchase of additional fixed assets.

## **AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN HEREUNDER:**

### **a. Unusual or infrequent events or transactions:**

There have not been any unusual or infrequent transactions that have taken place.

### **b. Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Government's focus on infrastructure will have major bearing on the companies involved in Infrastructure sector. Any major changes in policies of the Government would have significant impact on the profitability of the Company.

Except for the above, there are no significant economics changes that may materially affect or likely to affect income from continuing operations.

### **c. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:**

Apart from the risks as disclosed under heading "RISK FACTORS" in this Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

### **d. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:**

The Company's Cost Revenue relationship reflects a direct correlation with each other. The Company expects the future relationship between costs and revenue to improve further positively. Direct Contract expenses as percentage to Receipts have remained in the range of around 82% to 86% of Receipts in all the above financial years. Administrative Expenses have also remained in the range of around 4.5% to 6.5% of Receipts, which are expected to decline further due to continuous increase in turnover. The expansion of the current operations would enable the Company to procure high technology equipments in bulk. This may result in negotiations for competitive prices and help the Company to achieve economies of scale.

### **e. The extent to which material increases in net sales or revenue are due to increased sales/rental charges income, introduction of new machinery or services:**

The increase in turnover is mainly on account of increase in sales/rental charges income.

### **f. Total turnover of each major industry segment in which the Company operated:**

The Company is operating only in one segment namely giving on hire construction equipments.

### **g. Status of any publicly announced new products or business segment:**

The Company has not announced any new product or segment.

### **h. The extent to which business is seasonal:**

The business of the Company is seasonal in nature to the extent that the execution of work on construction sites gets affected by heavy monsoon/ extreme water. The company has experienced lower overall construction progress in the July- September quarter due to the south west monsoon, which affects most parts of India.

**i. Any significant dependence on a single or few suppliers or user-entities:**

The Company sources its construction equipments from a number of international reputed suppliers and is not under threat of dependence from any single supplier.

Similarly, the Company is engaged in supplying equipment to companies which are in diversified Infrastructure activities such as roads , airports, power projects, infrastructure, institutional & industrial complexes, multiplexes and residential buildings catering to both PSUs and Private sector and hence there is no dependence on any single user-entity too.

**j. Competitive conditions:**

The Company is in the business of giving on hire construction equipments and has competition from few organized players in the market however the rental industry is in early stage and there are small unorganized players who own only a few equipment at various locations in the country.

**SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST YEAR**

The Directors of the Company confirm that in their opinion, no circumstances have arisen since the date of the last financial statements as disclosed in the Red Herring Prospectus and which materially and adversely affect or are likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.



## **OUTSTANDING LITIGATION**

### **I. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY**

#### **A. FILED AGAINST THE COMPANY**

##### **(1) Litigation Involving Criminal Laws**

There is no litigation pending against the Company involving criminal offences.

##### **(2) Litigation Involving Securities And Economic Laws**

There is no litigation pending against the Company involving securities or economic offences.

##### **(3) Litigation Involving Statutory Laws**

There is no litigation pending against the Company involving statutory offences.

##### **(4) Litigation Involving Civil Laws**

There is no litigation pending against the Company involving civil laws.

##### **(5) Litigation Involving Labour Laws**

There is no litigation pending against the Company involving labour offences.

#### **B. FILED BY THE COMPANY**

##### **(1) Litigation Involving Criminal Laws**

There is no litigation filed by the Company involving criminal offences.

##### **(2) Litigation Involving Securities and Economic Laws**

There is no litigation filed by the Company involving securities or economic offences.

##### **(3) Litigation Involving Statutory Laws**

There is no litigation filed by the Company involving statutory laws.

##### **(4) Litigation Involving Civil Laws**

There is no litigation filed by the Company involving civil laws.

##### **(5) Litigation Involving Labour Laws**

There is no litigation filed by the Company involving labour offences

### **II. OUTSTANDING LITIGATION INVOLVING DIRECTORS AND PROMOTERS**

#### **A. AGAINST THE DIRECTORS/PROMOTERS**

##### **(1) Litigation Involving Criminal Laws**

There is no litigation pending against the Directors/Promoters of the Company involving criminal offences.

##### **(2) Litigation Involving Securities and Economic Laws**

There is no litigation pending against the Directors/Promoters of the Company involving securities and economic offences.

##### **(3) Litigation Involving Statutory Laws**

There is no litigation pending against the Directors/Promoters of the Company involving statutory offences.

##### **(4) Litigation Involving Civil Laws**

There is no litigation pending against the Directors/Promoters of the Company involving civil laws save as mentioned herein below.

## Gremach Infrastructure Equipments & Projects Ltd.

### 1. Ratan Kumar Banka & others v. Chandu Parekh & Others

<b>Name of the Case</b>	Ratan Kumar Banka & others Vs. Chandu Parekh & Others
<b>Case Number</b>	Civil Suit No. 192G of 1997
<b>Date of Institution</b>	April 07, 1997
<b>Parties to the case</b>	<p><b>Plaintiffs:</b></p> <ol style="list-style-type: none"><li>1. Ratan Kumar Banka</li><li>2. Pawan Kumar Ladia</li><li>3. Gujarat NRE Coke Ltd.</li><li>4. Girdhari Lal Jagatramka</li><li>5. Arun Kumar Jagatramka</li></ol> <p><b>Respondents:</b></p> <ol style="list-style-type: none"><li>1. Chandu Parekh</li><li>2. Gulshanlal Tandon</li><li>3. Ratan Lal Tamakhuwala</li><li>4. Rishi Raj Agarwal</li><li>5. Smt. Lalita Agarwal</li><li>6. Shyamanand Jalan</li><li>7. NRE Projects Limited</li><li>8. Saurashtra Projects Pvt. Ltd.</li></ol>
<b>Court in which it is filed and in which it is pending</b>	High Court at Kolkata
<b>Subject Matter</b>	<p>A dispute arose within the family relating to the management of Gujarat NRE Coke Ltd., initially managed by the Promoters of the Company. The plaintiffs have brought a suit for permanent injunction against Defendants 3-6 from interfering with the business of Plaintiff No. 3, restraining all defendants from disposing of properties of Plaintiff No. 3, enquiring into the wrongful acts of Defendants 3-6, restrain Defendant No. 8 from acting on transactions made between it and Plaintiff No. 3.</p> <p>Since 1997 the present promoters of the company have not been involved with the management of Gujarat NRE Coke limited.</p>
<b>Present Status</b>	The suit is pending adjudication. No Hearing of the suit has taken place lately, as the matter is not appearing in the list. Several applications have been filed in the said suit from time to time and orders have been passed in the said applications but the main suit is pending.
<b>Implications on the Company</b>	We have been informed that the present promoters of the Company have not been involved with the management of Gujarat NRE Coke Ltd. since 1997, the said dispute does not affect the business and operations of the Company.
<b>Amount Involved</b>	Rs. 5 crore (Rupees Five crores)
<b>Provisions made in Financial Statements</b>	N.A.

An interim application has been moved by the plaintiffs in the High Court of Kolkata in the already pending above matter of Ratan Kumar Banka Vs. Chandu Parekh, being G.A. 1015 of 2006 for injunctioning the defendants from "proceeding further and/or from taking any further steps by accepting funds from the public against the equity shares of Gremach Infrastructure Equipments and Projects Limited in the terms of the prospectus without leave of the Hon'ble Court".

i. G.A. No. 1015

<b>Name of the Case</b>	Ratan Kumar Banka V. Chandu Parekh & Others
<b>Case Number</b>	G.A. No. 1015 of 2006 in Suit No. 192G of 1997
<b>Parties to the case</b>	<p><b>Plaintiffs :</b></p> <ol style="list-style-type: none"> <li>1. Ratan Kumar Banka</li> <li>2. Pawan Kumar Ladia</li> <li>3. Gujarat NRE Coke Ltd.</li> <li>4. Girdhari Lal Jagatramka</li> <li>5. Arun Kumar Jagatramka</li> </ol> <p><b>Defendants / Respondents :</b></p> <ol style="list-style-type: none"> <li>1. Chandu Parekh</li> <li>2. Gulshanlal Tandon</li> <li>3. Ratanlal Tamakhuwala</li> <li>4. Rishi Raj Agarwal</li> <li>5. Smt. Lalita Agarwal</li> <li>6. Shyamanand Jalan</li> <li>7. NRE Projects Limited</li> <li>8. Saurashtra Projects Pvt. Ltd.</li> </ol>
<b>Court in which it is filed and in which it is pending</b>	High Court of Calcutta
<b>Subject Matter</b>	Interlocutory application for following order :
	<ol style="list-style-type: none"> <li>i. The defendants their servants, assigns, agents should be restrained by an order of injunction from creating any charge of any natures or furnishing any security as collateral or otherwise in respect of any of their Assets particularly as mentioned in the prospectus/Letter of offers being Annexure 'F'.</li> <li>ii. Injunction restraining the defendants, its servants, agents from transferring and / or dealing with and / or encumbering any of the assets to any other person without leave of this Hon'ble Court.</li> <li>iii. Injunction restraining the defendant No. 8 and / or their servants, agents and assigns from executing any corporate guarantee in favour of M/s. Gremach Infrastructure Equipment &amp; Projects Limited and / or encumbering any of the assets in favour of any other persons or persons without leave of the Hon'ble Court.</li> <li>iv. Injunctions restraining the defendants and / or their servants, agents and assigns from proceeding further and / or from taking any further steps by accepting funds from the public against the equities of M/s. Gremach Infrastructure Equipment &amp; Projects Limited in terms of the Prospectus being annexure 'e' hereof without leave of the Hon'ble Court.</li> <li>v. A receiver should be appointed with direction to take possession of the assets and properties specially as mention in para - 5 of the defendants, which in fact belongs to the plaintiff No. 3 and to submit a report after making inventory of the same.</li> <li>vi. Ad-interim order in terms of prayers above.</li> <li>vii. Such further and / or other order or orders be made as to this Hon'ble Court may deem fit and proper.</li> </ol>
<b>Present Status</b>	Affidavits completed, pending before the Interlocutory Court for adjudication. Last date of hearing was on 30.08.2006 when the time to file affidavits was extended. Matter is appearing in daily list.
<b>Implications on the Company</b>	As on date, no injunction has been issued which could impact the public issue of the shares by the Company.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

## Gremach Infrastructure Equipments & Projects Ltd.

Another interim application has been moved by the defendants, being Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal, being G.A. 1219 of 2006 in the High Court of Calcutta in the already pending and disclosed matter of Ratan Kumar Banka Vs. Chandu Parekh, for directing the plaintiffs in Civil Suit No. 192G of 1997 "to withdraw the letter dated 13<sup>th</sup> March, 2006 and to intimate SEBI not to take any notice of the same and / or not to act on the basis of the contents thereof, and restraining the respondents from causing any disturbances, obstruction, or interference in the process of public issue of equity of Gremach Infrastructure Equipments & Projects Ltd. till the disposal of the suit"

### ii. G.A. 1219 of 2006

<b>Name of the Case</b>	Ratan Kumar Banka V. Chandu Parekh & Others
<b>Case Number</b>	G.A. No. 1219 of 2006 in Suit No. 192G of 1997
<b>Parties to the case</b>	<p><b>Plaintiffs :</b></p> <ol style="list-style-type: none"> <li>1. Ratan Kumar Banka</li> <li>2. Pawan Kumar Ladia</li> <li>3. Gujarat NRE Coke Ltd.</li> <li>4. Girdhari Lal Jagatramka</li> <li>5. Arun Kumar Jagatramka</li> </ol> <p><b>Defendants / Respondents :</b></p> <ol style="list-style-type: none"> <li>1. Chandu Parekh</li> <li>2. Gulshanlal Tandon</li> <li>3. Ratanlal Tamakhuwala</li> <li>4. Rishi Raj Agarwal</li> <li>5. Smt. Lalita Agarwal</li> <li>6. Shyamanand Jalan</li> <li>7. NRE Projects Limited</li> <li>8. Saurashtra Projects Pvt. Ltd.</li> </ol>
<b>Court in which it is filed and in which it is pending</b>	High Court of Kolkata
<b>Subject Matter</b>	<p>The application has been filed by Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal for :</p> <ol style="list-style-type: none"> <li>a) Mandatory injunction directing the plaintiffs, specially the Plaintiff No. 3, 4 and 5 to forthwith withdraw the said letter dated 13<sup>th</sup> March, 2006 and to intimate SEBI not to take any notice of the same and/or not to act on the basis of the contents thereof, and</li> <li>b) Temporary injunction restraining, the respondents, their men, agents, servants, and each one of them from issuing any further letter of representation to the SEBI or any other person in continuation, reiteration or pursuance of the letter dated March 13, 2006 or in respect of any property of matter in issue in the instant suit without prior leave of the court.</li> <li>c) Injunction restraining the respondents, men agents, and servants from causing any disturbances, obstruction, or interference in the process of public issue of equity of Gremach Infrastructure Equipments &amp; Projects Ltd. till the disposal of the suit.</li> </ol>
<b>Present Status</b>	Affidavits completed, pending before the Interlocutory Court for adjudication. Last date of hearing was on 30.8.2006 when the time to file affidavits was extended. Matter is appearing in daily list.
<b>Implications on the Company</b>	There is no injunction against the Company from proceeding with the public issue.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

iii. G.A. 936 of 2006

<b>Name of the Case</b>	Ratan Kumar Banka Vs. Chandu Parekh & Others
<b>Case Number</b>	G.A. No. 936 of 2006 in Suit No. 192G of 1997
<b>Parties to the case</b>	<p><b>Plaintiffs :</b></p> <ol style="list-style-type: none"> <li>1. Ratan Kumar Banka</li> <li>2. Pawan Kumar Ladia</li> <li>3. Gujarat NRE Coke Ltd.</li> <li>4. Girdhari Lal Jagatramka</li> <li>5. Arun Kumar Jagatramka</li> </ol> <p><b>Defendants / Respondents :</b></p> <ol style="list-style-type: none"> <li>1. Chandu Parekh</li> <li>2. Gulshanlal Tandon</li> <li>3. Ratanlal Tamakhuwala</li> <li>4. Rishi Raj Agarwal</li> <li>5. Smt. Lalita Agarwal</li> <li>6. Shyamanand Jalan</li> <li>7. NRE Projects Limited</li> <li>8. Saurashtra Projects Pvt. Ltd.</li> </ol>
<b>Court in which it is filed and in which it is pending</b>	High Court of Kolkata
<b>Subject Matter</b>	Amendment application for striking out of the name of the defendant No. 1, 2 and 6 from the records. Accordingly plaint to be amended as indicated by red ink in the copy of the plaint. Concerned Department be directed to carry out the amendment within a period of four weeks from the date of order.
<b>Present Status</b>	Disposed off by the order dated 6.6.2006 passed by the Hon'ble Justice Ashim Kumar Banerjee.
<b>Implications on the Company</b>	N.A.
<b>Amount Involved</b>	N.A.

2. Gujarat NRE Coke Ltd. - Vs. - Ratanlal Tamakhuwala & Others

<b>Name of the Case</b>	Gujarat NRE Coke Ltd. & Ors - Vs. - Ratanlal Tamakhuwala & Others
<b>Case Number</b>	Civil Suit No. 272 of 1997
<b>Date of Institution</b>	April, 1997
<b>Parties to the case</b>	<p><b>Plaintiff:</b></p> <p>Gujarat NRE Coke Ltd.</p> <p><b>Respondents:</b></p> <ol style="list-style-type: none"> <li>1. Ratanlal Tamakuwala</li> <li>2. Rishi Raj Agarwal</li> <li>3. Vivek Goenka</li> <li>4. Indian Express Newspapers</li> <li>5. T.N.Ninan</li> <li>6. Business Standard</li> <li>7. Aveeka Sarkar</li> <li>8. Anand Bazar Patrika</li> </ol>
<b>Court in which it is filed and in which it is pending</b>	High Court at Kolkata
<b>Subject Matter</b>	Gujarat NRE Coke Limited has filed a defamation case in the Calcutta High Court against Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal (Defendant No.1 and 2) along with other defendants which includes proprietors of various Newspapers. The case in relation to defendant no. 1 and 2 is related to wrongful acts and misconduct and against other defendants for falsely and maliciously printing and publishing. Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal, in this regard has filed an Affidavit denying all the allegations before the Hon'ble Court

## Gremach Infrastructure Equipments & Projects Ltd.

<b>Present Status</b>	Suit pending before the Hon'ble High Court at Calcutta for adjudication.
<b>Implications on the Company</b>	N.A.
<b>Amount Involved</b>	Rs. 50 Crores (Rupees Fifty Crores)
<b>Provisions made in Financial Statements</b>	N.A.

### 3. Gujarat NRE Coke Ltd.-Vs.- Ashwin P. Shah & Others

<b>Name of the Case</b>	Gujarat NRE Coke Ltd.- Vs. Ashwin P. Shah & Others
<b>Case Number</b>	Civil Suit No. 460 of 1998
<b>Date of Institution</b>	November 13, 1998
<b>Parties to the case</b>	<p><b>Plaintiff:</b></p> <p>1. Gujarat NRE Coke Ltd.</p> <p><b>Respondents:</b></p> <p>1. Ashwin P. Shah 2. Ratanlal Tamakuwala 3. Rishi Raj Agarwal</p>
<b>Court in which it is filed and in which it is pending</b>	High Court at Kolkata
<b>Subject Matter</b>	This Case is relating to filing an injunction for restraining the respondent for enforcing demand or taking any active part in the management of the company, until disposal of the suit no. 1191 of 1998 (Nirali steel Vs Gujarat NRE Coke Limited ) pending in City Civil Court at Ahmedabad.
<b>Present Status</b>	The suit is pending for adjudication under the heading for hearing as old matter.
<b>Implications on the Company</b>	N.A..
<b>Amount Involved</b>	Rs. 4,94,233/- (Rupees Four Lakhs Ninty Four Thousand Two Hundread and Thirty Three Only)
<b>Provisions made in Financial Statements</b>	N.A.

### 4. Arun Kumar Jagatramka v. Ratan Lal Tamakuwala

<b>Name of the Case</b>	Arun Kumar Jagatramka v. Ratan Lal Tamakuwala
<b>Case Number</b>	Contempt Application No. 213 of 1997
<b>Date of Institution</b>	August 16, 1997
<b>Parties to the case</b>	<p><b>Petitioner:</b> Arun Kumar Gataram</p> <p><b>Respondents:</b> Ratan Lal Tamakuwala</p>
<b>Court in which it is filed and in which it is pending</b>	High Court at Kolkata
<b>Subject Matter</b>	The Petitioner has filed a contempt application against the Respondent on the grounds that he has by holding himself out to be the Managing Director of Gujarat NRE Coke and interfering with the management of the said company, violated the interim order passed by the High Court dated May 13, 1997.
<b>Present Status</b>	Pending
<b>Implications on the Promoter</b>	The punishment for civil contempt of court is imprisonment of upto six months and/or fine of upto Rs. 2000/- for the contemnor.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

## 5. Girdharilal Jagatramka v. Ratan Lal Tamakuwala

<b>Name of the Case</b>	Girdharilal Jagatramka v. Ratan Lal Tamakuwala
<b>Case Number</b>	Contempt Application No. 152 of 1997
<b>Date of Institution</b>	June 19, 1997
<b>Parties to the case</b>	<b>Petitioner:</b> Girdharilal Jagatramka <b>Respondents:</b> Ratan Lal Tamakuwala
<b>Court in which it is filed and in which it is pending</b>	High Court at Kolkata
<b>Subject Matter</b>	The Petitioner has filed a contempt application against the Respondent on the grounds that he has by issuing letters on behalf of the M/s. Gujarat NRE Coke violated the order passed by the High Court dated April 30, 1997.
<b>Present Status</b>	Pending
<b>Implications on the Promoter</b>	Punishment for civil contempt of court is imprisonment of upto six months and/or fine of upto Rs. 2000/- for the contemnor.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

## 6. Gujarat NRE Coke Ltd. & Anr Versus Mr. Ratan Lal Tamakhuwala , Mr. Rishi Raj Agarwal and Others

<b>Name of the Case</b>	<b>Gujarat NRE Coke Ltd. &amp; Anr Versus Mr. Ratan Lal Tamakhuwala , Mr. Rishi Raj Agarwal and Others</b>
<b>Case No</b>	Not yet Admitted
<b>Date of Institution</b>	Writ Petition dated 9 <sup>th</sup> Feb 2007
<b>Parties to the Case</b>	<b>Petitioners:</b> 1 Gujarat NRE Coke Ltd. & Anr 2 Mr. Arun Kumar Jagatramka <b>Respondents:</b> 1. Securities & Exchange Board of India, Mumbai 2. The Regional Manager, Securities & Exchange Board of India, Kolkata 3. Mr. Ratan Lal Tamakhuwala 4. Mr. Rishi Raj Agarwal 5. RR Financial Consultants Ltd.
<b>Court in which the it is filed and in which it is pending</b>	Kolkata High Court
<b>Subject Matter</b>	A notice has been received advising that the Writ Petition has been filed against the respondent with following prayers: 1. Writ in the nature of mandamus commanding the respondent to consider the complaint lodged by the petitioners dated 13.06.2006 after expunging the Juhu Property, Mumbai within the stipulated period under Sec 11, 11A, 11B and 11C of SEBI Act 1992 2. Writ in the nature of prohibition preventing respondent No 1 & 2 from giving any permission to respondent no 3 & 4 to access any capital market in the name of Gremach Infrastructure Equipments & Projects Ltd or any other name 3. Writ in the nature of Certiorari commanding respondents to transmit all the record files with regard to the said complaint letter dated 13.03.2006 and other relevant papers filed by respondent 3 & 4 4. Rule NISI in terms of prayers above

**Gremach Infrastructure Equipments & Projects Ltd.**

	5. Injunction directing Respondent no. 1 & 2 to consider the representation made by the petitioner through their advocate's letter 13.06.06 within reasonable period of time 6. Injunction restraining respondent no. 1 & 2 from giving any permission to respondent no. 3 & 4 for accessing the capital market in the name of Gremach Infrastructure Equipments & Projects Ltd or any other name 7. Ad-interim order in terms of prayers 5 & 6 above
<b>Present Status</b>	Not yet Admitted for hearing
<b>Implication on the company</b>	Company not to access any capital market for fund for expansion in the name of Gremach or any other name
<b>Amount Involved</b>	N.A.
<b>Provisions made in the Financial Statements</b>	N.A.

**5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation filed by the Directors/ Promoters of the Company involving labour offences.

**B. FILED BY THE DIRECTORS / PROMOTERS****1. LITIGATION INVOLVING CRIMINAL LAWS**

There is no litigation filed by the Directors/Promoters involving criminal offences.

**2 LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS**

There is no litigation filed by the Directors/Promoters involving securities or economic offences.

**3. LITIGATION INVOLVING STATUTORY LAWS**

There is no litigation filed by the Directors/Promoters involving statutory laws.

**4. LITIGATION INVOLVING CIVIL LAWS**

There is no litigation filed by the Directors/Promoters involving civil laws save as mentioned herein below.

**1. Ratan Lal Tamakuwala Vs. Ratan Kumar Banka & Others**

<b>Name of the Case</b>	Ratan Lal Tamakuwala Vs. Ratan Kumar Bank & Others
<b>Case Number</b>	Civil Appeal No. 185 of 2006.
<b>Parties to the case</b>	<b>Appellants:</b> 1. Ratan Lal Tamakuwala 2. Rishi Raj Agarwal <b>Respondents:</b> 1. Ratan Kumar Banka 2. Pawan Kumar Ladia 3. Gujarat NRE Coke Ltd. 4. Girdharilal Jagatramka 5. Arun Kumar Jagatramka <b>Proforma Respondents:</b> 1. Chandu Parekh 2. Gulshanlal Tandon 3. Smt. Lalita Agarwal 4. Shyamanand Jalan 5. NRE Projects Limited 6. Saurashtra Projects Pvt. Ltd.
<b>Court in which it is filed and in which it is pending</b>	High Court of Calcutta



<b>Subject Matter</b>	<p>The Appellants have preferred an appeal against the order of the single judge dated April 21, 2006 whereby the Learned Judge refused to pass an interim order in terms of the following prayers:</p> <p>a) Mandatory injunction directing the plaintiffs, specially the Plaintiff Nos, 3, 4 and 5 to forthwith withdraw the said letter dated 13th March, 2006 and to intimate SEBI not to take any notice of the same and/or not to act on the basis of the contents thereof, and</p> <p>b) Temporary injunction restraining, the respondents, their men, agents, servants, and each one of them from issuing any further letter or representation to the SEBI or any other person in continuation, reiteration or pursuance of the letter dated March 13, 2006 or in respect of any property of matter in issue in the instant suit without prior leave of the court.</p> <p>c) Injunction restraining the respondents, men, agents, and servants from causing any disturbances, obstruction, or interference in the process of public issue of equity of Gremach Infrastructure Equipments &amp; Projects Ltd. till the disposal of the suit.</p>
<b>Present Status</b>	The appeal and the stay application was heard and disposed of by an order dated 03.05.2006 passed by the Hon'ble Division Bench
<b>Implications on the Company</b>	N.A.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

## 5. Litigation Involving Labour Laws

There is no litigation filed by the Directors/Promoters involving labour laws.

### Complaint Filed by the Gujarat NRE Coke Ltd.

There is complaint filed by Gujarat NRE Coke Ltd. with SEBI against the promoters of the company viz. Mr. Rishi Raj Agarwal and Mr. Ratanlal Tamakhuwala on certain disputed matters, however the reply of the said complaint had already been filed and currently there is no complaint against the promoters of the company.

## III. OUTSTANDING LITIGATIONS INVOLVING THE GROUP COMPANIES

### A. FILED AGAINST THE GROUP COMPANIES

#### 1. Litigation Involving Criminal Laws

There is no litigation pending against the group companies involving criminal offences.

#### 2. Litigation Involving Securities And Economic Laws

There is no litigation pending against the group companies involving securities or economic offences.

#### 3. Litigation Involving Statutory Laws

There is no litigation pending against the group companies involving statutory laws.

#### 4. Litigation Involving Civil Laws

There is no litigation pending against the group companies involving civil laws save as mentioned herein below.

## Gremach Infrastructure Equipments & Projects Ltd.

### 1. Ratan Kumar Banka & others Vs. Chandu Parekh & Others

<b>Name of the Case</b>	Ratan Kumar Banka & others Vs. Chandu Parekh & Others
<b>Case Number</b>	Civil Suit No. 192G of 1997
<b>Date of Institution</b>	April 07, 1997
<b>Parties to the case</b>	<b>Plaintiffs:</b> 1. Ratan Kumar Banka 2. Pawan Kumar Ladia 3. Gujarat NRE Coke Ltd. 4. Girdhari Lal Jagatramka 5. Arun Kumar Jagatramka <b>Respondents:</b> 1. Chandu Parekh 2. Gulshanlal Tandon 3. Ratan Lal Tamakhuwala 4. Rishi Raj Agarwal 5. Smt. Lalita Agarwal 6. Shyamanand Jalan 7. NRE Projects Limited 8. Saurashtra Projects Pvt. Ltd.
<b>Court in which it is filed and in which it is pending</b>	High Court at Kolkata
<b>Subject Matter</b>	A dispute arose within the family relating to the management of Gujarat NRE Coke Ltd., initially managed by the Promoters of the Company. The plaintiffs have brought a suit for permanent injunction against Defendants 3-6 from interfering with the business of Plaintiff No. 3, restraining all defendants from disposing of properties of Plaintiff No. 3, enquiring into the wrongful acts of Defendants 3-6, restrain Defendant No. 8 from acting on transactions made between it and Plaintiff No. 3. Since 1997 the present promoters of the company have not been involved with the management of Gujarat NRE Coke limited.
<b>Present Status</b>	The suit is pending adjudication. No Hearing of the suit has taken place lately, as the matter is not appearing in the list. Several applications have been filed in the said suit from time to time and orders have been passed in the said applications but the main suit is pending.
<b>Implications on the Company</b>	As the present promoters of the Company have not been involved with the management of Gujarat NRE Coke Ltd since 1997, the said dispute does not affect the business and operations of the Company.
<b>Amount Involved</b>	Rs. 5 Crore (Rupees Five crores)
<b>Provisions made in Financial Statements</b>	N.A.

An interim application has been moved by the aforesaid plaintiffs in the High Court of Calcutta in the already pending above matter of Ratan Kumar Banka & others Vs. Chandu Parekh, being G.A. 1015 of 2006 for injunction the defendants from proceeding further and/or from taking any further steps by accepting funds from the public against the equity shares of M/ S. Gremach Infrastructure Equipments and Projects Limited in the terms of the prospectus without leave of the Hon'ble Court.

i. G.A. No. 1015 of 2006

<b>Name of the Case</b>	Ratan Kumar Banka Vs. Chandu Parekh & Others
<b>Case Number</b>	G.A. No. 1015 of 2006 in Suit No. 192G of 1997
<b>Parties to the case</b>	<b>Plaintiffs :</b> 1. Ratan Kumar Banka 2. Pawan Kumar Ladia 3. Gujarat NRE Coke Ltd. 4. Girdhari Lal Jagatramka 5. Arun Kumar Jagatramka <b>Defendants / Respondents</b> 1. Chandu Parekh 2. Gulshanlal Tandon 3. Ratanlal Tamakhuwala 4. Rishi Raj Agarwal 5. Smt. Lalita Agarwal 6. Shyamanand Jalan 7. NRE Projects Limited 8. Saurashtra Projects Pvt. Ltd.
<b>Court in which it is filed and in which it is pending</b>	High Court of Calcutta
<b>Subject Matter</b>	<p>Interlocutory application for following order: The defendants their servants, assigns agents should be restrained by an order of injunction from creating any charge of any natures or furnishing any security as collateral or otherwise in respect of any of their Assets particularly as mentioned in the prospectus / letter of offers being Annexure 'F'.</p> <ol style="list-style-type: none"> <li>Injunction restraining the defendants, its servants, agents from transferring and / or dealing with and / or encumbering any of the assets to any other person without leave of this Hon'ble Court.</li> <li>Injunction restraining the defendant No. 8 and / or their servants, agents, and assigns from executing any corporate guarantee in favour of M/s. Gremach Infrastructure Equipment &amp; Projects Limited and / or encumbering any of the assets in favour of any other persons or persons without leave of the Hon'ble Court.</li> <li>Injunctions restraining the defendants and / or their servants, agents and assigns from proceeding further and / or from taking any further steps by accepting funds from the public against the equities of M/s. Gremach Infrastructure Equipments &amp; Projects Limited in terms of the Prospectus being annexure 'e' hereof without leave of the Hon'ble Court.</li> <li>A receiver should be appointed with direction to take possession of the assets and properties specially as mention in para - 5 of the defendants, which in fact belongs to the plaintiff No. 3 and to submit a report after making inventory of the same</li> <li>Ad-interim order in terms of prayers above.</li> <li>Such further and / or other order or orders be made as to this Hon'ble Court may deem fit and proper.</li> </ol>
<b>Present Status</b>	Affidavits completed, pending before the Interlocutory Court for adjudication. Last date of hearing was on 30.08.2006 when the time to file affidavits were extended. Matter is appearing in daily list.
<b>Implications on the Company</b>	As on date, no injunction has been issued which could impact the public issue of the shares by the Company.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

## Gremach Infrastructure Equipments & Projects Ltd.

Another interim application has been moved by the defendants, being Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal, being G.A. 1219 of 2006 in the High Court of Calcutta in the already pending and disclosed matter of Ratan Kumar Banka V. Chandu Parekh, for directing the plaintiffs in Civil Suit No. 192G of 1997 “to withdraw the letter dated 13<sup>th</sup> March, 2006 and to intimate SEBI not to take any notice of the same and / or not to act on the basis of the contents thereof, and “restraining the respondents from causing any disturbances, obstruction, or interference in the process of public issue of equity of Gremach Infrastructure Equipments & Projects Ltd. till the disposal of the suit”

### ii. G.A. 1219 of 2006

<b>Name of the Case</b>	Ratan Kumar Banka Vs. Chandu Parekh & Others
<b>Case Number</b>	G.A. No. 1219 of 2006 in Suit No. 192G of 1997
<b>Parties to the case</b>	<b>Plaintiffs :</b> 1. Ratan Kumar Banka 2. Pawan Kumar Ladia 3. Gujarat NRE Coke Ltd. 4. Girdhari Lal Jagatramka 5. Arun Kumar Jagatramka <b>Defendants / Respondents</b> 1. Chandu Parekh 2. Gulshanlal Tandon 3. Ratanlal Tamakhuwala 4. Rishi Raj Agarwal 5. Smt. Lalita Agarwal 6. Shyamanand Jalan 7. NRE Projects Limited 8. Saurashtra Projects Pvt. Ltd.
<b>Court in which it is filed and in which it is pending</b>	High Court of Kolkata
<b>Subject Matter</b>	The application has been filed by Mr. Ratan Lal Tamakuwala and Mr. Rishi Raj Agarwal for a: a. Mandatory injunction directing the plaintiffs, specially the Plaintiff nos. 3,4, and 5 to forthwith withdraw the said letter dated 13 <sup>th</sup> March, 2006 and to intimate SEBI not to take any notice of the same and / or not to act on the basis of the contents thereof, and b. Temporary injunction restraining, the respondents, their men, agents, servants, and each one of them from issuing any further letter or representation to the SEBI or any other person in continuation, reiteration or pursuance of the letter dated March 13, 2006 or in respect of any property of matter in issue in the instant suit without prior leave of the court. c. Injunction restraining the respondents, men, agents, and servants from causing any disturbances, obstruction, or interference in the process of public issue of equity of Gremach Infrastructure Equipments & Projects Ltd. till the disposal of the suit.
<b>Present Status</b>	Affidavits completed, pending before the Interlocutory Court for adjudication. Last date of hearing was on 30.08.2006 when the time to file affidavits was extended. Matter is appearing in daily list.
<b>Implications on the Company</b>	There is no injunction against the Company from proceeding with the public issue.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

An interim application has been moved by the Plaintiffs in the High Court of Calcutta in the already pending matter of Ratan Kumar Banka Vs. Chandu Parekh being G.A.1015 of 2006 for injuncting the Defendants from “proceeding further and / or from taking any further steps by accepting funds from the public against the equity shares of M/s Gremach Infrastructure Equipments and Projects Ltd, in the terms of the Prospectus without leave of the Hon’ble Court”.

### iii. G.A. 936 of 2006

<b>Name of the Case</b>	Ratan Kumar Banka V. Chandu Parekh & Others
<b>Case Number</b>	G.A. No. 936 2006 in Suit No. 192G of 1997
<b>Parties to the case</b>	<b>Plaintiffs :</b> 1. Ratan Kumar Banka 2. Pawan Kumar Ladia 3. Gujarat NRE Coke Ltd. 4. Girdhari Lal Jagatramka 5. Arun Kumar Jagatramka <b>Defendants / Respondents</b> 1. Chandu Parekh 2. Gulshanlal Tandon 3. Ratanlal Tamakhuwala 4. Rishi Raj Agarwal 5. Smt. Lalita Agarwal 6. Shyamanand Jalan 7. NRE Projects Limited 8. Saurashtra Projects Pvt. Ltd.
<b>Court in which it is filed and in which it is pending</b>	High Court of Calcutta
<b>Subject Matter</b>	Amendment application for striking out of the name of the defendant no. 1, 2 and 6 from the records. Accordingly plaint to be amended as indicated by red ink in the copy of the plaint. Concerned Department be directed to carry out the amendment within a period of four weeks from the date of order.
<b>Present Status</b>	Disposed off by the order dated 6.6.2006 passed by the Hon’ble Justice Ashim Kumar Banerjee.
<b>Amount Involved</b>	N.A.
<b>Provisions made in Financial Statements</b>	N.A.

### 2. Visa Steels Ltd V. Austral Coke & Projects Ltd

<b>Name of the Case</b>	<b>Visa Steels Ltd Versus Austral Coke &amp; Projects Ltd</b>
<b>Case Number</b>	T. S. No. 38 of 2006
<b>Date of Institution</b>	4th March, 2006.
<b>Parties to the case</b>	<b>Plaintiffs:</b> Visa Steels Ltd. <b>Respondents :</b> Austral Coke & Projects Ltd
<b>Court in which it is filed and in which it is pending</b>	District Judge at Alipore.
<b>Subject Matter</b>	<p>A civil suit has been filed by the plaintiffs under Section 9 of the Arbitration and Conciliation Act 1996. In this regard, Austral Coke had earlier served a notice on Visa Steel dated February 2006 demanding payment of a sum of Rs.12,91,25,000 (Rupees Twelve Crore Ninety One Lacs Twenty Five Thousand ) within 21 days of the receipt of the said notice, otherwise proceedings, including winding up proceeding against the company under Section 433 and 434 of the Companies Act may be initiated. The Plaintiff has disputed this claim and filed this suit counter claiming a sum of Rs. 3,53,04,704/-. The Plaintiff has also prayed for an injunction against the respondent from alienating any properties or dealing with its bank accounts so as to always maintain a balance of Rs. 3,53,04,704/-</p>

## Gremach Infrastructure Equipments & Projects Ltd.

<b>Present Status</b>	The matter was heard in part before the Ld. Judge at Alipore on 16.12.2006. The next day of hearing has not been fixed
<b>Implications on the Company</b>	None
<b>Amount Involved</b>	3,53,04,704/-
<b>Provisions made in Financial Statements</b>	N.A.

### 5. LITIGATION INVOLVING LABOUR LAWS

There is no litigation pending against the group companies involving labour laws.

### B. FILED BY THE GROUP COMPANIES

#### (1) Litigation Involving Criminal Laws

There is no litigation filed by the group companies involving criminal offences.

#### (2) Litigation Involving Securities and Economic Laws

There is no litigation filed by the group companies involving securities or economic offences.

#### (3) Litigation Involving Statutory Laws

There is no litigation filed by the group companies involving statutory laws.

#### (4) Litigation Involving Civil Laws

There is no litigation filed by the group companies involving civil laws save as mentioned herein below.

#### 1. Saurashtra Projects Ltd. V Gujrat NRE Coke Ltd.

<b>Name of the Case</b>	Suarashtra Projects Ltd. v. Gujarat NRE Coke Ltd.
<b>Case Number</b>	Civil Suit No. 40 of 1997
<b>Date of Institution</b>	April 15 <sup>th</sup> 1997
<b>Parties to the case</b>	<b>Plaintiffs:</b> Suarashtra Projects Ltd. <b>Respondents:</b> Gujarat NRE Coke Ltd.
<b>Court in which it is filed and in which it is pending</b>	Civil Judge Senior Division, Jamnagar
<b>Subject Matter</b>	The Plaintiffs have filed a civil suit against the Defendants relating to contractual disputes wherein it calimed that the Defendants owe the Plaintiffs a sum of Rs.8 million and a lien on coke stock of Gujarat NRE Coke Limited amounting to Rs.1.5 Crores relating to land situated at Khambalia, Jamnagar.
<b>Present Status</b>	Pending
<b>Implications on the Company</b>	None
<b>Amount Involved</b>	Rs.8 million and a lien on coke stock of Gujarat NRE Coke Limited amounting to Rs.1.5 Crores
<b>Provisions made in Financial Statements</b>	N.A.

### 5. Litigation Involving Labour Laws

There is no litigation filed by the group companies involving labour laws.

### IV. NOTICES

There are no Notices pending/ anticipated by the Company as on the date of this Report.

### AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

No sum is due from the Company to any Small Scale Undertaking.

### MATERIAL DEVELOPMENT

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability on a consolidated basis or the value of our consolidated assets or our ability to pay our material liabilities within the next twelve months.

## GOVERNMENT APPROVALS

### 1. Licensing & Approvals under the Motor Vehicles Act, 1988

#### (a) On road equipments:

Permit  
Road tax  
Fitness  
Insurance

#### (b) Off road equipment:

There are no license and approvals required in the case of off-road equipment. Please see the Chapter VIII titled “Insurance” at page no. 45 for details of the insurance policies maintained by the Company.

### 2. Government Approvals / Licensing Arrangements

#### Investment Approvals (FIPB/ RBI, etc.).

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

#### All Government and Other Approvals

We have received all the necessary consents, licenses, permissions and approvals from the Government and various Government agencies / private certification bodies required for our present business and no further approvals are required by us for carrying on the present as well as the proposed business. It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the Government/RBI do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any Government authority / RBI are required to continue those activities.

1. Certificate of Incorporation No.21-52026 dated June 12, 1991 in the name of Gremach Commerce Private Ltd.. Fresh Certificate of Incorporation issued by Registrar of Companies, Calcutta dated January 12 1996 upon conversion to a Limited Company and further fresh Certificate of Incorporation dated 6th August, 2005 upon change in name to Gremach Equipments Infrastructure & Projects Limited .
2. Permanent Account Number (PAN) issued by the Director of Income Tax (Systems) bearing number AABCG0882E.
3. TAN No. Issued by Income Tax Department bearing No. CALG04229B
4. Professional tax registration no. PT/R/1/1/28/9691
5. Registration number MH/VASHI/116441 issued under Employees' Provident Funds and Miscellaneous Act, 1952
6. Registration number II-17/901 issued under Bombay Shop and Establishment Act, 1948 valid upto December 15, 2007.

#### Approvals for which application has been made but not yet received

Sr. No.	Approval/ Consent	Authority	Status
1	Registration of the Trademark monogram “Gremach” in class 37 for various service providers.	Registrar of Trademark, Mumbai	Application No. 1415551 filed with Registrar of Trademark Mumbai on February 9 <sup>th</sup> 2006. (Receipt No. 390901) Acceptance Order No. U-5021 Dated 18.08.06 Received.

No approvals are required presently for the proposed project. However, the company undertakes to obtain all necessary licenses/registrations/permissions, etc. if any required in future.

Apart from above the company has applied for registration under Contract Labour (Regulation and Abolition) Act, 1970 vide application dated 2nd December 2005. The application is still pending.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

Pursuant to Section 81 (1A) of the Companies Act, 1956, the present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extra Ordinary General Meeting of the shareholders held on December 08, 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on November 14, 2005.

### Prohibition by SEBI

We, our Promoters, our company's directors, any of our Group Companies, and the companies or entities with which our directors are associated, as directors or promoters, have not been prohibited from accessing or operating in the capital market nor restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

None of our Promoters, their relatives, our Company or the Promoter Group Companies have not been detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

### Eligibility for the Issue

The company is eligible to access the capital market through public issue of equity shares, as per clause 2.2.1 of SEBI (Disclosure & investor protection) Guidelines, as it fulfills the net worth, distributable profits and net tangible assets criteria in the following manner:

1. The company has a net worth of more than Rs. 100 lakh in each of the preceding three full year (as per summary statement of assets & liabilities)

(Rs. In Lacs)

	Year ended			
Particulars	31/03/2004	31/03/2005	31/03/2006	31/12/2006
Net Worth	1057.12	1242.34	2622.54	3199.33

2. The company has a track record of distributable profit in term of section 205 of the companies act 1956 The profit for the immediately preceding 3 years are as follows ( as per summary statement of Profit and loss account)

(Rs. In Lacs)

	Year ended			
Particulars	31/03/2004	31/03/2005	31/03/2006	31/12/2006
PAT	64.7	186.73	401.17	594.63

3. The company's net tangible assets during the last three years are given below.

(Rs. In Lacs)

	Year ended			
Particulars	31/03/2004	31/03/2005	31/03/2006	31/12/2006
Net tangible Assets	1138.58	1878.66	3240.79	4933.87
Monetary Assets	3.08	64.07	157.29	591.25

The monetary assets in each of the three years doesn't exceeds 50% of the net tangible assets amount.

- a) Net Tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserve), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).
  - b) Monetary assets include cash in hand and bank balances and quoted investments.
4. The Company changed its name from Gremach Commerce Limited to Gremach Infrastructure Equipments & Projects Limited (Fresh Certificate of Incorporation dated 9th August 2005) as the new name clearly reflects its present activities which is Rental of construction equipments required for infrastructure projects which is continuing for more than 3 years



5. The proposed issue size does not exceed five (5) times the pre-issue net worth of the Company as per the audited accounts for the year ended March 31, 2006.
6. Since the company is meeting the track record specified above, the equity shares are offered in accordance with clause 2.2.1 and 2.2.2a of the SEBI (DIP) Guidelines wherein the prospective allottees are not less than one thousand in number.

#### **SEBI DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED 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 OFFER DOCUMENT. LEAD MANAGER R. R. FINANCIALS CONSULTANTS LTD., HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER R.R.FINANCIALS CONSULTANTS LTD., HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 16<sup>th</sup> FEBRUARY 2006 IN ACCORDANCE WITH 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 OFFER DOCUMENT 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 RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER 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 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 BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- (e) WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**

**THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY 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 LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS PROSPECTUS.**

#### **Disclaimer from the issuer and the Book Running Lead Manager**

Gremach Infrastructure Equipments & Projects Limited, its Directors and the Lead Managers accept no responsibility for statements made otherwise than in this prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information, including Company's web site, [www.gremach.com](http://www.gremach.com), would be doing so at his or her own risk.

### Caution

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Managers and Gremach Infrastructure Equipments & Projects Limited and the Underwriting Agreements to be entered into between the Underwriters and Gremach Infrastructure Equipments & Projects Limited.

All information shall be made available by Gremach Infrastructure Equipments & Projects Limited, the Lead Managers 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 collection centers or elsewhere.

### Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian nationals resident in India, who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission) or Trusts registered under the applicable Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including NRIs, FIIs and other eligible Foreign Investors (viz. Foreign Venture Capital Funds registered with SEBI, multilateral and bilateral Development Financial Institutions). The Red Herring Prospectus does not, however, constitute an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an 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 Kolkata (India) only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, 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 our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### Disclaimer Clause of Bombay Stock Exchange Limited (the Designated Stock Exchange)

As required, a copy of this Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated 26<sup>th</sup> September, 2006 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this 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 this Company.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by BSE. 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 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.

### Filing of Prospectus with the Board and the Registrar of Companies

1. A copy of this Red Herring Prospectus has been filed with SEBI, SEBI Bhawan, Plot No. C-4A, G- Block, Bandra Kurla Complex, Mumbai-400051.
2. A copy of the Prospectus, along with the material contracts and documents required to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, Nizam Palace, AJC Bose Road Kolkata

### Listing

Initial listing applications have been made to Bombay Stock exchange Limited, (Designated Stock Exchange) and The National Stock Exchange of India Limited for permission to list equity shares and for an official Quotation of the equity shares of the

company. The Pre Issue Book Running Lead Manager i.e R R Financial Consultants Ltd. vide its letter dated 03.10.2006 has conveyed the decision of the Board of Gremach to NSE for withdrawal of its application for in principle listing approval from NSE.

In case, the permission for listing and or dealing & official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company together with the Lead Manager shall ensure that all the steps for the completion of the necessary requirements for Listing and Commencement of trading at the Stock Exchange mentioned above are taken within 7 working days of finalisation and adoption of the Basis of Allotment for the Issue.

### Impersonation

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:**

**“Any person who:**

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

### Consents

The written consents of Promoters, Underwriters, Directors, Company Secretary, Lead Managers to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors, Tax Auditors, Lending Bank to the Company, Monitoring Agency and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Kolkata West Bengal required under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

M/s T.N. Dutta & Associates, Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, West Bengal at Kolkata.

### Expert Opinion

The Company has not obtained any expert opinions related to the present Issue, except the opinion of the Tax Auditors T. N. Dutta & Associates Chartered Accountants on the tax benefits available to the investors.

### Public Issue Expenses

Public Issue expenses are estimated as follows:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1.	Fees of Lead Manager, Co-BRLM, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	[●]
2.	Printing & Stationery, Distribution, Postage, etc	[●]
3.	Underwriting Commission, Brokerage & Selling Commission	[●]
4.	Advertisement & Marketing Expenses	[●]
5.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[●]
6.	Contingencies	[●]
	<b>Total</b>	590.00

## Gremach Infrastructure Equipments & Projects Ltd.

### Details of Fees Payable

Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
Lead Managers to the Issue	[•]	[•]	[•]
Registrar to the Issue.*	[•]	[•]	[•]
Advertisement Marketing, Printing, stationery etc.**	[•]	[•]	[•]
Bankers to the issue**	[•]	[•]	[•]
Others (Legal Fees, Listing Fees etc.)**	[•]	[•]	[•]
Total	[•]	[•]	[•]

\* Will be incorporated after finalization of the issue Price.

\*\* Will be incorporated at the time of filing Red Herring Prospectus with the RoC.

### Fees Payable to Book Running Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company to the BRLMS and CoBRLM Memorandum of Understanding signed with the Lead Managers copy of which is available for inspection at the Registered Office of the Company.

### Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) / letter(s) of allotment / share certificate(s) by registered post.

### Underwriting Commission, Brokerage and Selling Commission

The Underwriting Commission will be paid not more than 2.5% of the Public Issue Size (excluding Promoter's Group Contribution in the Issue).

Brokerage for the Issue will be paid not more than @ 1.5% of the Issue Price of the Equity Shares by Gremach Infrastructure Equipments & Projects Limited on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column.

Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/ Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

### Previous Public or Rights Issues (during the last five years)

Gremach Infrastructure Equipments & Projects Limited has not made any public or rights Issue during last five years.

### Previous Issue of Shares Otherwise than for Cash

Gremach Infrastructure Equipments & Projects Limited has not issued any Equity Shares for consideration other than cash.

### Particulars in regard to Gremach Infrastructure Equipments & Projects Limited and other listed companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956 which made any capital Issue during the last three years

There are no listed Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

### Promise vis-à-vis performance

Since, our Company has not made any Public Issue in Past, Promise vis-à-vis Performance is not applicable to us.

### Listed Ventures of Promoters

Our Promoters do not have any Listed Ventures

### Outstanding Debentures or Bond Issues

As on date of filing of this Red Herring Prospectus with SEBI, our Company does not have any Outstanding Debentures or Bonds.

### Outstanding Preference Shares

The Company since its Incorporation has not issued any Redeemable Preference shares or other Instruments.

### Stock Market Data for our Equity Shares

This being the first Public Issue of the Company, no Stock Market Data is available.

### Mechanism for Redressal of Investor Grievances

The Company has appointed **Intime Spectrum Registry Limited** as the Registrar of the Issue, to handle the Investor grievances in co-ordination with Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bank branch where the application was submitted. The Company will monitor the work of the Registrar to ensure that the grievances are settled expeditiously and satisfactorily.

The average time required by our company or the Registrar to the issue for the redressal or routine investor grievances will be seven business days from the receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our company will seek to address these complaints as expeditiously as possible.

The company has formed an Investor Grievance Committee chaired by Ratan Lal Tamakuwala with Anand Agarwal and Kranti Sinha as members

### Changes in Auditors during the Last Three Years and Reasons thereof

There has been change in auditors of the Company during the last 3 years as follows

	Changed to	
J. Ghose & Co., B/1, Ram Krishna Upnivesh, Kolkata-700032	A. Toshniwal & Co., Ganges garden, 106, Kiran Chandra singhee Road, Block C – 1, 4th floor , Flat no. H, shibpur, Howrah – Kolkata 711102	Resignation by M/s. J. Ghose & Co., Kolkata- On 16.08.2003
A. Toshniwal & Co., Ganges Garden, 106, Kiran Chandra Singhee Road, Block C – 1, 4th floor , Flat no. H, Shibpur, Howrah – Kolkata 711102	T. N. Dutta & Associates 87/B, Cossipore Road, Block No. B, Flat no. 8, Kolkata 700 002	Resignation by M/s. A. Toshniwal & Co., on 14.10.2004

### Capitalisation of Reserves or Profits (during last five years)

Gremach Infrastructure Equipments & Projects Limited has not capitalised any reserve during last five year.

### Revaluation of Assets, if any (during last five years)

None of the assets of the Company have been revalued during last five years.

## **ISSUE INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares being offered are subject to the provisions of the Companies Act, Company's Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note 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 as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, FIPB, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### **Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares of the Company including rights in respect of dividend.

### **Face Value and Issue Price**

The equity shares are being offered in terms of this red herring prospectus as part of the issue at a total price of Rs. (●) per equity share. At any given point of time there shall be only one denomination for the equity shares.

The face value of the equity shares is Rs. 10 and the issue price 7.5 times of the face value at the lower end and 9 times at the higher end of the price band.

### **Mode of Payment of Dividend**

The company shall pay dividends to shareholders in accordance with the provisions of the Companies Act.

### **Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page 131 of this Red Herring Prospectus.

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form.

Since trading of our Equity Shares is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of 1(one) Equity Shares subject to a minimum Allotment of 70 Equity Shares.

### **Nomination Facility to the Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled

to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective depository participant.**

#### **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Issue to the public to the extent of the amount payable on application, including devolvement on Underwriters, if any, within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount (i.e., 60 days from the Bid Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Kolkata (West Bengal).

#### **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, without assigning any reason thereof.



## ISSUE STRUCTURE

The Present issue is a fresh issue of [●] Lacs Equity Shares of face Value Rs. 10 each, for cash at a price of Rs. [●] per Equity Share aggregating Rs. 5900 Lacs. This Issue is being made through a 100% book building process under clause 2.2.2 of SEBI (DIP) Guidelines, 2000. Details of the Issue Structure are as follows.

	Employees	QIBs	Non-Institutional Bidders	Retail individual Bidders
<b>Number of Equity Shares*</b>	Up to [●] Equity Shares.	Upto [●] Equity Shares	At least [●] Equity Shares.	At least [●] Equity Shares.
<b>Percentage of Issue Size Available for allocation</b>	Up to 10% of the size of the issue.	Upto 50% Net Issue to the Public or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders with 5% compulsory to mutual funds.	Minimum of 15% of Net Issue to the Public or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Minimum of 35% of Net Issue to the Public or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
<b>Basis of Allocation if respective category is oversubscribed</b>	Proportionate	Proportionate	Proportionate	Proportionate
<b>Minimum Bid#</b>	70 Equity Shares and in multiples of 70 Equity Shares thereafter	Such number of Equity Shares in multiple of 70 Equity shares so that the bid amount exceeds Rs. 1,00,000	Such number of Equity Shares in multiple of 70 Equity shares so that the bid amount exceeds Rs. 1,00,000	70 Equity shares and in multiples of 70 Equity Share thereafter
<b>Maximum Bid</b>	Not exceeding 786667 Equity Shares reserved for employees aggregating to Rs.590.00 Lakhs at lower band	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceeds Rs. 1,00,000
<b>Mode of Allotment</b>	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
<b>Trading Lot</b>	One	One	One	One
<b>Who can apply**</b>	Permanent Employees of the Company including working directors., who is as on the date of submission of the Bid cum application form, excluding any promoter of member of the promoter group.	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable laws.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceeds Rs. 1,00,000 in value.



	Employees	QIBs	Non-Institutional Bidders	Retail individual Bidders
<b>Terms of Payment</b>	Margin Money applicable to reserved portion for employees of the company at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to QIBs at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
<b>Margin Amount</b>	Full Bid amount on Bidding	10% of the 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. Under-subscription, if any, in any portion, would be allowed to be met with spillover from any other portions at the Company's discretion, in consultation with the BRLMS.
- \*\*\* 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.
- # The minimum number of Equity Shares for which Bids can be made by Bidders and the shall be in the multiples of 70 Equity Shares.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% book building method where in up to 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers with 5 % of compulsory allocation to mutual funds only and the remainder of the Qualified Institutional Buyers portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid being received at or above the issue price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLMS, reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, we would have a right to reject the Bids only on technical grounds.

We, in consultation with the BRLMSS would have proportionately allocate to QIBs based on a number of criteria, which will typically include, but would not be limited to, the following: prior commitment, investor quality, price, earliness of bid, existing and continued shareholding of QIBs during the period prior to the Bid Opening Date and until the date of pricing.

**Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form.** Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

### 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 allotment 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 authorized us to make the necessary changes in this 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 the 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 Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Eligible Employees	Pink

### Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- 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 authorized to invest in Equity shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture capital funds registered with SEBI;

- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

*Note:* The members of the Syndicate and any associate of the members of the Syndicate (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary and will not be eligible as a QIB in this Issue. Further, the BRLMS and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

**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.**

#### **Bids by Mutual Funds**

*As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

No mutual fund scheme shall invest more than 10% of its net asset value in 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. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

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 for which the Bid has been made.

#### **Bids by Eligible NRIs**

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

#### **Bids by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

No single FII can hold more than 10% of our post-issue paid-up capital (i.e., 10% of [•] Equity Shares). 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. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

**Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.**

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 70 thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page 114 of this Red Herring Prospectus.
- 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.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched 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. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

*As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:*

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVIC should not exceed the prescribed investment limit as the case may be.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

**Maximum and Minimum Bid size**

**For Employees:** The Bid must be for minimum 70 Equity Shares and in multiples of 70 Equity Shares thereafter.

**For Retail Bidders:** The Bid must be for minimum 70 numbers of Equity Shares and in multiples of 70 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. 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.

**For Others (Non-Institutional Bidders and QIBs) Bidders:** The Bid must be for a minimum of such number of Equity Shares in multiples of 70 such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 70 Equity Shares thereafter. A Bid cannot be submitted for more than the net Issue to the public. However, the maximum Bid by a QIB 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.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

**Information for the Bidders**

- a) The Company will file this Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- b) The Price Band shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date. With regard to the Price Band, the Bidders can be guided by the secondary market prices of the Equity Shares.

- c) The members of the Syndicate will circulate copies of this Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- d) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of the Company or from the BRLMSS, or from a member of the Syndicate.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

#### **Method and Process of bidding**

- 1. We, with the BRLMS shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus filed with RoC and publish the same and the Price Band in two national newspapers (one each in English and Hindi) and a regional newspaper and on websites of BRLMS and Company as appearing on the cover page. This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended vide SEBI Circular no. SEBI / CFD / DIL / DIP / 14 / 2005 / 25 / 1 dated January 25, 2005. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
- 2. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- 3. The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and on websites of BRLMS and Company, as appearing on the cover page and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding ten working days.
- 4. During the Bidding Period, the Bidders may approach 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.
- 5. 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 entitled "Bids at Different Price Levels" on page 115 of this Red Herring Prospectus) 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 and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- 6. 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 bidding 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 allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 118 of this Red Herring Prospectus.
- 7. The members of the Syndicate will enter each 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.
- 8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page 117 of the Red Herring Prospectus.

#### **Bids at Different Price Levels**

- 1. The Price Band has been fixed at Rs.75 to Rs. 90 per Equity Share. The Issue price is 7.5 times of the face value at the lower end of the Price Band and 9 times the face value at the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (Rupee One).

Our Company, in consultation with the BRLMs and CO BRLMs, reserves the right to revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended in accordance with the 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.

2. We, in consultation with the BRLMS, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper and also indicating the change on the relevant websites of the BRLMSS, Company and the terminals of the members of the Syndicate.
4. We, in consultation with the BRLMSS, can finalise the Offer Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. 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 applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 of the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1, 00,000, the Bid will be considered for allocation under the Non-Institutional category 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 cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size of 70 equity Shares shall also be changed so that the Bid Amount payable on such Minimum Application is in the range of Rs. 5,000 to Rs.7, 000.

#### **Application in the Issue**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

#### **Escrow Mechanism**

1. The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Agreement and this Red Herring Prospectus.
2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.



### **Terms of Payment and Payment into the Escrow Collection Account**

Each Bidder, who is required to pay Margin Amount greater than 0%, shall, with the submission of the Bid-cum-Application Form draw a cheque, demand 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 "Payment Instructions" on page 123 of this Red Herring Prospectus) 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 maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted 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, lying credited with Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 110 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date.

QIB bidders will be required to deposit a margin of 10% at the time of submitting their bids. After the Issue Closing Date / Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from QIBs.

If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

### **Electronic Registration of Bids**

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE/NSE. There will be at least one BSE/ NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) The BSE/NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members 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 download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member will upload the Bids till such time as permitted by the Stock Exchange.
- (c) The aggregate demand and price for bids registered on the electronic facilities of BSE/NSE will be downloaded on an half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - **Name of the investor.**
  - **Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.**
  - **Numbers of Equity Shares bid for.**
  - **Bid price.**
  - **Bid-cum-Application Form number.**

- **Whether payment is made upon submission of Bid-cum-Application Form.**
  - **Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.**
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLMSS/ member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 125 in this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by BSE/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 the Company or BRLMS are cleared or approved by BSE/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 the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE; 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.

#### **Build Up of the Book and Revision of Bids**

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE/ NSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLMS on a regular basis.
- (c) During the Bidding 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.
- (d) Revisions can be made in both the desired numbers 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 changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand 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 the Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (g) 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.**
- (h) In case of discrepancy of data between BSE/NSE and members of the Syndicate, the decision of the BRLMSS based on the physical records of BSE/NSE shall be final and binding to all concerned.

#### **Price Discovery and Allocation**

- a) After the Bid /Issue Closing Date, the BRLMS will analyse the demand generated at various price levels and discuss pricing strategy with us.



- b) Our Company in consultation with the BRLMSS shall finalise the “Issue Price”, the number of Equity Shares to be allotted and the allotment to successful Bidders.
- c) The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue respectively, and the allocation to QIBs for up to 50% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines, subject to the sectoral cap and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMS. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spillover 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) The BRLMS in consultation with us shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- f) Allocation to Non-Residents, NRIs and FIIs applying on repatriation basis will be subject to the applicable law.
- g) We reserve the right to cancel the Issue any time after the Bid /Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
- h) In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid /Issue Closing Date.

#### **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) to the Bidders.
- b) After signing the Underwriting Agreement, the company will 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.

#### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note**

- a) The BRLMS or Registrars to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in the Issue.
- b) The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be 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 full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.

#### **Designated Date and Allotment of Equity Shares**

Successful Bidders will receive credit for the Equity Shares directly in their depository account. **Equity shares will be allotted only in the dematerialized form to the allottees.** Successful Bidders will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

The Company will ensure the allotment of Equity Shares 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 that credit is given to the successful Bidders' depository accounts within two working days from the date of allotment.

### **PAYMENT OF REFUNDS**

#### **Mode of making refunds**

The payment of refund, if any, would be done through the following various modes:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneswar, 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 centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT– 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 hence use of NEFT is subject to operational feasibility, cost and process efficiency.
3. Direct Credit – Applicants having bank accounts with the Refund Banker(s) as mentioned in the Bid cum Application Form, in this case being, [•] 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.
4. 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.
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 up to 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 centres will be payable by the Bidders.

Please note that only Bidders having a bank account at any of the 15 centres where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other Bidders, including Bidders who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs.1,500 and through speed post/registered post for refund orders exceeding Rs.1,500.

### **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)
- c) Enter that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;

- g) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application; and

**Don'ts:**

- a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b. Do not Bid for lower than minimum Bid size;
- c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e. Do not pay Bid amount in cash;
- f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000);
- g. Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- h. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- i. Do not submit bid accompanying with Stock Invest.

**Bids and Revisions of Bids**

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 NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.
- (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) The Bids from the Retail Individual Bidders must be for a minimum of 70 Equity Shares and in multiples of 70 thereafter subject to a maximum of Rs. 1,00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 70 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

**Bids by Eligible Employees**

- 1. For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of our company who are on the pay-roll as on December 31, 2005.
- 2. The Promoter employees are not eligible to bid through the employee reservation portion.  
Bids under Employee Reservation Portion by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. red colour Form).
- 3. Eligible Employees, as defined above, should mention the Employee Number at the relevant place In the Bid cum Application Form.
- 4. The sole/ first bidder should be Eligible Employees as defined above.
- 5. Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.

6. Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Offer Price, would be considered for allocation under this category.
7. Bidding at cut-off is allowed only for employees whose bid amount is less than or equal to Rs 1,00,000. Bids made by the employees under both employee reservation portion as well as in the net offer shall not be treated as multiple bids.
8. The maximum bid in this category by any Eligible Employee cannot exceed Rs. 27,00,000/.
9. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
10. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Offer and Allotment in accordance with the description in Basis of Allocation as described in page 128 of this Red Herring Prospectus.
11. If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis subject to maximum allotment to any employee of upto 30,000 equity shares.

#### **Bidder's 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 Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to 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 credit of refunds to Bidders at the Bidders sole risk and neither the BRLMS nor the Bank shall have any responsibility and undertake any liability for the same.

#### **Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

**Bidders should note that on the basis 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 demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders 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.

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 Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Investors should note that the refund cheques will be overprinted with details of bank account as per the details received from the depository.

### **Bids under Power of Attorney**

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Issuer reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 250 million and pension fund with the 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 with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

The 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 as the Company/BRLMS may deem fit.

We, in our 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, 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.

### **Bids by NRIs**

NRI Bidders will have to comply with the following:

1. Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's registered office or from members of the Syndicate or the Registrars to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (blue in colour).

### **Payment Instructions**

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLMS and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand for the amount payable on the Bid and/or on allocation as per the following terms:

#### **Payment into Escrow Account to the Issue**

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMS.



3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
  - (a) In case of resident Bidders: **"Escrow Account – Gremach Public Issue"**
  - (b) In case of Non Resident Bidders: **"Escrow Account – Gremach Public Issue - NR"**
  - (c) In case of Eligible Employees: **"Escrow Account-Gremach Public Issue -Employee"**
    - 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 a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the has been issued by debiting an NRE or FCNR Account.
    - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the has been issued by debiting the Special Rupee Account.
4. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
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 to the Bidders.
8. Payments should be made by cheque, or demand drafts 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 center where the Bid cum Application Form is submitted. Outstation cheque/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.

#### **Payment by Stock invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 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.

#### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form. The Members of the Syndicate may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

#### **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 ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

##### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

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 their absolute discretion, all or any multiple Bids in any or all categories.

### **Permanent Account Number (PAN)**

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an 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 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/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid 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.**

### **Our Right to Reject Bids**

In case of QIB Bidders, we in consultation with the BRLMs may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made as per the modes specified under para "Mode of Making Refunds" on page 120 of this Red Herring Prospectus.

### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
4. Age of First Bidder not given;
5. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
6. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 70;
12. Category not ticked;
13. Multiple bids as defined in this Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stock invest/money order/ postal order/ cash;

16. Bids not duly signed by the sole/joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at [•] of this Red Herring Prospectus.
21. 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 depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.
24. Bids by NRIs not disclosing their residential status.

**Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised 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 tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated 16<sup>th</sup> February 2006 among NSDL, the Company and Registrars
2. An Agreement dated 11<sup>th</sup> January 2007 among CDSL, the Company and Registrars

Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. 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.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. 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 depository account of the Bidder(s).
5. 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.
6. 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.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of Equity Shares of the Company would only be in dematerialized form 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, details of Depository Participant, 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 number and issuing bank thereof.

## PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. Sanjive Arora, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Sanjive Arora,  
Gremach Infrastructure Equipments & Projects Limited  
Upvan Building, 1<sup>st</sup> floor,  
Behind D. N. Nagar, Andheri (West),  
Mumbai-400 053.  
**Tel :** 91-22-26303451/52/70/72  
**Fax :** 91-22-26303493  
**E-mail:** ipo@gremach.com

## Procedure and Time Schedule for Transfer of Equity Shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In the case of Retail and Non-Institutional Bidders, the rejection of any Bid is only on grounds of technical non-compliance with the specified procedure. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment.

## DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS

We 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 2 (two) working days of date of Allotment. We shall dispatch refund orders, if any, of value up to Rs.1,500, "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 and adequate funds for this purpose shall be made available to the Registrar for this purpose. In case of Bidders, who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be given to the clearing system and a suitable communication shall be sent to such Bidders within 15 days from the Bid/Offer Closing Date.

We 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 finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Transfer of Equity Shares shall be done only in dematerialised form within 15 (fifteen) days of the Bid / Offer Closing Date;
- Dispatch of refund orders within 15 (fifteen) days of the Bid/Offer Closing Date would be ensured; and
- We 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 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.

Save and except refunds effected through an electronic mode, 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.

## **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

## **Basis of Allocation**

### **1. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares or in multiples of [●] Equity Share. For the method of proportionate basis of allocation, refer below.

### **2. For Non Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

### **3. For QIB Bidders**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders with compulsory 5 % allocation to mutual funds who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allotment shall be undertaken in the following manner –
  - a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
    - i) In the event that bids from mutual funds exceeds 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
    - ii) In the event that the aggregate demand from mutual funds is less than 5% of 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 to all QIB Bidders as set out in as (b) below;

- b) In the second instance, allocation to all QIBs shall be determined as follows –
- i) The number of Equity Shares available for this category shall be the QIB portion, allocation to mutual funds as calculated in (a) above.
  - ii) The subscription level for this category shall be determined based on the overall subscription in the QIB portion less allocation only to mutual funds as calculated in (a) above.
  - iii) Based on the above, the level of subscription shall be determined and proportionate allocation to all QIBs including mutual funds in this category shall be made.
- The aggregate allocation to QIB Bidders shall not be more than [●] Equity Shares.

Undersubscription, if any, in any category would be allowed to be met with spillover from any other category at the sole discretion of our company and the BRLMS.

Except for any Equity Shares allocated to QIB Bidders due to under subscription in the Retail Portion and / or Non-Institutional Portion, the aggregate allocation to QIB Bidders shall be made on proportionate basis of at least [●] Equity Shares. For the method of proportionate basis of allocation refer below:

#### **4. For Employee Reservation Portion**

- i) Bid 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.
- ii) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- iii) If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis upto a minimum of [●] Equity Shares. For the method of proportionate basis of allocation, refer below.
- iv) Only Eligible Employees (as defined above) are eligible to apply under Employee Reservation Portion.

#### **Method of Proportionate Basis of Allocation**

In the event of the issue being over-subscribed, we shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMS and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market 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 Bidders in such categories would be arrived at after such rounding off.
- (d) In all Bids where the proportionate allotment is less than 70 Equity Shares per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be Allotted a minimum of 70 Equity Shares;
  - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

### Letters of Allotment or Refund Orders

Refer to "Disposal of Application and Application Money" on page 127 of this RHP.

### UNDERTAKING BY OUR COMPANY

We undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) 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;
- (c) 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;
- (d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 15 days of closure of the issue, 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 refunds;
- (e) that the refund orders or allotment advice to the eligible NRIs or FIIs shall be dispatched within specified time; and
- (f) that no further issue of Equity Shares shall be made until the Equity Shares Offered through this Red Herring Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under-subscription etc.

### UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) 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;
- (b) details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- (c) details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We 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

### Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy 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 of the Government of India, 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 power sector is allowed up to 100% under the automatic route.

### Subscription by Non-Residents

The Equity Shares have not been and will not be registered under 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 Regulations under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

*As per the current regulations, OCBs cannot participate in this Issue.*

The above information is given for the benefit of the Bidders. We, the BRLMS are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen 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.

## MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the companies Act and the Sebi Guidelines, the important provisions of the Articles of Association of our company relating to members, voting rights, lien on the equity shares and process of modification of such rights, forfeiture of equity shares, restrictions on transfer and transmission of equity shares and debentures and on their consolidation and splitting are detailed below.

Capitalised terms in this section have the meaning that has been given to such terms in the Articles of Association.

### SHARE

5. The Authorised share capital of the company is Rs. 22,30,00,000/- (Rupees Twenty two Crore thirty lacs Only) divided into 2,23,00,000 (Two Crores twenty three Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each.
6. Subject to the provisions of these Articles shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions, and at such times, as the Board think fit. Provided that where at any time subsequent to the first allotment of shares, it is proposed to increase the subscribed capital of the Company by the issue of new shares, then, subject to any directions to the contrary which may be given by the company in general meeting, the Board shall issue each share in the manner set out in Section 81 (1) of the Act. Option or right to call of shares shall not be given to any person or persons except with the sanction of the Company in General Meeting.
7. As regard all allotments made from time to time the Company shall duly comply with Section 75 of the Act.
8. If the Company shall offer any of its shares to the public for subscription :
  - (a) No allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the Company, but this provision shall no longer apply after the first allotment of shares offered to the public for subscription.
  - (b) The Company shall comply with provision of sub-section (4) of Section 669 of the Act. and if the Company shall propose to commence business on the footing of a statement in lieu of prospectus, the Board shall not make any allotment of shares payable in cash unless seven at least of the shares proposed to be issued shall have been subscribed for on a cash footing by seven members and the Section 70 of the Act shall have been complied with.
9. The Company may exercise the powers of paying commissions conferred by Section 76 of the Act, 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 the said section and the commission shall not exceed 5 per cent of the price at which any shares, in respect whereof the same is paid, are issued or 2.5 per cent of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
10. Subject to the provisions of these Articles, the Company shall have power to issue preference Shares Carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may, subject to the provisions of Section 80 of the Act, exercise such power in such manner as may be provided in these Articles.
11. With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act the Board may issue at a discount shares of a class already issued.
12. If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall be the member registered in respect of the share or by his executor or administrator.
13. Member who are registered jointly in respect of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
14. Save as herein otherwise provided, the Company shall be entitled to treat the member registered in respect of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.
15. Shares may be registered in the name of any person, company or other body corporate. Not more than four person shall be registered jointly as members in respect of any share.

## **15A FURTHER ISSUE OF SHARES**

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 never as circumstances admit, to the capital paid up on those 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 favour of any other person and the notice referred to 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 given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion fit.
2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause of sub-clause (1) hereof in any manner whatsoever).
  - a) If a special resolution to that effect is passed by the company in General Meeting, or
  - b) Where no such special resolution is passed, if the votes cast (whether one 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, of 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 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. Nothing in sub-clause (c) of (1) here of shall be deemed :
  - a) To extend the time within which the offer should 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.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attaches 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 Article or otherwise).

PROVIDED THAT the terms 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 is 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 or any institution specified by the Central 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.

## **5. SHARES AT THE DISPOSAL OF THE DIRECTORS**

Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the company for the time being shall be under the control of the Directors who may 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 (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the 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 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 so 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 or shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

## **CERTIFICATE**

16. Subject to the provisions of the Companies (issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof share scripts shall be issued as follows:-

- (a) The certificate of the shares and duplicate thereof, when necessary, shall be issued under the Seal of the Company which shall be affixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under a duly registered power of attorney or two persons acting as attorneys for two Directors as aforesaid: and (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate: provided that if the composition of the Board permits of it, at least, one of the aforesaid two directors shall be a person other than a Managing or wholetime director.
- (b) 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 fee 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 ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within the month of the receipt of application of registration of transfer, transmission, subdivisions, 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 joint holders shall be sufficient delivery to all such holder.
- (c) 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 then 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 an a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees 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 worn out or where there 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 rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

- (d) Where a new share certificate has been issued in pursuance of the last preceding Article, particulars of every such certificate shall also be entered in a Register of Renewed and Duplicate Certificate indicating against the name of the person to whom the certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register or Members by suitable cross-references in the "Remarks" column. All entries made in the Register or Renewed and Duplicate Certificates shall be authenticated by the Secretary or such other person as may be appointed by the Board for purposes of sealing and signing the share certificate under paragraph (a) hereof.

## **DEMATERIALISATION**

16 A. Definition for the purpose of this Article:

- (i) "Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force and it includes where appropriate, the Rules made there under.
- (ii) 'SEBI' means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

Words expressions used and not defined in this Article shall have the meaning assigned to them in the Depositories Act.

The provisions contained in this Article shall prevail notwithstanding anything to the contrary in any other Article.

- (iii) "Dematerialisation / Rematerialisation of Securities.

The Company shall be entitled to dematerialise its securities and offer fresh securities in physical or dematerialised form in terms of and in conformity with the Depositories Act and extant Regulations in force and confirming to the Bye laws of the Depositories.

(iv) Provisions of Articles to apply to securities held in depository

Except specifically provided in these Articles, the provisions relating to Joint-holders of shares, calls, lien on shares forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in depository.

(v) Transfer of securities

Transfer of securities held in Depository shall be governed by the Depositories Act and extant Regulations in force.

(vi) Board to Decide on Depository

The Board in its discretion shall decide the effective date from which depository option will be made available to the members.

**CALLS**

17. The Board may from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the person and at the times and places appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

18. If a sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the member for the time being in respect of the share for which the call shall have been made or the instalment shall have been made or the instalment shall be due shall pay interest for the same at the rate of 12 percent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.

19. No call shall exceed one-half of the nominal amount of a share, or be made payable within one month after the last preceding call was payable. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

20. If by the term of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times, whether on account of the amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provision herein contained in respect of calls shall relate to such amount or instalment accordingly.

21. On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover and debt or money claimed to be due to the Company in respect of his share. It shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a holder, or one of the members in respect of the share for which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

22. The Directors may, if they think fit subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied 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, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The Provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

23. A call may be revoked or postponed at the discretion of the Board.

**FORFEITURE AND LIEN**

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



25. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
26. If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
27. When any share shall have been forfeited, notice of the resolution shall be given to the member whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
28. Any share so forfeited shall be deemed to be the property of the Company and the Board may sell re-allot or otherwise dispose of the same in such manner as it thinks fit.
29. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annual the forfeiture thereof upon such conditions as it thinks fit.
30. A person whose share has been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remains liable to pay, and shall forthwith pay to the Company, all the calls or instalments, interest and expenses, owing upon or in respect of such shares at the time of forfeiture together with interest thereon, from the time of forfeiture until payment at 12 per cent per annum and the Board may enforce the Payment thereof, or any part thereof without any deduction or allowance for the value of shares at the time of forfeiture, but shall not be under any obligation to do so.
31. A duly verified declaration in writing that the declaring is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such shares is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture sale or disposition.
32. 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 shares 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 of shares/debentures shall operate as 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 Article.
33. For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have arrived and until notice in writing of the intention to sell shall have been served on such member his executor or administrator or his committee, curator bonus or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.
34. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the presently payable as existed upon the share before the sale be paid to the person entitled to the share at the date of the sale.
35. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share and validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

36. Where any share under the powers in that behalf herein contained is sold the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share the Board may issued a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

#### **TRANSFER AND TRANSMISSION**

37. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the Letter of Allotment of the share. The instrument of and occupation (if any) of the transferee, and the transferor shall be deemed to remain the member in respect of such share until the name of transferee is entered in the Register in respect of thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address.
38. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of partly paid share be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the company shall , unless objection is made by the transferee within two weeks from the date of receipt of this notice, enter in the Register the name of transferee in the same manner and subject to the same conditions as if the application of the transfer was made by the transferee.
39. The instrument of transfer shall be writing and all provisions of Section 108 of the Companies Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
40. Subject to the provision of section 111 of the act and section 22A of the securities Contracts (Regulation)Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument of the transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of 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 when the company has a lien on the shares. Transfer of Shares/debentures in whatever lot shall not be refused.
41. No transfer shall be made to a minor or person of unsound mind.
42. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the share to be transferred or, if no such certificate is in existence by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
43. If the Board refuses to register the transfer of any share the company shall, within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and the transferor notice of the refusal.
44. 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.
45. The executor or administrator of a deceased member not being one of several members registered jointly in respect of a share shall be the only person recognised by the company as having any title to the share registered in the name of such member , and , in case of the death of any one or more of the members registered jointly in respect of any share the survivor shall be the only person recognised by the company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased member from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain to Grant of Probate or Letters of Administration or other legal representation, as the case may be from a competent court in India and having effect in Bombay. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate of Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate.
46. Any committee of guardian of a lunatic or minor member or any person becoming entitled to or to transfer a share in consequences of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or his title as the Board thinks sufficient, may, with the consent of the Board ( which the Board shall not be bound to give) be registered as a member in respect of such share, or may, subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article is hereunder referred to as "The Transmission Article".

47. (1) If the person so becoming entitled under the transmission Article shall elect to be registered as member in respect of the share himself, he shall delivered or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.
- (3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer signed by that member.
48. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of a member shall, subject to the provisions of Article 80 and of Section 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered member in respect of the share. Provided 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, if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

### **GENERAL MEETINGS**

64. The Statutory Meeting of the Company shall, as required by Section 165 of the Act, be held at such time being less than one month nor more than six months from the date at which the Company shall be entitled to commence business and at such place as the Board may determine and the Board shall comply with the other requirements of that Section as to the report to be submitted and otherwise.
65. In addition to any other meetings, general meeting of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called as an "Annual General Meeting " and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall except in the case where as Extraordinary General Meeting is covered under the provisions of the next following Article, be called as a "General Meeting".
66. The Board may, whenever it thinks fit, call a general meeting and it shall on the requisition of such number of members as hold, at the date of the deposit of the requisition not less than one-tenth of such of the paid up capital of the Company as at the date carried the right of voting in regard to the manner to be considered at the meeting, forthwith proceeding call an Extraordinary General Meeting and in the case of such requisition the following provisions shall apply:-
- (1) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitioners and shall be deposited at the office. The requisition may consist of several documents in like form each signed by on or more requisitioners.
- (2) Where two or more distinct matters are specified in the requisition the acquisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members herein before specified.
- (3) If the Board does not within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on day on a day not later than forty-five days from the date of deposit, the requisitioners or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting but any meeting so called not be commenced after three months from the date of deposit.
- (4) Any meeting called under this Article by the requisitioners shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board shall be held at the office.
- (5) Where two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or some of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.
- (6) Any reasonable expenses incurred by the requisitioners by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitioners by the Company any sum so repaid shall be retained by the company out of any sums due or to become due from the Company by way of less or other remuneration for their services to such of the Directors as are in default.
67. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

68. Save as provided in sub-section (2) of Section 171 of the Act not less than twenty-one days' notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of " Special Business " a hereinafter defined there shall be annexed to the notice a statement complying with Section 173(2) and (3) of the Act.

Nothing of every meeting of the Company shall be given to every member of the Company , to the Company, to the Auditors of the Company and to persons entitled to share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notice to such persons.

The accidental omission to give any such notice to or the non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

69. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the reports of the directors and of the auditors and fix their remuneration and to declare dividends. All other business transacted at an annual general meeting and all business transacted at any other general meeting shall be deemed special business.
70. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall be a quorum.
71. Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the company in general meeting shall be sufficiently so done or passed if elected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.
72. The Chairman of the Board shall be entitled to take the chair at every general meeting .If there be such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or in unwilling to act, the members present shall choose another Director as Chairman, and if no Director is present, or if all the Directors present decline to take chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their members being a member entitled to vote , to be chairman.
73. If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if conveyed upon such requisition as aforesaid, shall be dissolved; but in any other case it stand adjourned to the same day in the next week, at the time and place, or to such other day and at such time and place as the Board may be notice appoint and if at such adjourned meeting a quorum be not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.
74. Every question submitted to a meeting, shall be decided in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting of vote in addition to the vote to which he may be entitled as a member.
75. At any general meeting, unless a poll is ( before or on the declaration of the result of the show of hands) demanded by Chairman of his own motion or by the members having not less than one tenth of the total voting power or having paid up share capital of not less than Rs. 1,00,000/- and having the right to vote on the resolution in question and present in the person or by any member or members present in a person or by proxy and holding shares in the company conferring a right to vote on such resolution, a declaration by the Chairman that the resolution has or has not been carried, either unanimously, or by a particular majority, and an entry to that effect in book containing the minutes of the proceeding of the company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution.
76. (1) If a poll demanded as aforesaid it shall be taken forthwith on question of adjournment or election of a Chairman and in any other case in such manner and such time, not being later than forty-eight hours from the time when the demanded was made, and at such place at the Chairman of the meeting directs, and subject as aforesaid either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.
- (2) The demand of a poll may be withdrawn at any time.
- (3) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, on eat least of whom shall be a member( not being an officer or employee of the company) present at a meeting provided such member is available and willing to be appointed to scrutinise the votes given on the poll and to report to him thereon.

- (4) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote from him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
  - (5) The demand of the poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded
77. (1) The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at meeting from which the adjournment took place.
- (2) When a meeting is adjournment it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## VOTES OF MEMBERS

78. (a) Save as hereinafter provided, on a show of hands every member present in person and being a member registered in respect of Ordinary Shares shall have one vote and every person present either as a General Proxy ( as defined in Article 83) on behalf of a member registered in respect of Equity Shares , if he is not entitled to vote in his own right, or as a duly authorised representative of a body corporate, being a member registered in respect of Equity Shares, shall have one vote.
- (b) Save as hereinafter provided, on a poll the voting rights of a member registered in respect of Equity Shares shall be as specified in Section 87 of the Act.
- (c) The members registered in respect of the Preference Shares shall not be entitled to vote at general meetings of the company except:
- (i) One any resolution placed before the company at a general meeting at the date of which the dividend due or any part thereto remains unpaid in respect of an aggregate period of not less than two years proceeding the date of commencement of such meeting and for this purpose the dividend shall be deemed to be due yearly on the 30th day of September In each year in respect of the yearly period ending on the preceding 31st day of March whether or not such dividend has been declared by the company or
  - (ii) On any resolution placed before the company which directly effects the rights attached to the Preference Shares and for his purpose any resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed to effect the rights attached to such shares. Where the members registered in respect of any Preference Shares has a right to vote on any resolution in accordance with the provisions of this Article, his voting rights on a poll as such member shall, subject to any statutory provisions for the time being , applicable, be in the same proportion as the capital paid up on the Preference Shares bears to the total paid up Equity Share Capital of the company for the time being as defined in Section 87(2) of the Act.

Provided that no company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under the Provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.

79. Where a Company or to body corporate ( hereinafter called “ Member Company”) is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company, shall not by reason of such appointment, be deemed to be a proxy, and the production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him as being a true copy of the resolution shall on production at the meeting , the validity of his appointment. Such person shall be entitled to exercise the same rights and power, including the rights to vote by proxy on behalf of the member company which he represents as that member company could exercise.
80. Any person entitled under the Transmission Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the member registered in respect of such shares provided that forty eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be , at which he proposed to vote he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or noncoposementis he may vote whether on a show of hands or at a poll by his committee curator bonus or other legal curator and such last mentioned persons may give their votes by proxy.
81. Where there are members registered jointly in respect of any share any one of such person may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, that on of the said members so present whose name stands first on the Register in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this Article be deemed to be members registered jointly in respect thereof.



82. On a poll vote may be given either personally or by proxy, or, in the case of a body corporate, by a representative duly authorised as aforesaid.
83. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his Attorney duly authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only be called a special proxy. Any other proxy shall be called a General Proxy.
- A person may be appointed a proxy though he is not a member of the company and every notice convening a meeting of the company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.
84. The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed, or a naturally certified copy of that power or authority, shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument purports to vote in respect thereof and in default the instrument of proxy shall be treated as valid.
85. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity revocation or transfer of the share shall have been received by the company at the office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
86. Every instrument appointing a special proxy shall be retained by the company and shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.
87. No member shall be entitled to exercise any voting rights either personally or buy proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has, and has exercised any right of lien.
88. (a) Any objections as to the admission or rejection of a vote, either on a show of hands, or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the name, and such determination made in good faith shall be final and conclusive.
- (b) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for the purposes.

#### **PROCEEDING OF DIRECTORS**

112. The Board shall meet together at least once in every three months for the despatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director. Unless otherwise determined from time to time at any time by the consent of all Directors for the time being in India, meetings of the Board shall take place at the office.
113. A Director may, at any time, convene a meeting of the Board.
114. If at any meeting of the Board, the chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their members to be Chairman of such meeting.
115. The quorum of a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.
116. A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, power and discretions by or under these Articles for the time being vested in or exercisable by the Board.
117. Subject to the provisions of Section 316, 372(4) and 336 of the Act, questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
118. The Board may, subject to the provisions of the Act, from time to time and at any delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and 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 upon it by the Board.

119. The meetings and proceedings of any Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations, made by the Board under the last preceding Article.
120. Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the company to be invalid or to have terminated.
121. Save in these cases where a resolution is required by Sections 262, 292, 297, 316, 372(4) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual if it had been passed at a meeting of the Board or committee of the Board, as the case may be, duly called and constituted, if a thereof in writing is circulated, together with the necessary papers, if any to all the Directors, or to all the members of the committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them, as are entitled to vote on the resolution.

#### **POWERS TO THE BOARD**

122. Subject to the provisions of the Act, the control of the company shall be vested in the Board who shall be entitled to exercise and do; Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company in general meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting, but not regulation made by the company in general meetings shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

#### **MANAGING DIRECTORS**

123. Subject to the provisions of Sections 316 and 317 of the Act the Board may from time to time appoint one or more Directors to be Managing Directors of the Company, either for a fixed term or without any intimation as to the period for which he or they is or are to hold such office, and may from time to time (Subject to the provisions of any contract between him or them and the company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
124. Subject to the provisions of Section 255 of the Act, a Managing Director shall not while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall ipso facto and immediately cease to be a Managing Director, if he ceases to hold office of Director from any cause. If at any time the total number of Managing Directors is more than one-third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors shall be determined by the dates of their respective appointments as Managing Directors by the Board.
125. Subject to the provisions of Section 309, 310 and 311 of the Act, a managing Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration perquisites as may from time to time be sanctioned by the company.
126. Subject to the provisions of the Act in particular to the prohibition and restrictions contained in Section 292 thereof, the Board may from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf; and may from time to time revoke, withdraw alter or vary all or any of such powers.

**DIVIDENDS**

133. Subject to the rights of members entitled to shares (if any with preferential or special rights attached thereto, the profits of the company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the ordinary shares of the company but so that a partly paid up share shall only entitle the member in respect thereof such a proportion of the distribution upon a fully paid up shares as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, rank for dividend confer a right to participate in profits.
134. The company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
135. No larger dividend shall be declared than is recommended by the Board but the company in general meeting may declare a smaller dividend.
136. No dividend shall be payable except out of the profits of the company or out of the moneys provided by the General or State Government for the payment of the dividend in pursuance of any guarantee given by such Government.
137. The declaration of the Board as to the amount of the net profits of the company shall be conclusive.
138. The Board may, from time to time, pay to the members such interim dividends as appears to the Board to be justified by the profits of the company.
139. The Board may deduct from any dividend payable to any member all sums of moneys, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
140. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the company and the member, be set off against the call.
141. Any general meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets and in particular of paid up shares, debentures or debenture-stock of the company or paid up shares, debentures or debenture-stock of any other company, or in any one or more of such ways.
142. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the company.
143. No dividend shall be paid in respect of any share except to the member registered in respect of such shares or to his orders or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a member to make a separate application to the company for the payment of the dividend.
144. Any one of several persons who are members registered jointly in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
145. Notice of any dividend whether interim or otherwise, shall be given to the persons entitled to share there in the manner hereinafter provided.
146. Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or in the case of members registered jointly to the registered address of the first named in the Register or to such person and such address as the member or members, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.
147. When 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 M/s. Gremach infrastructure equipments & projects limited and transferred to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. 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 Education and Protection Fund established by the Central Government. A claim to any money so transferred to the above fund may be referred to Central Government Committee appointed by the Central Government by the Shareholders to whom the money is due.

No unclaimed or unpaid dividend shall forfeit by the Board.



## SERVICE OF NOTICE AND DOCUMENTS

153. (1) A notice or other document may be given by the company to any member personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address if any, within India supplied by him to the company for the giving of notices to him.
- (a) Where a notice or other document is sent by post.
  - (b) Service hereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the company in advance that notice or documents should be sent to him under a certificate of posting or by registered post with company a sufficient sum to defray the expenses of doing so, or without acknowledgement due and has deposited with the service of the notice or document shall be deemed to be effected unless it is sent in the manner intimated by the member and
  - (c) Unless the contrary is proved, such service shall be deemed to have been effected:
    - (I) In the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted and
    - (II) In any other case, at the time at which the letter would be delivered in the ordinary course of post.
154. A notice or other document advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served on the day on which the advertisement appears on every member of the company who has no registered address in India and has not supplied to the company an address within India for the giving of notices to him. Any member who has no registered address in India shall, if so required to do by the company, supply the company with an address in India for the giving of notices to him.
155. A notice or other document may be served by the company on the members registered jointly in respect of a share by giving the notice to the joint-holder named first in the Register.
156. A notice or other document may be served by the company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representative of the deceased, or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be so entitled, or until such 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.
157. Any notice required to be given by the company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by advertisement.
158. Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighbourhood of the office.
159. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.
160. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall be duly given to the person from whom he derives his title to such share.
161. Subject to the provisions of Articles 168 any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the company have notice of his decease, be deemed to have been duly served in respect of any share, whether registered solely or jointly with other persons, until some other persons be registered in his stead as the member in respect thereof and such service shall for all purposes of these presents be deemed a 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.
162. Subject to the provisions of Section 497 and 509 of the Act, in the event of a winding up of the company, every member of the company who is not for the time being in Bombay shall be bound, within eight weeks after the passing of an effective resolution to wind up the company voluntarily or the making of an order for the winding up of the company to serve notice in writing on the company appointing some householder residing in the neighbourhood of the office upon whom all summonses, notices process orders and judgements in relation to or order the winding up of the company may be served and in default of such nominations, the Liquidator of the company shall be at liberty, on behalf of such member, to appoint some such person, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes, and where the Liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement

in some daily newspaper circulating in the neighbourhood of the office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the Liquidator of the company to serve any notice or other document in any other manner prescribed by these Articles.

#### **KEEPING OF REGISTERS AND INSPECTION**

163. The company shall duly keep and maintain at the office, in accordance with the requirements of the Act in that behalf , the following Registers:

- (1 ) A Register of charges pursuant to section 143 of the act.
- (2) A Register of Members pursuant to Section 150 and whenever the company has more than 50 members, unless such Register of Members is in a form which itself constitutes an index of members pursuant to Section 151 of the Act.
- (3) A Register of Debenture- holders pursuant to Section 152 and whenever the company has more than 50 Debenture-holders, unless such Register of Debenture –holders itself constitutes an index of Debenture-holders pursuant to Section 152(2) of the Act.
- (4) A Register of Contracts pursuant to Section 301 of the Act.
- (5) Register of Directors, Secretaries and Treasurers, Manager, Managing Directors and Secretary pursuant to Section 303 of the Act.
- (6) A Register of Directors 'Share holdings pursuant to Section 307 of the Act.
- (7) A Register of investments made by the company in shares and debentures of bodies corporate in the same group pursuant to Section 372 of the Act.
- (8) A Register of Investments not held by the company in its own name pursuant to section 49 (7) of the Act.

164. The company shall comply with the provisions of Section 39,118,163,196 ,219,301,302,304,307,362 and 372 of the Act as to the supplying of copies of the Register, deeds, documents, instruments, returns, certificates and book therein mentioned to the persons therein specified when so required by such persons, on payment of such charges if any, prescribed by the said sections.

165. When under any provisions of the Act any person, whether a member of the company or not, is entitled to inspect any register, returns, certificates, deed instrument or document required to be kept or maintained by the company, the person so entitled to inspection shall be permitted to inspect the same during hours of 11.30 a.m. and 1.30 p.m. on such business days as the Act requires them to be open for inspection.

#### **INDEMNITY**

166. Every Director, Manager, Secretary or officer of the company or any person ( whether an officer of the company or not) employed by the company and any person appointed Auditor shall be indemnified out of the funds of the company against all liability incurred by him as such Director, Manager, Secretary, Officer, Employee or Auditor in defending any proceedings, whether civil or criminal , or in connection with any application under Section 633 of the Act in which relief is granted to him by the court.

## LIST OF 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 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, Kolkata, West Bengal for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at : P-50, Princep Street, Deo Bhawan, 3rd Floor, Kolkata-700 017 T from 10.00 am to 4.00 pm on any working days from the date of this Red Herring Prospectus until the Bid Closing Date / Issue Closing Date.

### MATERIAL CONTRACTS

1. Memorandum of Understanding dated 30th December 2005 entered into with, R. R. Financial Consultants Limited to act as the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated 13th February 2007 entered into with, Chartered Capital And Investment Limited to act as the Co Book Running Lead Manager to the Issue.
3. Memorandum of Understanding dated 20th July 2005 entered into with Intime Spectrum Registry Limited, to act as the Registrar to the Issue.
4. Letter dated 13th December 2005 from the Company appointing R. R. Financial Consultants Limited as the Book Running Lead Manager, and their acceptance thereto.
5. Letter dated 30th June 2005 appointing Intime Spectrum Registry Limited as the Registrars to the Issue.
6. Syndicate Agreement dated February 17, 2007 between BRLM, CO-BRLM, Syndicate Member and Issuer Company.
7. Underwriting agreement dated [•] between the company, BRLM and the syndicate member.
8. Escrow agreement dated February 17, 2007 between the company, BRLM, Escrow collection banks and the registrar to the Issue.

### DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Certificate of incorporation of the Company dated June 12<sup>th</sup> 1991 and Certificate of change of name dated January 12<sup>th</sup>, 1996 (subsequent to change to a public limited company).
3. Fresh Certificate of Incorporation consequent to conversion into public company under section 44(2B) of the Act dated January 12<sup>th</sup> 1996 & change of name U/s 21 of Act on 9<sup>th</sup> August 2005.
4. Copy of the resolution passed at the meeting of the Board of Directors held on 14<sup>th</sup> November 2005 and a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 8<sup>th</sup> December 2005 approving this Public issue.
5. Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Book Running Lead Manager to the Issue, Legal Advisors, Bankers to the Company, Bankers to the Issue, Monitoring Agency, Registrars to the Issue and Syndicate Members, to include their names in the Letter of Offer to act in their respective capacities.
6. Consent dated 25<sup>th</sup> January 2007, from M/s. T.N. Dutta & Associates, Kolkata, Chartered Accountant for inclusion of their reports on accounts in the form and context in which they appear in the Prospectus.
7. Letter dated 25<sup>th</sup> January 2007, from the Auditors of the Company, M/s. T.N. Dutta & Associates, Kolkata, Chartered accountants confirming Tax benefits a mentioned in this Red Herring Prospectus.
8. Resolution of the Members of the Company passed at the Annual General Meeting held on 30<sup>th</sup> September 2005 appointing M/s. T.N. Dutta & Associates, Kolkata, Chartered Accountant as statutory auditors.
9. Resolution of the Meeting of the Board of Directors held on 22<sup>nd</sup> December 2005 for the formation of the Company's Audit Committee, Investors Grievances Committee, and Remuneration Committee.
10. Annual reports of the Company for the last 5 financial years ended on 31<sup>st</sup> March 2002, 31<sup>st</sup> March 2003, 31<sup>st</sup> March 2004, 31<sup>st</sup> March 2005, 31<sup>st</sup> March 2006 and for the nine months ended 31<sup>st</sup> December 2006.
11. Due Diligence Certificate dated 16th February 2006 from Lead Manager, R. R. Financial Consultants Limited

12. Tripartite agreement dated 16<sup>th</sup> February 2006, between the Company, Registrar and NSDL, for offering depository services.
13. Tripartite agreement dated 11<sup>th</sup> January 2007, between the Company, Registrar and CDSL, for offering depository services.
14. SEBI Observation letters dated 11<sup>th</sup> December 2006 and Company's reply dated 13<sup>th</sup> Feb 2007.
15. Copy of Complaint filed with SEBI by Gujarat NRE Coke Limited and reply submitted with SEBI.
16. In-principle listing approval dated September 26, 2006 from BSE.
17. General Power of Attorney dated 19<sup>th</sup> Jan 2007, executed by the other directors in favour of Mr. Rishi Raj Agarwal for signing and making necessary changes to the Red Herring Prospectus and the Prospectus.
18. Copy of the Agreement entered into with the Managing Director.
19. Copy of sanction letter from SBI for term loan dated 26<sup>th</sup> June 2006 and NOC for raising capital of Rs. 59.00 crores dated 12<sup>th</sup> February 2007.

Any of the contracts or documents mentioned in this 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 the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS OF GREMACH INFRASTRUCTURE EQUIPMENTS & PROJECTS LIMITED**

Mr. Ratan Lal Tamukuwala, Chairman

Mr. Rishi Raj Agrawal, Managing Director

Mr. Kranti Sinha, Director \*

Mr. Anand Agarwal, Director \*

Mr. Jiw Raj Khaitan, Director\*

(\* Through their constituted power of attorney Mr. Rishi Raj Agarwal)

Mr. Sanjive Arora  
Compliance Officer & Company Secretary

Mr. Deepak Ahuja  
Dy. General Manager - Finance

Date: 17.02.2007

Place: Mumbai

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