



**NKG INFRASTRUCTURE LIMITED**

Our Company was incorporated as "N.K. Garg and Company Private Limited" on November 16, 1989. The name of our Company was changed to "NKG Infrastructure Private Limited" and a fresh certificate of incorporation was granted by the Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi, on July 27, 2005. Subsequently, the name of our Company was changed to "NKG Infrastructure Limited" and pursuant to a special resolution of our shareholders dated August 2, 2005, our Company was converted into a public limited company and the fresh certificate of incorporation consequent to change of name was granted on January 9, 2006. For further details in relation to the corporate history of our Company, change in the name of our Company and address of our Registered Office, see "History and Corporate Structure" on page 93.

**Registered Office:** 124, Ground Floor, World Trade Center, Babar Road, Connaught Place, New Delhi 110 001

**Telephone:** +91 11 2341 3731; **Facsimile:** +91 11 2341 3732

**Corporate Office:** C 32 RDC, Raj Nagar, Ghaziabad 201 002, Uttar Pradesh, India

**Telephone:** +91 120 410 0401; **Facsimile:** +91 120 410 0407

**Contact Person and Compliance Officer:** Mr. Rajesh Sodhi, Company Secretary; **Telephone:** +91 11 2341 3731; **Facsimile:** +91 11 2341 3732

**E-mail:** ipo@nkginfra.com; **Website:** www.nkginfra.com

**THE PROMOTERS OF OUR COMPANY ARE MR. NARESH KUMAR GARG, MR. PRADEEP KUMAR GARG, MR. DEVENDRA KUMAR GARG AND AMAN PROMOTERS PRIVATE LIMITED**  
**PUBLIC ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") OF NKG INFRASTRUCTURE LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE, AGGREGATING UP TO RS. 2,750 MILLION (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE OF [●] EQUITY SHARES TO THE PUBLIC ("NET ISSUE") AND A RESERVATION OF [●] EQUITY SHARES FOR THE ELIGIBLE EMPLOYEES AT THE ISSUE PRICE (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE SHALL CONSTITUTE [●]% OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF THE COMPANY AND THE NET ISSUE SHALL CONSTITUTE [●]% OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF THE COMPANY.**

**THE PRICE BAND AND THE BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID OPENING DATE.**

In case of any revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision of the Price Band, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Self Certified Syndicate Banks ("SCSBs"), the National Stock Exchange of India Limited (the "NSE") and the Bombay Stock Exchange Limited (the "BSE"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate.

The Issue is being made through the 100% Book Building Process in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations"), wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), except allocation to Anchor Investors. Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Further, [●] Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received from them at or above the Issue Price. All Investors may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Specific attention of investors is invited to "Issue Procedure" on page 180.

**RISKS IN RELATION TO FIRST ISSUE**

This being the first public issue of the Issuer, there is no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined and justified by our Company in consultation with the Book Running Lead Managers, as stated in "Basis for the Issue Price" on page 41 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares 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 Issuer and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page x.

**IPO GRADING**

This Issue has been graded by [●] and has been assigned the "IPO Grade [●]/5" indicating [●]. For more information on IPO grading, see "General Information", "Other Regulatory and Statutory Disclosures" and "Material Contracts and Documents for Inspection" on pages 9, 162 and 232 respectively.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft 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 Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.

**LISTING ARRANGEMENT**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received in-principle approvals from the NSE and the BSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the [●] shall be the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGERS**

**REGISTRAR TO THE ISSUE**

<p><b>ENAM SECURITIES PRIVATE LIMITED</b> 801/802, Dalamal Towers Nariman Point Mumbai 400 021 Maharashtra, India. Telephone: +91 22 6638 1800 Facsimile: +91 22 2284 6824 Email: nkgipo@enam.com Website: www.enam.com Investor Grievance ID: complaints@enam.com Contact Person: Ms. Simran Gadh SEBI registration number: INM000006856</p>	<p><b>SBI CAPITAL MARKETS LIMITED</b> 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India Telephone: +91 22 2217 8300 Facsimile: +91 22 2218 8332 E-mail: nkgilipo@sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Harsh Soni SEBI registration number: INM000003531</p>	<p><b>Karvy Computershare Private Limited</b> Plot No. 17 to 24, Vithalrao Nagar Madhapur, Hyderabad 500 086 Andhra Pradesh, India Telephone (toll free): +91 40 2342 0815 Facsimile: +91 40 2342 0814 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person: Mr. Murali Krishna SEBI registration number: INR000000221</p>

**BID/ISSUE OPENS ON [●]\***

**BID/ISSUE PROGRAMME**

**BID/ISSUE CLOSES ON [●]\*\***

\* Our Company may consider participation by Anchor Investors. Anchor Investor shall Bid on Anchor Investor Bidding Date.

\*\* Our Company may, in consultation with the Book Running Lead Managers, decide to close the Bidding for QIBs one day prior to the Bid Closing Date.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

#### Company Related Terms

<b>Term</b>	<b>Description</b>
Articles/ Articles of Association	The articles of association of our Company, as amended.
Auditor	The statutory auditors of our Company, being M/s S.K. Mehta & Company, Chartered Accountants.
Board/ Board of Directors/ our Board	The board of directors of our Company, as duly constituted from time to time, or committees thereof.
Company/ Issuer/ we/ us/ our	NKG Infrastructure Limited, a public limited company incorporated under the Companies Act.
Corporate Office	The corporate office of our Company, presently situated at C 32 RDC, Raj Nagar, Ghaziabad 201 002, Uttar Pradesh, India.
Director(s)	The director(s) on our Board.
Group Companies	The companies, firms, ventures promoted by our Promoters, as described in “Our Group Companies” on page 116.
Memorandum/ Memorandum of Association/ MoA	The memorandum of association of our Company, as amended.
Promoters	The promoters of our Company, being Mr. Naresh Kumar Garg, Mr. Pradeep Kumar Garg, Mr. Devendra Kumar Garg and Aman Promoters Private Limited.
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI Regulations.
Registered Office	The registered office of our Company, presently situated at 124, Ground Floor, World Trade Center, Babar Road, Connaught Place, New Delhi 110 001.

#### Issue Related Terms

<b>Term</b>	<b>Description</b>
Allot/ Allotment/ Allotted	The allotment of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom Allotment is made.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least Rs. 100 million.
Anchor Investor Bidding Date	The date one day prior to the Bid Opening Date prior to or after which no Bids will be accepted from the Anchor Investors.
Anchor Investor Margin Amount	An amount equivalent to the Margin Amount, payable by Anchor Investors at the time of submission of their Bid.
Anchor Investor Portion	The portion of Net Issue available for allocation to Anchor Investors on a discretionary basis at the Anchor Investor Price in accordance with the SEBI Regulations, being up to 30% of the QIB Portion or up to [●] Equity Shares.
Anchor Investor Price	The price at which Allotment is made to Anchor Investors in terms of the Red Herring Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price.
ASBA or Application Supported by Blocked Amount	The application (whether physical or electronic) used to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bidder(s)	Prospective investors in this Issue who intend to Bid/apply through ASBA.
ASBA Form	The form, whether physical or electronic, by which an ASBA Bidder can make a Bid pursuant to the terms of the Red Herring Prospectus.
ASBA Revision Form	The forms used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Forms (if submitted in physical form).
Bankers to the Issue	The banks which are clearing members and registered with SEBI, in this case being [●].
Basis of Allocation	The basis on which the Equity Shares will be allocated as described in “Issue Procedure - Basis of Allocation” on page 207.

<b>Term</b>	<b>Description</b>
Bid	An indication by a Bidder to make an offer to subscribe for Equity Shares in terms of the Red Herring Prospectus.
Bidder	A prospective investor in this Issue, and unless otherwise stated or implied, includes an ASBA Bidder.
Bidding	The process of making a Bid.
Bid Amount	The highest Bid Price indicated in the Bid cum Application Form and in case of ASBA Bidders, the amount mentioned in the ASBA Form.
Bid cum Application Form	The form in terms of which a Bidder (other than an ASBA Bidder) makes a Bid in terms of the Red Herring Prospectus and which will be considered as an application for Allotment.
Bid Price	The prices indicated against each optional Bid in the Bid cum Application Form.
Bid Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and the SCSBs will not accept any Bids, which shall be notified in an English national daily newspaper and a Hindi national daily newspaper, each with wide circulation and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.  Our Company may, in consultation with the Book Running Lead Managers, decide to close the Bidding for QIBs one day prior to the Bid Closing Date.
Bid Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids, which shall be the date notified in an English national daily newspaper and a Hindi national daily newspaper, each with wide circulation and in case of any revision, the extended Bid Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date (inclusive of both days) and during which Bidders other than Anchor Investors can submit their Bids, inclusive of any revision thereof.
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI Regulations.
Book Running Lead Managers or BRLMs	Book running lead managers to this Issue, being Enam Securities Private Limited and SBI Capital Markets Limited.
CAN/ Confirmation of Allocation Note	In relation to Anchor Investors, the note or advice or intimation including any revisions thereof, sent to each successful Anchor Investors indicating the Equity Shares allocated after discovery of the Anchor Investor Price.  In relation to Bidders other than Anchor Investors, the note or advice or intimation including any revisions thereof, sent to each successful Bidder indicating the Equity Shares allocated after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, in this case being Rs. [●], and any revisions thereof, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Cut-Off Price	Any price within the Price Band determined by our Company in consultation with the Book Running Lead Managers, at which only the Retail Individual Bidders and the Eligible Employees are entitled to Bid, for Equity Shares of an amount not exceeding Rs. 100,000.
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue, or by when have issued, instructions for transfer, of the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account in terms of the Red Herring Prospectus.
Designated Stock Exchange or DSE	[●].
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated June 24, 2010 filed with SEBI, prepared and issued by our Company in accordance with the SEBI Regulations.

<b>Term</b>	<b>Description</b>
Eligible Employee	A permanent and full-time employee, working in India or abroad, of our Company or a Director of our Company, as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India as on the date of submission of the Bid cum Application Form and who continue to be in the employment of our Company until submission of the Bid cum Application Form.  An employee who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent employee' of our Company.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Employee Reservation Portion	The portion of the Issue being up to [●] Equity Shares available for allocation to Eligible Employees.
Equity Shares	The equity shares of our Company of face value of Rs. 10 each.
Escrow Account(s)	Accounts opened for this Issue to which cheques or drafts are issued by Bidders (excluding ASBA Bidders).
Escrow Agreement	An agreement to be entered among our Company, the Registrar to the Issue, the Escrow Collection Banks, the Book Running Lead Managers and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Banks	The banks which are clearing members and registered with SEBI, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Form.
Floor Price	The lower end of the Price Band below which no Bids will be accepted, in this case being Rs. [●], and any revisions thereof.
IPO Grading Agency	[●], the credit rating agency appointed by our Company for grading this Issue.
Issue	Public issue of an aggregate of up to [●] Equity Shares consisting of the Net Issue and the Employee Reservation Portion.
Issue Price	The price at which Allotment will be made, as determined by our Company in consultation with the Book Running Lead Managers.
Issue Proceeds	Gross proceeds to be raised by our Company through this Issue.
Key Management Personnel	The personnel listed as key management personnel in "Our Management" on page 97.
Margin Amount	An amount up to 100% of the Bid Amount paid by Bidders or blocked in the ASBA Account, as the case may be, at the time of submission of the Bid cum Application Form or the ASBA Form, as applicable.
Mutual Fund Portion	[●] Equity Shares or 5% of the Net QIB Portion, available for allocation to Mutual Funds out of the Net QIB Portion.
Net Proceeds	Net proceeds of the Issue after deducting the Issue related expenses from the Issue Proceeds.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares allocated to the Anchor Investors, subject to a minimum of [●] Equity Shares to be allocated to QIBs on a proportionate basis.
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporates or foreign individuals) that are not QIBs or Retail Individual Bidders or Eligible Employees bidding under the Employee Reservation Portion and who have Bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Net Issue consisting of [●] Equity Shares, available for allocation to Non-Institutional Bidders.
Pay-in Date	Any date within the Pay-in-Period and which shall with respect to the Anchor Investors, be the Anchor Investor Bidding Date.
Pay-in Period	For Bidders other than Anchor Investors, the period commencing on the Bid Opening Date and continuing till the Bid Closing Date, and with respect to Anchor Investors, the Anchor Investor Bidding Date.
Price Band	The price band between the Floor Price and Cap Price, including any revisions thereof.
Pricing Date	The date on which the Issue Price is finalised by our Company, in consultation with the Book Running Lead Managers.
Prospectus	The prospectus of our Company to be filed with the RoC for this Issue after the Pricing Date, in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Public Issue Account	The bank account opened with the Bankers to the Issue under Section 73 of the Companies Act to receive money from the Escrow Account on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts.
QIBs/ Qualified Institutional	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and

<b>Term</b>	<b>Description</b>
Buyers	Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million, the NIF and insurance funds set up and managed by army, navy or air force of the Union of India, eligible for Bidding.
QIB Portion	The portion of the Net Issue to be Allotted to QIBs (including the Anchor Investor Portion), being up to [●] Equity Shares.
Red Herring Prospectus or RHP	The red herring prospectus to be issued by our Company in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Refund Account(s)	The account opened with the Refund Bankers, from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refunds through electronic transfer of funds	Refunds through ECS, NEFT, direct credit or RTGS, as applicable.
Refund Banker(s)	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being [●].
Registrar/ Registrar to the Issue	Karvy Computershare Private Limited
Retail Individual Bidders	Bidders, including HUFs (applying through their <i>Karta</i> ) and NRIs, who have Bid for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of the Issue being not less than 35% of the Net Issue, consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders, other than ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	The BSE and the NSE.
Syndicate Agreement	The agreement to be entered by our Company and members of the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate Members	Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, in this case being [●].
Syndicate	The Book Running Lead Managers and the Syndicate Members.
Transaction Registration Slip/ TRS	The slip or document issued by any of the members of the Syndicate, or the SCSBs, as the case may be, to a Bidder upon demand as proof of registration of the Bid.
Underwriters	The Book Running Lead Managers and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters, our Company and the Registrar to the Issue on or immediately after the Pricing Date.
Working Days	All days excluding Sundays and bank holidays.

### **Conventional/General Terms, Abbreviations and Reference to Other Business Entities**

<b>Abbreviation</b>	<b>Full Form</b>
AGM	Annual general meeting.
Air Act	Air (Prevention and Control of Pollution) Act, 1981, as amended.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
Assessment Year	The period of twelve months commencing from the first day of April every year.
BPLR	Benchmark Prime Lending Rate.
BSE	The Bombay Stock Exchange Limited.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate identification number.
Companies Act	The Companies Act, 1956, as amended.
CPA	Consumer Protection Act, 1986 as amended.
CPC	The Code of Civil Procedure, 1908, as amended.
Cr.P.C.	The Criminal Procedure Code, 1973, as amended.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996 as amended.
DIN	Director's identification number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DP ID	Depository Participant's Identity.

<b>Abbreviation</b>	<b>Full Form</b>
EBITDA	Earnings before interest, tax, depreciation and amortisation.
ECB	External commercial borrowings.
ECS or NECS	Electronic clearing system or the national electronic clearing system.
EGM	Extraordinary general meeting.
EPS	Earnings per share i.e., profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/period.
FCNR Account	Foreign currency non-resident account.
FDI	Foreign direct investment, as understood under applicable Indian regulations.
FEMA	The Foreign Exchange Management Act, 1999, as amended, together with rules and regulations framed thereunder.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI thereunder.
FII Regulations	The Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, GoI.
Fiscal or Financial Year or FY	A period of twelve months ended March 31 of that particular year.
FVCI	Foreign venture capital investor as defined under the FVCI Regulations and registered with SEBI thereunder.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GDP	Gross domestic product.
GIR Number	General index registry number.
GoI or Government	Government of India.
HUF	Hindu undivided family.
IFRS	International financial reporting standards.
ICAI	Institute of Chartered Accountants of India
Indian GAAP	Generally accepted accounting principles in India.
IPO	Initial public offering.
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999, as amended.
IT	Information technology.
IT Act	The Income Tax Act, 1961, as amended.
IT Department	Income tax department.
LA Act	The Land Acquisition Act, 1894, as amended.
Ltd.	Limited.
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
MICR	Magnetic ink character recognition.
MOU	Memorandum of Understanding.
MRTP Act	Monopolistic and Restrictive Trade Practices Act, 1969 as amended.
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
NAV	Net asset value being paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued equity shares outstanding at the end of Fiscal.
NEFT	National electronic fund transfer service.
Net Worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.
NOC	No Objection Certificate.
NRs/ Non Residents	Persons resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
NRI/ Non Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NRE Account	Non-resident external account.
NRO Account	Non-resident ordinary account.
NSDL	National Securities Depository Limited.

<b>Abbreviation</b>	<b>Full Form</b>
NSE	The National Stock Exchange of India Limited.
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 and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
p.a.	Per annum.
PAN	Permanent Account Number allotted under the IT Act.
P/E Ratio	Price/earnings ratio.
PLR	Prime lending rate.
Pvt.	Private.
RBI	The Reserve Bank of India.
Regulation S	Regulation S under the Securities Act.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi
RoNW	Return on Net Worth.
Rs. or Rupees	Indian Rupees.
SAT	The Securities Appellate Tribunal.
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Securities Act	The U.S. Securities Act of 1933, as amended.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended.
TAN	Tax deduction account number.
TDS	Tax Deducted at Source.
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
U.S. or US or U.S.A	The United States of America.
VCFs	Venture Capital Funds as defined under the VCF Regulations and registered with SEBI thereunder.
VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended.
Water Act	Water (Prevention and Control of Pollution) Act, 1974, as amended.

### **Industry/ Project Related Terms, Definitions and Abbreviations**

<b>Term</b>	<b>Description</b>
ACSR	Aluminium conductor steel reinforced.
BOT	Build, operate, transfer.
BTK	Billion tonne kilometre.
BOQ	Bill of quantities.
CAGR	Compound annual growth rate.
D.G. Set	Diesel generator set.
DT	Distribution transformer.
EMD	Earnest money deposit.
EPC	Engineering, procurement and construction.
ESIC	Employees' state insurance corporation.
H.E.	Hydro-electric.
H.R.T	Head raise tunnel.
HT	High tension.
HVDS	High voltage distribution system.
JV	Joint venture.
Km	Kilometer.
kV	Kilovolt.
KVA	Kilo volt ampere.
LT	Low tension.

<b>Term</b>	<b>Description</b>
MW	Megawatt.
NH	National highways.
NHAI	National Highways Authority of India.
PPP	Public private partnership.
PWD	Public Works Department.
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana.
RMC	Ready mixed concrete.
ROB	Rail over bridge.
SDBC	Semi-dense bituminous concrete.
SH	State highway.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “Main Provisions of the Articles of Association”, “Statement of Tax Benefits” and “Financial Statements” on pages 219, 43 and F- 1, respectively, have the meanings given to such terms in these respective sections.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references to “India” in this Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions and all references to the “US”, the “USA”, the “United States” or the “U.S.” are to the United States of America, together with its territories and possessions.

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements, prepared in accordance with Indian GAAP and the SEBI Regulations, which are included in this Draft Red Herring Prospectus, and set out in “Financial Information” on page F- 1. Our fiscal/financial year commences on April 1 and ends on March 31.

There are significant differences between Indian GAAP and IFRS or US GAAP. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft 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 Draft Red Herring Prospectus should accordingly be limited.

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

### **Currency of Presentation and Exchange Rates**

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or United States Dollars are to the official currency of the United States of America. All references to “€” are to Euros, the official currency of European Union. All references to “JPY” are to the official currency of the Japan. All references to “GBP” or “Sterling Pound” are to the official currency of the United Kingdom.

The exchange rates of the respective foreign currencies are as stated below.

	<b>June 15, 2010</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>
1 USD*	46.73	45.14	50.95	39.97
1 Euro*	56.92	60.56	67.48	63.09
1 JPY*	0.51	0.48	0.52	0.40
1 Sterling Pound*	68.68	68.03	72.86	79.53

\* Source: [www.rbi.org.in](http://www.rbi.org.in)

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the 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 laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Implementation risks involved in our projects;
- Political and regulatory environment;
- Our ability to raise capital for our future projects;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Our exposure to market risks;
- The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- Changes in the foreign exchange control regulations in India;
- Foreign exchange rates, equity prices or other rates or prices; and
- The performance of the financial markets in India.

For further discussion of factors that could cause our actual results to differ, see “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Company” on pages x and 126 of this Draft Red Herring Prospectus, respectively. 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 our Company, the Book Running Lead Managers nor the Syndicate Member 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 the SEBI requirements, our Company and the Book Running Lead Managers 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.

## SECTION II – RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. The information contained in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. The risks and risk factors set forth below are not an exhaustive list of the risks currently facing us or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the Equity Shares could decline due to such risks and you may lose 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 or other implication of any of the risks described in this section. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of the Company as of and for the Fiscals 2006, 2007, 2008 2009 and 2010, in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.*

### **Internal Risks**

#### **Risks Relating to Our Business**

- 1. One of our Group Companies is currently and has in the past, been subjected to proceedings initiated by SEBI.*

SEBI had, pursuant to its letter dated October 16, 2006 issued notices to one of our Group Companies, Intec Shares and Stock Brokers Limited (“ISSBL”), Mansukh Securities & Finance Limited, a broking firm, Monalisha Securities Private Limited, a sub-broker of ISSBL, and Classic Investments, a client of ISSBL, in relation to creation of artificial volumes and price irregularities in the trading of the shares of Videocon Industries Limited (“VIL”) and NRB Bearings Limited. This letter was issued by SEBI pursuant to an investigation by SEBI based on the inputs from NSE, in relation to the scrips of VIL and NRB during the period May 1, 2004 to June 15, 2004. Consequent to SEBI agreeing to a request by ISSBL to seek settlement terms, ISSBL filed consent applications before SEBI pursuant to letters dated February 27, 2010 and March 3, 2010. The abovementioned matters are currently pending and the orders of SEBI in this regard are awaited.

Further, an order dated July 27, 2007 was issued by SEBI against one Mr. Pankaj Gupta, a dealer and client of ISSBL, stated that ISSBL alongwith Mansukh Securities & Finance Limited, a broking firm, were jointly involved in manipulation of the price movement and trading of the scrips of VIL during the period January 14, 2004 to February 26, 2004. ISSBL had been previously issued a show cause notice dated August 31, 2005 in this regard. The operative provisions of the said order was directed at Mr. Pankaj Gupta who was restrained from accessing the securities markets for a period of six years. Neither ISSBL nor Mansukh Securities & Finance Limited, were subjected to any adverse orders. However, subsequently, SEBI issued a letter dated January 28, 2010 to ISSBL, directing it to submit additional written representations within 15 days of the receipt of the letter. The matter is currently pending and further orders of SEBI in this regard are awaited.

An order dated August 25, 2003 issued by SEBI directed that the certificate of registration of ISSBL, be suspended for a period of four months on grounds of, *inter alia*, delay in making payments to clients, non-collection of margins, non-segregation of clients’ funds and own funds and cross deals. Subsequently, pursuant to an appeal preferred against the order of SEBI, the SAT modified the order of SEBI to that of a warning pursuant to its order dated December 16, 2004.

Further, the SEBI has, in the past, suspended the registration of ISSBL as a stock broker from September 15, 2009 till March 14, 2010 due to the failure of ISSBL to pay the due registration fee. Pursuant to an order dated September 15, 2009, the proceedings were dismissed as the registration fee was subsequently paid.

For further details in relation to the abovementioned proceedings, see “Outstanding Litigation and Material Developments – Details of past cases or proceedings in which penalties were imposed on our Company and our

Group Companies by the concerned authorities” and “Outstanding Litigation and Material Developments – Pending litigations against our Group Companies” on pages 156 and 155, respectively.

**2. *Our Corporate Office has been subject to search and seizure operations under the IT Act.***

Our Company has, on November 6, 2009, witnessed search and seizure operations at our Corporate Office, by the income tax authorities, under the applicable provisions of the IT Act. Some of our goods, including loose papers and computer hardware were seized for scrutiny during such operations. Besides certain follow-up correspondences, our Company has not received any further summons or notices requiring us to respond. For further details in this regard, see “Outstanding Litigation and Material Developments – Details of past cases or proceedings in which penalties were imposed on our Company and our Group Companies by the concerned authorities” on page 156. We do not have any further information in this regard or of any further penalties or seizure operations, which we may be subjected to. However, there can be no assurance that this or any subsequent action by the income tax authorities will not result in them pursuing proceedings for financial or other penalties. We cannot assure you that the outcome of any such proceedings, if initiated, will not materially and adversely affect our financial position or results of operations.

**3. *Information relating to our order book may not be representative of our future results.***

Our order book as of any particular date comprises of unbilled/ unfinished portions of our ongoing projects, for which we have received orders but are yet to commence construction, and the value of our share in our joint venture. Our order book was Rs. 29,581.31 million as of March 31, 2010. Our order book is not audited and may not reflect our financial results in the future. The order book amount does not necessarily indicate future earnings related to the performance of that work and if we do not achieve our expected margins or suffered losses on one or more of these contracts, this could reduce our income or cause us to incur a loss.

Future earnings related to the performance of the work in the order book may not necessarily be realised. Although projects in the order book represent business that we consider firm, cancellations or scope adjustments may occur. Due to changes in project scope and schedule, we cannot predict with any certainty when or if the projects in our order book will be performed and will generate revenue. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or dispute the amounts owed to us. There may also be delays associated with collection of receivables from clients. Any delay, cancellation or payment default could materially harm our cash flow position, revenues or profits, and adversely affect the trading price of our Equity Shares.

**4. *Our portfolio of projects is concentrated in certain large-scale projects. Any delay or impediment to these projects will have adverse impact on our financial position.***

There are various risks associated with the execution of large-scale integrated projects. Currently, we are involved in the construction of the Employees State Insurance Corporation Hospital at Noida, Uttar Pradesh, and the medical college at Faridabad, Haryana, in accordance with the terms and conditions agreed with Employees’ State Insurance Corporation, New Delhi and the Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh, for aggregate contract values of Rs. 756.73 million and Rs. 5,043.50 million, respectively. Further, the National Buildings Construction Corporation Limited has awarded us the contract for modernization of existing hospital and construction of buildings for the dental college, auditorium, residential buildings, hostels, site development, and other allied works at Pandu Nagar, Kanpur, Uttar Pradesh, for a contract value of Rs. 2,183.97 million. For further details in relation to these projects and other similar projects currently being undertaken by us, see “Our Business – Order Book as on March 31, 2010” on page 69.

Such contracts may constitute a large part of our portfolio, increasing the potential volatility of our results of operations. Managing large-scale integrated projects may increase the potential relative size of cost overruns and negatively affect our operating margins. Our five largest contracts in terms of value outstanding represented approximately 51.83% of our order book as of March 31, 2010. Further, in Fiscal 2010, our top five projects accounted for 19.12% of our revenues. We believe that our contract portfolio will continue to be concentrated to a similar degree in the future. If we do not achieve our expected margins or suffer losses on one or more of these large contracts, our results of operations may be adversely affected.

**5. *We may not always possess and maintain our bid capacity and pre qualification capability.***

Our business and growth are dependent on our ability to bid for and secure large and varied projects. Bidding for construction projects is dependent on various criteria, including, bid capacity and pre-qualification capability. Bid capacity relates to the highest possible value of a single project that can be awarded to us. In addition to meeting bid capacity requirements, we may also be required to pre-qualify for the projects. This includes various factors such as the technical capability and experience of having executed similar projects. It is imperative to enhance our bid capacity and pre-qualification capability. However, we cannot assure that we shall always maintain our bid capacity and our pre-qualification capabilities, or at all, and that we shall be able to continually secure projects so as to enhance our financial performance and results of operations.

**6. *We are exposed to significant execution risks on some of our contracts.***

Some of our construction projects are performed on a fixed-price or lump-sum basis. Under the terms and conditions of such fixed-price or lump-sum contracts, we agree for a fixed price for providing engineering, procurement and construction services for a part of the project. In the case of turnkey contracts, completed facilities which are delivered in a ready-to-operate condition, subject to contract variations pursuant to changes in the client's project requirements and escalation clauses relating to increases in the prices of raw materials.

The actual costs incurred by us in connection with the execution of a fixed-price or lump-sum turnkey contract may, however, vary from the assumptions underlying our bid for several reasons, including:

- unanticipated changes in engineering design of the project;
- inaccurate drawings and technical information provided by clients on which bids were based;
- unforeseen design and engineering construction conditions, site and geological conditions, resulting in delays and increased costs;
- inability by the client to obtain requisite environmental and other approvals;
- delays associated with the delivery of equipment and materials to the project site;
- unanticipated increases in equipment costs;
- delays caused by local and seasonal weather conditions; and
- suppliers' or sub-contractors' failure to perform their obligations in a timely manner.

Under item-rate contracts, we agree to provide certain construction activities at a rate specified in the relevant contract. Such contracts provide an estimate of the quantity of activities involved and these quantities may be varied by the parties during the course of the project. While the additional costs associated with actual quantities exceeding estimated quantities may pass to us under typical circumstances, we however bear the risk associated with actual costs for construction activities exceeding the estimates in cases where contracts contain limits on price escalation clauses. Unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. These variations and the risks generally inherent to the construction industry may result in our profits being different from those originally estimated and may result in reduced profitability or losses on projects.

**7. *We face implementation risks with our longer term projects and our inability to successfully manage such risks may have an adverse impact on our business.***

Most of our construction contracts require us to complete the project within 18 to 24 months. Such long term agreements have inherent risks that may not be within our control and expose us to implementation and other risks, including construction delays, material shortages, unanticipated cost increases and cost overruns. In addition, business circumstances may materially change over the life of one or more of our agreements and we may not have the ability to modify our agreements to reflect these changes. Further, our commitments under these agreements may reduce our flexibility to implement changes to our business plans and expose us to increased risk of unforeseen industry changes.

**8. *Any disruption in the adequate and timely supply of raw materials such as steel, bitumen, aggregate, cement, pipes and electrical goods at commercially acceptable prices could adversely affect our business and results of operations.***

The timely and cost effective execution of our projects is dependant on the adequate and timely supply of raw materials, such as steel, bitumen, aggregate, cement, pipes and electrical goods. We have not entered into any long-term contracts for the purchase of such raw materials with our suppliers. We cannot assure you that we will be able to procure adequate supplies of key materials in the future, as and when we need them on commercially acceptable terms.

Additionally, we typically use third-party transportation providers for the supply of most of our raw materials. Transportation strikes by members of Indian truckers' unions and various legal or regulatory restrictions placed on transportation providers have had in the past, an adverse effect on our receipt of supplies. Further, transportation costs have been steadily increasing, and the prices of raw materials themselves can fluctuate. If such restrictions and incidents occur, or if we are unable to procure the requisite quantities of raw materials in time and at commercially acceptable prices, the performance of our business and results of operations may be adversely affected.

**9. *Our business and growth primarily depends upon the award of new contracts in a timely manner or at all.***

The growth and continuity of our business depends on us being awarded new contracts. It is difficult to predict whether we will be awarded a new contract and the timeframe within which such contract will fructify, since many potential contracts involve a lengthy and complex bidding/ selection process which is affected by a number of factors, including changes in existing or assumed market conditions, financing arrangements, governmental approvals and environmental matters. Our results of operations and cash flows can fluctuate materially from period to period depending on the timing of contract awards. Because our revenues are derived from these contracts, our results of operations and cash flows may be adversely affected or may fluctuate materially from period to period depending on the timing of the award of contract. The uncertainty associated with the timing of contract awards may increase our cost of doing business over a short period or a comparatively longer term.

For example, we may decide to maintain and bear the cost of a workforce in excess of our current contract needs in anticipation of future contract awards. If an expected contract award is delayed or not received, we could incur costs in maintaining an idle workforce that may have a material adverse effect on our results of operations. Alternatively, we may, in the future, decide that our long term interests are best served by reducing our workforce and incurring increased costs associated with severance and termination benefits which also could have a material adverse effect on our results of operations for the period when incurred.

**10. *Tender processes and qualification criteria, through which new projects are awarded, may be delayed or cancelled, thereby reducing or eliminating our ability to undertake a project.***

Most infrastructure development projects are awarded through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. There can be no assurance that the projects for which we bid will be tendered within a reasonable time, or at all. The tender processes may also be subject to change in qualification criteria, unexpected delays and uncertainties. In the event that new projects which have been announced, and which we plan to tender for, are not put up for tender within the announced timeframe, or qualification criteria are modified such that we are unable to qualify, the tender process is subject to delay or uncertainty, though not quantifiable monetarily, our business, prospects, financial condition and results of operations could be materially and adversely affected.

**11. *Our business typically demands high working capital requirements. If we experience insufficient cash flows to enable us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.***

Our business requires a high amount of working capital. We had availed working capital loans aggregating Rs. 1,190.78 million and Rs. 1,002.31 million in Fiscals 2010 and 2009, respectively. In many cases, significant amounts of working capital are required to finance the purchase of materials and the performance of engineering, construction and other work on projects before payments are received from clients. In certain cases, we are contractually obligated to our clients to fund the working capital requirements of our projects. Our working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a project or otherwise increase our working capital burdens.

In addition, our working capital requirements have increased in recent years because we have undertaken a growing number of projects within a similar timeframe and due to the general growth of our Company's business. All of these factors have resulted or may result in increases in our working capital needs. It is customary in the industry in which we operate to provide bank guarantees or performance bonds in favor of clients to secure obligations under contracts. In addition, letters of credit are often required to satisfy payment

obligations to suppliers and sub-contractors. If we are unable to provide sufficient collateral to secure the letters of credit, bank guarantees or performance bonds, our ability to enter into new contracts or obtain adequate supplies could be limited. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs. We may not be able to continue obtaining new letters of credit, bank guarantees, and performance bonds in sufficient quantities to match our business requirements. Our expansion plans require significant expenditure and if we are unable to obtain necessary funds for expansion, our business may be adversely affected.

Further, due to various factors, including certain extraneous factors such as changes in tariff regulations, interest rates, insurance and other costs or borrowing and lending restrictions, if any, we may not be able to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms. Any such situation would adversely affect our business and growth prospects.

**12. *Timely and successful completion of our projects is dependent upon our performance and, in the case of many projects, the cooperation of our sub-contractors.***

Typically construction contracts are subject to specific completion schedule requirements with liquidated damages chargeable in the event that a project falls behind schedule. In cases where we engage sub-contractors, the timely completion of the contract for our client depends in part on the performance of such sub-contractors. Furthermore, failure to adhere to contractually agreed timelines for any reason could cause damage to our reputation and client base, result in us being required to pay liquidated damages or lead to forfeiture of security deposits or invocation of performance guarantees. Damage to our reputation could adversely affect our ability to pre-qualify for projects, which in turn may adversely affect our business and results of operations. Further, failure to effectively cover ourselves against risks for any of these reasons could expose us to substantial costs and potentially lead to material losses. The occurrence of any of these possibilities may also adversely affect industry perception of our operations and the perception of our suppliers, clients and employees, leading to an adverse effect on our business, results of operations and financial condition.

**13. *We operate in a very competitive industry and our failure to successfully compete could result in the loss of one or more significant customers.***

We operate in a very competitive environment and compete against various domestic and foreign infrastructure, engineering and construction companies. Our competitive edge depends on various factors, such as the type of project, contract value, potential margins, the complexity, location of the project and risks relating to revenue generation. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards.

We may be unable to compete with larger EPC companies or BOT companies for high-value contracts, as many of them may have greater financial resources, economies of scale, operating efficiencies and higher requirements for technical qualifications. For securing BOT projects we require to leverage our technical and financial credentials, or form joint ventures to meet the high pre-qualification requirements. A number of our competitors are larger and better placed, which enables them to take advantage of efficiencies created by size, and gives them better financial resources or greater access to capital at lower costs. Some of our competitors may be better known in regional markets in which we compete. Further, we may be required to further enhance our execution and bidding capabilities, so as to successfully compete with the other players in the construction business, in which we may not be successful. If we are unable to bid for and win such projects, whether large or small, or compete with larger competitors, we may be unable to sustain or increase, our volume of order intake and our results of operations may be materially adversely affected.

**14. *Our business operations are concentrated in certain selected regions in India and are consequently we are exposed to certain operational risks emanating therefrom.***

Our operations and clients are currently concentrated in certain selected regions Uttar Pradesh, NCT of Delhi, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa and Himachal Pradesh. We are, thus, exposed to certain operational risks emanating therefrom. Should there be a regional slowdown in construction activity or economic activity in these regions or any developments that make construction and infrastructure projects economically less beneficial, the growth of our business, our financial condition and results of operations in the future could suffer. In addition, our business is dependent on construction projects in these states being undertaken or awarded by governmental authorities. If there is a slowdown in the development of construction

and infrastructure projects or a decrease in the participation of the private sector in such projects, the growth of our business and results of operations in the future could be materially and adversely affected.

**15. *An inability to manage our growth could have an adverse effect on our business and results of operation.***

We have experienced rapid growth in recent years and expect our construction and infrastructure business to continue to grow as we gain access to better financial resources. For example, our income has grown from Rs. 3,546.68 million in Fiscal 2008 to Rs. 10,258.12 million in Fiscal 2010, at a CAGR of 70.07% and our profit after tax, as restated, has increased from Rs. 168.80 million in Fiscal 2008 to Rs. 514.54 million in Fiscal 2010, at a CAGR of 74.60%. There can be no assurance that the past increases in our revenue and profits will be sustained. Further, if this growth continues, it will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. In particular, continued expansion increases the challenges involved in:

- preserving a uniform culture, values and work environment across our projects;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel; and
- maintaining high levels of client satisfaction.

Any inability to manage the above factors may have an adverse effect on our revenues, business and results of operations.

**16. *Our failure to successfully diversify or implement and integrate our expanded operations could adversely affect our results of operations.***

We intend to venture into BOT and annuity projects in the future. Our expansion and diversification strategy exposes us to new business risks, in which we may not have the expertise, capability or the systems to manage. This strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls and will increase the challenges involved in recruitment, training and retaining sufficient skilled technical and management personnel and developing and improving our internal and administrative infrastructure. No assurance can be given that a failure to successfully implement such future business ventures would not have a material adverse effect on our business, financial position and results of operations, though such material adverse effect cannot be quantified monetarily. Any failure to integrate the expanded operations into our existing business operations or any failure to manage these successfully could materially and adversely affect our business, financial condition and results of operations.

**17. *Our revenues and order book is heavily dependent on projects/ engagements in the state of Uttar Pradesh and if there is a significant decline in orders from such State then our revenues may be adversely affected in the future.***

A significant portion, i.e., 40.18% of our order book as on March 31, 2010 and a majority of our revenues for Fiscal 2010 are attributable to projects located in the state of Uttar Pradesh. In the event that demand for infrastructure activities in general and roads, highways, bridges construction in particular, reduces or stops by any reason including political strife or instability or change in policies of state government of Uttar Pradesh, our financial condition and results of operations may be materially and adversely affected.

**18. *Our business is significantly dependent on policies of the GoI and various governmental entities in India and could be materially and adversely affected if there are adverse changes in such policies.***

Our business is dependent significantly on various central and state governmental entities, in terms of policies, incentives, budgetary allocations and other resources provided by these entities for the infrastructure development and construction industry, from which we benefit, as well as in terms of the contractual arrangements and certain incentives we receive from these governmental entities for our existing and potential projects. As of March 31, 2010, approximately 85% of our order book constituted of awards granted by the government or governmental entities. Any adverse change in the focus or policy framework regarding infrastructure development and construction industry, of the GoI, the state governments and various governmental agencies in India, could adversely affect our existing projects and opportunities to secure new

projects.

Additionally, the projects in which governmental entities participate may be subject to delays, extensive internal processes, policy changes, changes due to local, national and internal political pressures and changes in governmental or external budgetary allocation and insufficiency of funds. Since governmental entities are primarily responsible for awarding EPC contracts to us, our business is directly and significantly dependent on their support. Any withdrawal of support or adverse changes in their policies, though not quantifiable monetarily, may lead to our agreements being restructured or renegotiated and could also materially and adversely affect our financing, capital expenditure, revenues, development or operations relating to our existing projects as well as our ability to participate in competitive bidding or bilateral negotiations for our future projects.

**19. *We are subject to risks associated with debt financing and restrictive covenants in loan arrangements which could adversely affect our ability to grow our business or react to changes in our business environment.***

We have procured certain indebtedness and will continue to have indebtedness and debt service obligations following the Issue. As of May 31, 2010, our debt was Rs. 1,772.10 million. For further details see “Financial Indebtedness” on page 142. We cannot assure you that we will generate cash in an amount sufficient to enable us to service our debt or fund other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms, or at all.

Our loan agreements may also contain certain restrictive covenants, such as requiring consent of the lenders, *inter alia*, for issuance of new shares, creating further encumbrances on its assets, disposing of its assets and declaring dividends or incurring capital expenditures beyond certain limits. Some of these loan agreements also contain covenants which limit our ability to make any change or alteration in our capital structure, our Memorandum and Articles, make investments and effect any scheme of amalgamation or restructuring. There can be no assurance that we will be able to comply with the financial and other covenants imposed by the loan agreements in the future.

Any failure by us to service our indebtedness, maintain the required security interests maintain debt/equity ratios or otherwise perform our obligations under financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities, or enforcement of substitution rights by our lenders as a result of which we may lose certain or all of our concession rights over the project and the entity substituted by our lender may replace us as the concessionaire to implement the project, any of which may adversely affect our business, financial condition and results of operations.

**20. *Our Company has availed unsecured debt aggregating Rs. 10.00 million, as of May 31, 2010, from a lender that is repayable on demand, which if recalled may have an adverse effect on our financial conditions.***

Our Company has availed unsecured debt of Rs. 10.00 million from Kotak Mahindra Bank that is repayable on demand. As of May 31, 2010, Rs. 0.50 million of the said facility was outstanding. In the event that Kotak Mahindra Bank or any other lender from whom we may avail unsecured borrowings in the future, call in such loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all. For further details in this regard, see “Financial Statements” on page F- 1.

**21. *We depend on forming successful joint ventures to qualify for the bidding process for large projects and may be exposed to joint liability for our partner.***

We intend to bid for and secure BOT projects in the future. Further, in order to be able to bid for certain large scale projects, we enter into memoranda of understanding or joint venture agreements with other companies to meet capital adequacy, technical or other requirements that may be required as part of the pre-qualification for bidding or execution of the contract. In case where we are unable to forge an alliance with appropriate partners to meet such requirements, we may lose out on opportunities to bid.

Where we have formed a joint venture, our Company can claim benefits flowing to the joint venture to the extent of its share in the joint venture as agreed among the joint venture partners. However, the liability of joint

venture partners is joint and several for, *inter alia*, any breach or non-performance of the contract. A breach or inability of our partner to continue with a project, due to financial, legal or other difficulties, could result in us being required to bear increased and, at times, sole responsibility for the completion of the project and a greater share of the financial risk of the project. Consequently, we would be liable for completion of the entire project if our joint venture partner were to default on its duty to perform, which could have an adverse effect on our business and results of operations.

**22. *Our ability to negotiate standard form government contracts may be limited.***

We rely on governmental entities for a substantial portion of our revenues. Political or financial pressures could cause them to force us to renegotiate our contracts and could adversely affect their ability to pay. For example, NHAI's revenues are dependent upon grants from the GoI and cash flows generated by its road operations, and if such revenues are not sufficient to discharge its liabilities, there may be pressure to reduce the fees we are entitled to receive from NHAI. We cannot assure that the payments we are entitled to receive under our EPC contracts will not be subject to reductions by governmental entities. Any such reduction, if material, could materially and adversely affect our business, prospects and results of operations. In addition, our ability to negotiate the terms of contracts with governmental entities is limited and we may be forced to accept unusual or onerous provisions in such contracts in order to be hired for the projects. Such provisions may limit amounts we recover for our services or cause us to incur additional costs not typically borne by us.

**23. *We may be subject to various warranty and indemnity claims and remedial and other costs relating to our projects.***

In relation to our construction projects, we may be subject to claims resulting from defects arising from workmanship, procurement and/or construction services provided by us within the applicable warranty periods. Actual or claimed defects in equipment procured and/or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, or damage to property, equipment and facilities or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. A failure to meet quality standards could expose us to the risk of liability claims during the project execution period when our obligations are typically secured by performance guarantees, and during the defects liability period, which typically range from 12 months to 60 months from the completion of work.

Any defects in our work could also result in customer claims for damages. In defending such claims, we could incur substantial costs and be subject to adverse publicity. Management resources could be diverted away towards defending such claims. In the event that the defects are not rectified to the satisfaction of our clients, the clients may decide not to return part or all of the retention monies under the contract.

**24. *Our business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.***

We currently have operations and staff spread across eight states in India. Consequently, we are subject to the jurisdiction of a number of tax authorities and regimes. The revenues recorded and income earned in these various jurisdictions are taxed on differing bases, including net income actually earned, net income deemed earned and revenue-based tax withholding. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred.

Changes in the operating environment, including changes in tax laws, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Central or state governments in India that affect our industry include customs duties, excise duties, VAT, income tax, service tax and other taxes, duties or surcharges introduced from time to time. The Central and state tax scheme in India is extensive and subject to change from time to time.

**25. *An inability to renew or maintain our statutory and regulatory permits and approvals required to operate our businesses may have a material adverse effect on our business.***

In relation to most of our projects, governmental entities and our clients seek the requisite approvals, licenses,

registrations and permissions under various laws in the particular area of operation. However, notwithstanding the liabilities of our clients to seek and obtain such statutory clearance, we are also required to obtain certain approvals and licenses for operating our businesses. For instance, we may not receive the requisite approvals in relation to contract laborers and environmental clearances. For more information, see “Government and Other Approvals” on page 158. If we fail to obtain necessary approvals required by us to undertake our business, or if there is any delay in obtaining these approvals, our business and financial condition could be adversely affected.

Further, permits, licenses and approvals granted to our clients could be subject to several conditions, and we cannot assure you that they would be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals, which may result in the interruption of our operations and may adversely affect our business, financial condition and results of operations.

**26. *Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, prospects, financial condition and results of operations.***

Our business is subject to extensive and increasingly stringent environmental, health and safety laws and regulations and various labor, workplace and related laws and regulations. Any changes in or amendments to these standards or laws and regulations could further regulate our business and could force us to incur additional, unanticipated expenses in order to comply with these changed standards. Additionally, the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted.

The costs and management time required to comply with these requirements could be significant. The measures that we and third parties upon whom we depend implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed our estimates. If we fail to meet safety, health and environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as that could limit or halt our construction or operations and could include us being required to incur substantial clean up costs. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, payment of fines or other penalties, other liabilities and related litigation, could adversely affect our business, prospects, financial condition and results of operations.

**27. *The departure of our key personnel could adversely affect our business and our ability to pursue our growth strategies.***


Our success depends on our ability to retain our senior executives and key employees. Our continued success will depend on our ability to attract, recruit and retain a large group of experienced professionals and staff. If any senior executives or key employees were to leave, we could face difficulty replacing them. Their departure and our failure to replace such key personnel could have a negative impact on our business, including our ability to bid for and execute new projects as well as on our ability to meet our earnings and profitability targets and to pursue our growth strategies. As our business grows, we may not be able to attract suitable employees which may have an adverse affect in our results of operations and financial performance.


**28. *Our employee attrition rate may increase to a level where we are not able to sustain our deliverables at a given point of time.***

We believe we pay competitive compensation package and benefits to our employees. However, given the increasing wage levels and the increased competition for professionally qualified staff in India, we cannot assure you that our employee attrition rate will not increase to an unsustainable level or that we will be able to attract, recruit and retain experienced professionals to replace the professionals leaving at that particular point of time.

Employee compensation in India is increasing at a fast rate, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our monetary and non-monetary incentives to retain talent. Further, as we expand our construction operations, we

could experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. The loss of any of the members of our senior management, our Directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business, results of operations and financial condition.

29. ***Our “” logo is currently subject to objections. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.***

While the Trade Mark Registry, New Delhi, had granted us registration in Classes 37 and 42 for our “” logo, pursuant to subsequent correspondence, it has stated that the stated registration is open to objections on relative grounds of refusal under Section 11 of the Trademarks Act, 1999, as a similar trademark is already on record of the register for the same or similar goods or services. The matter is currently unresolved. For further details in this regard, see “Our Business – Intellectual Property” and “Government and Other Approvals” on pages 82 and 158, respectively.

There can be no assurance that third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property.

30. ***There are outstanding legal proceedings against our Company and one of our Directors.***

Our Company was awarded a contract dated February 15, 2000 in relation to work of ‘rehabilitation and bank strengthening of W.J.C Main Branch’ by the Executive Engineer, Construction Division, Haryana Irrigation Department, Karnal, Haryana. While our Company had alleged that the said contract was improperly terminated by the authorities and the concerned arbitral tribunal ordered the Haryana Irrigation Department to pay our Company a sum of Rs. 2.65 million with interest, the Haryana Irrigation Department subsequently filed an objection petition in August, 2005 against the said order before the Court of the Additional District Judge, Karnal, Haryana.

Further, Mr. Satish Chand has filed a case (No. 3/2004) against the Municipal Commissioner and one of our Directors, Mr. Rakesh Kumar, before the Court of the Chief Judicial Magistrate, Bulandshahr, Uttar Pradesh in respect to certain ancestral property situated at Bulandshahr valued at Rs. 500,000. The case has been filed to seek restoration of the name of the applicant in the Register of House Tax.

These proceedings are pending at different levels of adjudication or settlements before the respective authorities. In the event of rulings against us in these proceedings or levy of penalties by statutory authorities, we may need to make payments to others or book provisions against probable future payments, which could increase our expenses and our current liabilities and could also adversely affect our reputation.

For further details of legal proceedings involving our Company, see “Outstanding Litigations and Material Developments” on page 153.

31. ***Our Company has issued Equity Shares in the last twelve months. These Equity Shares have been issued at prices which may be less than the Issue Price.***

Our Company has allotted 207,000 Equity Shares to Bliss Equity Private Limited, Elegant Infracore Private Limited and Jay Shree Radhey Land & Estate Developers Private Limited at a price of Rs. 500 per Equity Share on March 31, 2010. The prices at which these allotments have been made may be less than the Issue Price. For further details, see “Capital Structure” on page 19.

32. ***We recognize revenue based on the “percentage completion method” of accounting on the basis of our management’s estimates of the project cost which may lead to fluctuations in our financial performance between accounting periods.***

We recognize revenue from our infrastructure projects on the “percentage completion method” of accounting on the basis of physical measurement of work actually completed on the balance sheet date. Although this method

of accounting is widely used in the industry, we cannot assure that you that these estimates will always match the actual costs incurred with respect to the projects. The effect of such changes to estimates is recognized in the financial statements of the period in which facts requiring such changes are known. Our revenue recognition is based on the number of projects which are under construction during a financial period. Any significant change in the progress of construction of projects in a particular financial period may lead to fluctuations in our recognized revenues in comparable financial periods. Further, in the event of any change in law or Indian GAAP, which results in change to the method of revenue recognition, the financial results of our operations may be affected.

**33. *Contingent liabilities could adversely affect our financial condition.***

The table below sets out the details of our off-balance sheet items and contingent liabilities as of and for the Fiscal 2010:

<i>(Rs. million)</i>	
<b>Particulars</b>	<b>As at March 31, 2010</b>
Bank Guarantees issued by the Banks	3,848.12
Letter of Credit given by Banks	109.96
Corporate Guarantee given to Bank for other Parties	-
Income Tax demand	-
<b>Total</b>	<b>3,958.08</b>

If any of these contingent liabilities materialize, the profitability of our Company could be adversely affected. For further details, see “Financial Statements” on page F- 1.

**34. *Our operations are subject to physical hazards and similar risks that could expose us to material liabilities, loss in revenues and increased expenses.***

While construction companies, including us, conduct various scientific and site studies during the course of bidding for projects, there are always anticipated or unforeseen risks that may come up due to adverse weather conditions, geological conditions, specification changes and other reasons. Additionally, our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

We may also be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us within the warranty periods stipulated in our contracts, which typically range from six to 12 months from the date of commissioning. Actual or claimed defects in equipment procured and/or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. In some of the jurisdictions in which we operate, environmental and workers. compensation liability may be assigned to us as a matter of law.

**35. *Our insurance policies may not provide adequate protection against various risks associated with our operations.***

Infrastructure construction and development project contracts are subject to various risks including:

- political, regulatory and legal actions that may adversely affect a project’s viability;
- changes in government and regulatory policies;
- delays in construction and operation of projects;
- shortages of or adverse price movement for construction materials;
- improper installation or operation of equipment;
- labor disturbances;
- terrorism and acts of war; and
- adverse developments in the overall economic environment in India.

There can be no assurance that all risks are adequately insured against or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Natural disasters in the future may cause significant disruption to our operations, damage to our properties and the environment that could have a

material adverse impact on our business and operations. In addition, not all of the above risks may be insurable, on commercially reasonable terms or at all. For example, we may be required under certain EPC contracts to repair roads in the event of damage to the roads on account of accidents or due to other reasons. Accordingly, we may need to incur significant expenditure to repair the damaged roads and maintain the roads in good condition, particularly if the damage is major, unanticipated or uninsured. Although we believe that we have obtained insurance coverage customary to our business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that we suffer damage or losses which is not covered by insurance, or exceeds our insurance coverage, the loss would have to be borne by us. The proceeds of any insurance claim may also be insufficient to cover the rebuilding costs as a result of inflation, changes in regulations regarding infrastructure projects, environmental and other factors. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

**36. *We may continue to be controlled by our Promoters and Promoter Group following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.***

After the completion of this Issue, our Promoters and Promoter Group, will hold [●]% of our fully diluted post-Issue equity capital. For further details in this regard, see the “Capital Structure” on page 19. Consequently, such Promoters and Promoter Group entities would exercise substantial control over us and determine the outcome of proposals for certain corporate actions requiring approval of our Board or shareholders. Our Promoters will be able to influence our major policy decisions.

This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in our best interests. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that adversely affect your investment in the Equity Shares.

**37. *We experienced negative cash flow from operating activities in Fiscal 2009 and 2008.***

We experienced negative cash flow from operating activities of Rs. 569.41 million and Rs. 450.31 million in the Fiscal 2009 and 2008, respectively. Our operating expenses have increased as we have continued to develop and expand our business at a high pace. We expect our operating expenses to continue to increase as we continue to grow. In addition, we have been required by certain suppliers and sub-contractors to make substantial advance payments, which has had and may continue to have an adverse effect on our liquidity and financial condition. If our revenues do not grow as expected or if our expenses and working capital requests increase at a greater rate than we expect, we may not be able to achieve positive operating cash flow. If we do achieve positive cash flow, we cannot assure you that we will be able to sustain our growth or achieve profitability in future periods.

**38. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our Company has not, since its inception, declared dividends for its shareholders. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends. Additionally, we may be restricted in our ability to make dividend payments by the terms of any debt financing we may obtain in the future.

**39. *We do not comply with certain requirements of AS 27.***

Our Company does not receive the financial data for its joint venture companies, if any. Hence, disclosures required in respect to joint venture companies as provided in AS 27 are not provided in our restated financial statements. For further details in this regard, see “Financial Information” on page F- 1.

**40. *We have entered into certain related party transactions. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.***

We have entered into certain transactions with related parties, including members of our Group Companies.

Furthermore, it is likely that we will enter into related party transactions in the future. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For detailed information on our related party transactions, see “Financial Statements – Statement of Related Party disclosures” on page F- 18.

**41. *We do not own our Registered Office and Corporate Office and other premises from which we operate.***

We do not own the premises on which our Registered Office and Corporate Office, which are situated and operate from rented and leased premises. Our Corporate Office is owned by one of our Promoters. The lease agreements are renewable at our option upon payment of such rates as stated in these agreements. If the owner of such premises does not renew the agreement under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to us, we may suffer a disruption in its operations which could have a material adverse effect on its business and operations.

For the immoveable properties for our other site offices, we enter into lease or license arrangements. Certain of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements. In addition, there may be certain irregularities in title in relation to some of our leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities. We cannot assure you that we will be able to continue our use of all such properties or enforce our rights under such agreements, which may impair our operations and adversely affect our financial condition.

**42. *The requirements of being a public listed company may strain our resources and distract management.***

We have no experience as a public listed company or with the increased scrutiny of its affairs by shareholders, regulators and the public at large that is associated with being a public company. As a public listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will also be subject to the provisions of the listing agreements signed with the Stock Exchanges which require us to file unaudited financial results (on a limited review basis) on a quarterly basis. In order to meet our financial control and disclosure obligations, significant resources and management supervision will be required. As a result, our management's attention may be diverted from other business concerns, which could have an adverse effect on our business and operations. There can be no assurance that we will be able to satisfy our reporting obligations and/or readily determine and report any changes to our results of operations in as timely a manner as other listed companies. In addition, we may need to increase the strength of our management team and hire additional legal and accounting staff with appropriate experience in a public listed company and accounting knowledge and we cannot assure you that we will be able to do so in a timely manner.

### **Risks in relation to the Net Proceeds**

**43. *The funding requirements of our Company and the deployment of a portion of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and may be revised from time to time.***

The deployment of certain portions of the Net Proceeds are based on management estimates and have not been appraised by any bank, financial institution or other independent institution. Our management will have discretion in the application of the Net Proceeds and investors will not have the opportunity, as part of their investment decision, to assess whether we are using the proceeds in a manner that they believe enhances our market value. Further, there is no requirement of an independent monitoring agency in this Issue. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently, our programs for deployment of the Net Proceeds may be rescheduled.

**44. *We have not entered into definitive agreements to use a substantial portion of the Net Proceeds of the Issue.***

We intend to use the Net Proceeds for investment in capital equipment, prepayment of debt/ advances, funding working capital requirements and fund expenditure for general corporate purposes. For further details, see “Objects of the Issue” on page 32. We have not entered into definitive agreements to utilize a substantial portion

of the net proceeds of the Issue. Further, the purposes for which the Net Proceeds are to be utilized have not been appraised by an independent entity and are based on our estimates and on third party quotations.

In addition, our capital expenditure plans are subject to a number of variables, including possible cost overruns, changes in management's views of the desirability of current plans, risk associated with the import of equipment and exchange rates, among others. There can be no assurance that we will be able to conclude definitive agreements for investments in capital equipment or otherwise on commercially acceptable terms.

**45. *Our Company has, in the past, applied for compounding an offence in relation to non-compliance with certain provisions of the Companies Act.***

Our Company has, in past, applied for compounding of an offence under Section 383A of the Companies Act. The said offence pertained to non-appointment of a whole-time Company Secretary for certain period of time. The Company Law Board had, pursuant to its order dated June 19, 2006 allowed for the offence to be compounded. While we believe that we are in compliance with all applicable laws in relation to our business and operations, we cannot assure that similar instances of such compounding or other proceedings may not occur in the future.

**46. *Significant differences exist between Indian GAAP and other accounting principles such as US GAAP and IFRS, which may be material to investors' assessment of our financial condition. Our failure to successfully adopt IFRS effective April 2011 could have a material adverse effect on our business and results of operations.***

Our financial statements are prepared in accordance with Indian GAAP which differs in certain respects from IFRS. As a result, our financial statements and reported earnings could be different from those which would be reported under IFRS. Such differences may be material. We have not attempted to quantify the impact of IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Because differences exist between Indian GAAP and IFRS, the financial information in respect of our Company contained in this Draft Red Herring Prospectus may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisers for an understanding of these differences between Indian GAAP and IFRS, and how such differences might affect the financial information contained herein.

The ICAI has announced a road map for the adoption of, and convergence with, IFRS, pursuant to which all public companies in India, including ours, will be required to prepare their annual and interim financial statements under IFRS with the fiscal period commencing April 1, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholder's equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS and any failure to successfully adopt IFRS by April 2011 will not adversely affect our reported results of operations or financial condition.

## **External Risk Factors**

### **Risks Relating to the Industry**

**47. *Certain segments of our business operations are subject to seasonal and other fluctuations that may affect our cash flows and business operations.***

Certain segments of our business operations, including those pertaining to execution of construction of roads,

bridges and flyovers, are affected by seasonal factors, which may require the evacuation of personnel, suspension or curtailment of operations, result in damage to construction sites or delays in the delivery of materials. In particular, the monsoon season in the second quarter of each Fiscal Year may restrict our ability to carry on activities related to our projects and fully utilize our resources. This may result in delays to our contract schedules and reduce our productivity. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses but our project related activities may be delayed or reduced.

**48. *Demand for our construction services depends principally on activity and expenditure levels in the building and infrastructure sectors and may not increase as we anticipate.***

Demand for our construction services is principally dependent on sustained economic development in the regions in which we operate. In addition, demand for our infrastructure services is largely dependent on government policies relating to infrastructure development and budgetary allocations made by governments for such development, as well as funding provided by international and multilateral development financial institutions for infrastructure projects. Investment by the private sector in infrastructure projects is dependent on the potential returns from such projects and is therefore linked to government policies relating to private sector participation and the sharing of risks and returns from such projects. There can be no assurance that demand for our construction services to the extent we expect or at all. A reduction of capital investment in the building or infrastructure sectors for any reason could have a material adverse effect on our business, results of operations and financial condition.

**49. *Increases in interest rates may adversely impact our results of operations.***

We are exposed to interest rate risk and do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements. We may enter into interest hedging contracts or other financial arrangements in the future to minimize our exposure to interest rate fluctuations. We cannot assure you, however, that we will be able to do so on commercially reasonable terms or any of such agreements we enter into will protect us fully against our interest rate risk. Any increase in interest expense due to factors beyond our control, such as governmental, monetary and tax policies and domestic and international economic and political conditions, may have a adverse effect on our business prospects, financial condition and results of operations.

**50. *The cost of implementing new technologies could be significant and could adversely affect our results of operations.***

Our business requires us to keep pace with technological advances. Over the years, we have acquired modern and sophisticated machinery for our operation. Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The cost of implementing new technologies could be significant and could adversely affect our financial condition and results of operations. Further, our inability to acquire new and modern machinery may have an adverse effect on our financial conditions and results of operations.

**51. *If more stringent labour laws or other industry standards in the jurisdictions in which we operate become applicable to us, our profitability may be adversely affected.***

We are subject to a number of stringent labour laws and restrictive contractual covenants related to levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. In addition, the Government is considering introducing a reservation policy to the private sector in India, pursuant to which all private sector companies operating in India would be required to reserve a certain percentage of jobs for the economically underprivileged population in the states where such companies are incorporated. If this policy is adopted, our ability to hire employees of our choice may be affected due to restrictions on our pool of potential employees and competition for these employees. Our employees may also in the future form unions. If labour laws or industry standards become more stringent or are more strictly enforced or if our employees unionise, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

### **Risks Relating to the Issue and the Equity Shares**

**52. *Future issuances or sales of the Equity Shares could significantly affect the trading price of the***

### ***Equity Shares.***

The future issuances of Equity Shares by our Company or the disposal of Equity Shares by any of the major shareholders of our Company or the perception that such issuance or sales may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

**53. *The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.***

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

**54. *You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.***

Under the SEBI Regulations, we are permitted to allot Equity Shares within nine days of the Bid Closing Date. Consequently, the Equity Shares Allotted may not be credited to the demat accounts of Allottees with Depository Participants within the stipulated time period. Allottees can start trading in the Equity Shares only after they have been credited to their demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares Allotted will be credited to their demat account, or that trading in the Equity Shares will commence, within the specified time periods.

**55. *Any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.***

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

**56. *There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the stock exchanges, we are required to refund all monies collected to investors. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

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

We will be subject to a daily "circuit breaker" imposed by stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges will not inform us of the triggering point of the

circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

**58. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

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

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

**60. *Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors' assessments of our financial condition.***

Our financial statements are prepared in conformity with Indian GAAP, consistently applied during the stated periods and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other IFRS or to base it on any other standards. Indian GAAP and Indian auditing standards may differ from accounting principles and auditing standards with which prospective investors may be familiar in other countries. Significant differences exist between Indian GAAP and IFRS which may be material to the financial information contained in this Draft Red Herring Prospectus. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information contained in the Draft Red Herring Prospectus. Our failure to successfully adopt IFRS effective from April 2011, though not quantifiable monetarily, could have a material adverse effect on our stock price. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2011 could have a material adverse effect on our stock price.

**Risks relating to India and Indian Economy**

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

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely affect our business and our results of operations.

**62. *Recent global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business and our financial performance and may have an impact on the price of our Equity Shares.***

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies continuing into 2009. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and

diminished expectations for western and emerging economies. In the second half of 2008, added concerns fuelled by the United States government conservatorship of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, the declared bankruptcy of Lehman Brothers Holdings Inc., the United States government financial assistance to American International Group Inc., Citigroup Inc., Bank of America and other federal government interventions in the United States financial system led to increased market uncertainty and instability in both United States and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and may adversely affect the prices of our Equity Shares.

**63. *As the domestic Indian market constitutes our only source of revenue, the downturn in the rate of economic growth in India due to the unprecedented and challenging global market and economic conditions, or any other such downturn for any other reason, will be detrimental to our results of operations.***

The performance and growth of our business is necessarily dependent on the health of the overall Indian economy. Any downturn in the rate of economic growth in India, whether due to political instability or regional conflicts, economic slowdown elsewhere in the world or otherwise, may have a material adverse effect on demand for the services we provide. The Indian economy, following a period of significant growth, has more recently been adversely affected by the unprecedented and challenging global market and economic conditions that has caused and may continue to cause a downturn in the rate of economic growth in India. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of the monsoon, which is difficult to predict. The current economic slowdown has had and could continue to have, and any future slowdown in the Indian economy could have, a material adverse effect on our financial condition and results of operations.

**64. *Political, economic and social developments in India could adversely affect our business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms.

However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general or any political opposition to our power projects from parties who come to power over the lifetime of the projects could also affect our business and industry in particular. In addition, any political instability in India or geo-political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares. Our performance and the growth of our business are necessarily dependent on the performance of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy.

**65. *The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact***

*our results of operations and financial condition.*

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our results of operations and financial condition.

**66. *Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy, the health of which our Company's business depends on.***

Certain events that are beyond the control of our Company, such as terrorist attacks and other acts of violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighboring countries. India recently witnessed a major terrorist attack in Mumbai on November 26, 2008, which led to an escalation of political tensions. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently our Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

**Prominent Notes**

- The average costs of acquisition of Equity Shares by our Promoters, Mr. Naresh Kumar Garg, Mr. Pradeep Kumar Garg, Mr. Devendra Kumar Garg and Aman Promoters Private Limited, are Rs. 15.76, Rs. 0.65, Rs. 13.64 and Rs. 8.84, respectively.
- Our Net Worth as at March 31, 2010 was Rs. 2,312.19 million as per the restated financial statements.
- The NAV/book value per Equity Share was Rs. 183.28 as at March 31, 2010, as per the restated financial statements of our Company.
- Except as disclosed in this section and in "Capital Structure", "Objects of the Issue", "Our Promoters and Promoter Group", "Our Group Companies", "Our Business", "Our Management" and "Financial Statements – Statement of Related Party Disclosures" on pages 19, 32, 112, 116, 62, 97 and F- 18, respectively, none of our Promoters, ventures promoted by our Promoters, Directors or Key Management Personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses provided to them by our Company and to the extent of the Equity Shares held by our Promoters or held by the companies in which they are interested as members and to the extent of the benefits arising out of such shareholding, if any, in our Company. Further, our Company has not made any loans and advances to any person(s)/company in which the Directors are interested, except as disclosed in "Financial Statements – Statement of Related Party Disclosures" on page F- 18.
- There have been no financing arrangements whereby our Promoter Group, Group Companies, the directors of our Promoter company, Promoter Group, Group Companies, Directors and their relatives have financed the purchase by any other person of the Equity Shares other than in the normal course of our business during the period of six months immediately preceding this Draft Red Herring Prospectus.
- Our Company has not changed its name in the last three years preceding the date of filing this Draft Red Herring Prospectus.

- Other than as disclosed in “Our Group Companies – Common Pursuits of our Group Companies and Conflict of Interest” and “Our Promoters and Promoter Group – Common Pursuits of our Promoters” on pages 123 and 114 respectively, there are no conflicts of interest between our Company and our Promoters, Promoter Group and Group Companies.
- The details of transactions with the Group Companies and our other related party transactions, in Fiscal 2010, are as follows:

*(Rs. million)*

<b>Nature of Transactions</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel</b>	<b>Entities in which Key Management Personnel have significant influence</b>
Share capital raised including share premium	-	-	-
Loan / Advances :			
Paid during the year	22.90	16.00	7.50
Received during the year	9.82	12.00	7.50
Closing balance payable / (receivable)	-	-	-
Purchases / contract/ other charges	0.15	-	1,986.08
Contract revenue	4.49	4.74	11.91
Remuneration	39.40	1.46	-
Rent	0.06	-	0.72
Investment made during the year	-	-	-
Investment sold during the year	-	-	-
Corporate guarantee issued	-	-	-

For further details pertaining to our related party transactions, refer to the notes on related party transactions in “Financial Statements – Statement of Related Party Disclosures” on page F- 18.

- Any clarification or information relating to this Issue shall be made available by the Book Running Lead Managers and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. The Book Running Lead Managers shall be obligated to provide information or clarifications relating to the Issue. Investors may contact the Book Running Lead Managers and the Syndicate Members for any complaints or comments pertaining to this Issue which the Book Running Lead Managers will attend to expeditiously.

All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch where the ASBA Form has been submitted by an ASBA Bidder.

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

*The following summary highlights information contained elsewhere in this Draft Red Herring Prospectus. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, appearing elsewhere in this Draft Red Herring Prospectus. For a discussion of certain matters that should be considered by investors prior to making investments in our Equity Shares, see “Risk Factors” on page x.*

#### **Infrastructure Overview (Source: [www.ibef.org](http://www.ibef.org))**

Indian economy has experienced rapid growth in recent years with the GDP growth rate of 7.4 per cent during 2009-10 India's core sector, comprising of six major infrastructure industries, registered a robust growth of 7.2 per cent in March 2010—the highest in 2009-10—bolstered by steel, cement and electricity sectors. At 7.4 per cent, GDP growth in the second quarter of 2009-10 showed a significant recovery in relation to the 5.8 per cent growth recorded during the slowdown phase in the second half of 2008- 09, but still remained lower than the average 8.8 per cent growth achieved during 2003-08.

#### **Construction Industry**

The development of physical infrastructure in the country and, consequently, the construction sector has been in focus during the last decade. The increasing significance of construction activities in the growth of the economy was also evident during the course of implementation of the Tenth Plan with areas such as transportation, irrigation, housing, urban development, and civil aviation having received greater importance. It is well established that the influence of the construction industry spans across several sub-sectors of the economy as well as the infrastructure development, such as industrial and mining infrastructure, highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunication systems, hospitals, schools, townships, offices, houses and other buildings; urban infrastructure, including water supply, sewerage, and drainage, and rural infrastructure.

Thus, it becomes the basic input for socio-economic development.

#### **Road Industry**

India has the world's second largest road network, aggregating over 3.34 million kilometers (km).

According to the Planning Commission, the road freight industry will be growing at a compound annual growth rate (“CAGR”) of 9.9 per cent from 2007-08 to 2007-12. A target of 1,231 billion tonne km (“BTK”) has been put on road freight volumes for 2011-12.

The expansion and strengthening of the road network, therefore, is imperative to provide for both present and future traffic volumes and for improving accessibility to less developed parts of the country. Additionally road transport needs to be regulated for better energy efficiency, lesser pollution and enhanced road safety. The Central Government is mandated to develop National Highways and the responsibility for the development of other categories of roads vests with the States/Union Territories

#### **Power Industry**

As the Indian economy continues to surge ahead, its power sector has been expanding concurrently to support the growth rate. The demand for power is growing exponentially and the scope for the growth of this sector is immense. According to the Ministry of Power, India's total installed capacity as on March 31, 2010 is 159,398.49 mega watt (“MW”). Thermal power plants account for 102,453.98 MW, followed by hydro power plants with a capacity of 36,863.40 MW. Renewable energy sources provide 15,521.11 MW of power and the remaining 4,560 MW comes from nuclear energy.

#### **Water Industry**

The abundant water resources in India are sufficient for the water supply in whole of India only if proper and efficient water supply management is adopted. The water infrastructure in India includes tapping of the

available water sources by the water board and department in India, proper water treatment and purification, water storage facilities with regular cleaning of the water storage tanks, usage of water, crisis in water supply, water pollution, problems due to scarcity of water, Indian water policy for water conservation and water harvesting etc.

## SUMMARY OF BUSINESS

*The following summary highlights information contained elsewhere in this Draft Red Herring Prospectus. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, appearing elsewhere in this Draft Red Herring Prospectus. For a discussion of certain matters that should be considered by investors prior to making investments in our Equity Shares, see "Risk Factors" on page x.*

Our Company is a construction company in India, with expertise in the execution and construction of infrastructure projects, primarily roads, bridges, and civil construction projects, including residential and commercial buildings, hospitals and medical colleges. Our business includes executing projects relating to electric transmission and distribution infrastructure, civil works for hydro projects, and sewer and water works. We are currently executing our projects in the states of Uttar Pradesh, NCT of Delhi, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa and Himachal Pradesh. We believe that we have acquired significant capability to execute EPC contracts drawing from our experience of having successfully completed numerous projects since Fiscal 2006, valued cumulatively at Rs. 22,009.53 million, as at March 31, 2010.

We bid for projects both on a standalone basis as well as through project specific joint ventures. Our major clients in the public and private sector include the PWDs of Uttar Pradesh, Haryana and Uttarakhand, the Madhya Pradesh State Road Development Corporation, the NHAI, the National Buildings Construction Corporation Limited, the Noida Development Authority, the Lucknow Development Authority, Ghaziabad Development Authority, the Airport Authority of India, Employees' State Insurance Corporation (New Delhi), Monad Edukational Society, RCC Developers Private Limited, A.P. Goyal Charitable Trust and Nagarjuna Construction Company Infrastructure Holdings Limited.

Certain major projects successfully concluded by us since our inception, include:

- Widening of the Noida-Greater Noida Highway from 0.000 Km to 20.127 Km, Noida, Uttar Pradesh, pursuant to a contract granted by the Project Engineer, Noida;
- Strengthening of the Raj Nagar Zonal Road, under the 'Raj Nagar Scheme', Ghaziabad, Uttar Pradesh, pursuant to a contract granted by the Ghaziabad Development Authority, Ghaziabad, Uttar Pradesh;
- Renewal work in relation to the semi-dense bituminous concrete ("SDBC") road stretch from Kath Godam Bhowali-Mornala, Uttarakhand, from Km. 52 to Km. 69.15 and 69.16 Km. to Km. 85.56, pursuant to a contract awarded by PWD, Nainital, Uttarakhand;
- Rehabilitation works under Package No. UPSPR/RMC - 49 of the road stretch from Meerut to Garhmukteshwar, Uttar Pradesh, pursuant to a contract granted by the PWD, Meerut, Uttar Pradesh;
- Construction of roads and undertaking certain site development works in Haryana, pursuant to a contract awarded by Era Infra Limited;
- Strengthening of the road stretch on Road No. 6 from Flex Crossing to NH-24 in Sector 62, Noida, Uttar Pradesh, pursuant to a contract granted by Project Engineer, Noida;
- Rehabilitation works under the 'Phase II Rehabilitation' scheme on SH-33 from Badaun to Kasganj (Km. 101.800 to 159.000), Uttar Pradesh, pursuant to a contract granted by the PWD, Etah, Uttar Pradesh;
- Construction works at the Chatrapati Shivaji International Airport, Mumbai, Maharashtra, pursuant to contract granted by Larsen & Toubro Limited;
- Construction of bridge on river Dabka at Ramnagar, Uttarakhand, pursuant to a contract granted by the PWD, Ramnagar, Uttarakhand; and
- Augmentation and improvement of the power supply through the underground system in Sector-18, Noida, Uttar Pradesh, pursuant to a contract granted by the Project Engineer, Noida.

Currently, we are executing 83 projects, of which one project is being executed with our joint venture partner, Dwarika Projects Private Limited. As of March 31, 2010, the total value of our order book was Rs. 29,581.31 million, which comprises of unbilled/ unfinished portions of our ongoing projects, for which we have received orders but are yet to commence construction, and the value of our share in joint ventures. For risks associated with our order book, see "Risk Factors – Information relating to our order book may not be representative of our future results" on page xi.

Our order book from the various segments of our business activities, as of March 31, 2010 may be summarized as under:

(Rs. million)

Segment of business activity	Amount	Percentage of the total value of order book (%)
Roads (executed on a standalone basis)	4,985.76	16.86
Roads (executed through a joint venture)	73.50	0.25
Bridges	993.10	3.36
Buildings, hospitals and medical colleges	18,233.71	61.64
Electric transmission and distribution infrastructure	2,406.19	8.13
Civil works for hydro projects	987.80	3.34
Sewer and Water works	1,829.11	6.18
Airport works	72.14	0.24
<b>Total</b>	<b>29,581.31</b>	<b>100.00</b>

As of May 31, 2010, we had 1,456 employees, of which 412 employees comprise of civil engineers. We own a large fleet of sophisticated construction equipments, including crushers, excavators, cranes, hot mix batching plants, ready mixed concrete (“RMC”) batching plants, piling rings and pavers (nine meters). Our asset base, as on March 31, 2010, was Rs. 1,010.34 million.

Our continued focus on health, safety and environmental management and quality management standards as elements of performance measurement have become important competition differentiators and key criteria for pre-qualification of contractors by potential clients. We have been conferred ISO 9001:2008 by British Certifications Inc. in relation to ‘construction of roads, bridges, buildings and other civil related activities’, which is valid till May 20, 2013. For further details in relation to the said certification, see “Government and Other Approvals” on page 158. We have also been conferred, the designation of a ‘Grade A’ contractor by the state government of Uttar Pradesh and certain other local bodies.

In Fiscal 2010, our total income was Rs. 12,038.99 million, and we earned a net profit after tax of Rs. 514.54 million. Our revenues have grown at a CAGR of 83.42% for the period Fiscal 2007 to Fiscal 2010 and our net profit after tax has grown at a CAGR of 79.43% over the same period.

### Our Strengths

- Ability to execute projects in difficult operating conditions in a timely manner;
- Extensive experience and established track record in the construction business;
- We have an order book of Rs. 29,581.31 million as on March 31, 2010;
- Diversified portfolio of construction projects across various infrastructure sectors and geographic locations;
- Ownership of operation-critical equipment; and
- Qualified and experienced management team.

### Our Business Strategy

- Continue to enhance our project execution capabilities;
- Maintain performance and competitiveness of existing business;
- Bid for and secure BOT and other annuity projects;
- Continuous growth in our bid capacity and pre qualification capability;
- Geographically expand our construction business;
- Investment in new technologies and continue to invest in our fleet of equipment; and
- To enhance our focus on bidding for urban infrastructure projects related to water and sewer construction contracts

## THE ISSUE

The following table summarizes the Issue details:

<b>Public Issue aggregating up to Rs. 2,750 million<sup>†</sup></b>	[●] Equity Shares
<i>Of which:</i>	
Employee Reservation Portion <sup>#</sup>	[●] Equity Shares
Net Issue	[●] Equity Shares
<b>QIB Portion<sup>(1)</sup></b>	Up to [●] Equity Shares <sup>*</sup>
<i>Of which:</i>	
Anchor Investor Portion	Up to [●] Equity Shares <sup>**</sup>
<b>Net QIB Portion</b>	At least [●] Equity Shares <sup>*</sup>
<i>Of which:</i>	
Mutual Fund Portion	[●] Equity Shares <sup>*</sup>
Balance for all QIBs including Mutual Funds	[●] Equity Shares <sup>*</sup>
<b>Non-Institutional Portion<sup>(2)</sup></b>	Not less than [●] Equity Shares <sup>*</sup>
<b>Retail Portion<sup>(2)</sup></b>	Not less than [●] Equity Shares <sup>*</sup>
<b>Pre and post-Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	50,462,012 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
<b>Use of proceeds of this Issue</b>	
For details in relation to use of the Issue Proceeds, see “Objects of the Issue” on page 32.	

<sup>†</sup> Pursuant to Rule 19(2)(b) of the SCRR, at least 25% of our post-Issue Equity Share capital shall be issued and Allotted to the public in terms of the Red Herring Prospectus.

<sup>\*</sup> In the event of over-subscription, allocation shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

<sup>#</sup> Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

<sup>\*\*</sup> Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see “Issue Procedure” on page 180. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

<sup>(1)</sup> 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion.

*QIBs Bidding under the Net QIB Portion will not be allowed to withdraw their Bids after 3.00 p.m. on the Bid Closing Date. Each QIB Bidding under the Net QIB Portion, including a Mutual Fund, is required to deposit the Margin Amount with its Bid cum Application Form.*

<sup>(2)</sup> Under-subscription in any category, excluding Employee Reservation Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the sole discretion of our Company, in consultation with Book Running Lead Managers.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth our selected historical financial information derived from the restated financial information of our Company for and each of the Fiscals 2006, 2007, 2008, 2009 and 2010, including the reports thereon and annexures thereto. The summary financial information of our Company presented below should be read in conjunction with the respective financial statements and the notes (including accounting policies) thereto included in “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Company” on pages F-1 and 126, respectively.

### SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(Rs. Million)

Sr. No	Particulars	As At 31st March				
		2006	2007	2008	2009	2010
<b>A</b>	<b>Fixed Assets</b>					
	Gross Block	112.65	169.95	409.71	603.36	1,136.38
	Less: Depreciation	5.96	15.13	31.11	66.90	126.04
	Net Block	106.69	154.82	378.60	536.46	1,010.34
	<b>Total (A)</b>	<b>106.69</b>	<b>154.82</b>	<b>378.60</b>	<b>536.46</b>	<b>1,010.34</b>
<b>B</b>	<b>Investments</b>	-	3.51	40.06	-	-
<b>C</b>	<b>Current Assets, Loans &amp; Advances</b>					
	Inventories	34.62	107.33	424.16	1,238.74	2,989.29
	Sundry Debtors	67.03	392.72	752.51	1,136.38	973.91
	Cash and Bank Balances	38.15	71.89	206.38	511.28	746.71
	Other Current Assets	-	-	3.39	3.62	15.85
	Loans and Advances	18.53	35.33	108.91	309.32	697.50
	<b>Total (C)</b>	<b>158.33</b>	<b>607.27</b>	<b>1,495.35</b>	<b>3,199.34</b>	<b>5,423.26</b>
<b>D</b>	<b>Total Assets (A+B+C)</b>	<b>265.02</b>	<b>765.60</b>	<b>1,914.01</b>	<b>3,735.80</b>	<b>6,433.60</b>
<b>E</b>	<b>Liabilities and Provisions</b>					
	Secured Loans	67.43	228.33	727.23	1,239.76	1,691.90
	Unsecured Loans	-	15.60	9.11	24.14	1.49
	Current Liabilities & Provisions					
	- Current Liabilities	39.12	194.41	267.86	752.66	2,377.81
	- Provisions	0.49	0.87	1.84	2.99	4.89
	- Deferred Tax Liability	4.86	6.80	12.59	22.10	45.32
	<b>Total (E)</b>	<b>111.90</b>	<b>446.01</b>	<b>1,018.63</b>	<b>2,041.65</b>	<b>4,121.41</b>
<b>F</b>	<b>Net Worth ( D-E )</b>	<b>153.12</b>	<b>319.59</b>	<b>895.38</b>	<b>1,694.15</b>	<b>2,312.19</b>
	Represented by:					
	Equity Share Capital	67.78	75.52	103.77	124.09	126.16
	Reserves & Surplus					
	(a) Share Premium	54.00	123.66	502.41	1,060.61	1,162.04
	(b) Surplus as per Profit & Loss Account	31.34	120.41	289.21	509.45	1,023.99
	<b>Net Worth</b>	<b>153.12</b>	<b>319.59</b>	<b>895.38</b>	<b>1,694.15</b>	<b>2,312.19</b>

**SUMMARY STATEMENT OF PROFIT & LOSS, AS RESTATED**

(Rs. Million)

	Particulars	For the Year Ended 31st March				
		2006	2007	2008	2009	2010
<b>A</b>	<b>Income</b>					
	Contract Revenue	911.00	1,875.42	3,546.68	5,418.31	10,258.12
	Other Income	1.35	2.61	6.72	14.77	30.31
	Increase / (Decrease) in stock	22.03	72.71	316.83	814.57	1,750.56
	<b>Total Income</b>	<b>934.38</b>	<b>1,950.74</b>	<b>3,870.23</b>	<b>6,247.65</b>	<b>12,038.99</b>
<b>B</b>	<b>Expenditure</b>					
	Construction Expenses	877.33	1,764.79	3,495.47	5,612.10	10,458.40
	Staff Cost	4.38	20.40	29.35	62.72	191.38
	Operating & Administrative Expenses	10.70	18.80	45.92	118.15	251.74
	Interest & Financial Charges	8.71	21.43	52.01	118.17	297.82
	Depreciation	2.48	9.17	15.98	35.90	59.39
	<b>Total Expenditure</b>	<b>903.60</b>	<b>1,834.59</b>	<b>3,638.73</b>	<b>5,947.04</b>	<b>11,258.73</b>
<b>C</b>	<b>Profit before Tax</b>	<b>30.78</b>	<b>116.15</b>	<b>231.50</b>	<b>300.61</b>	<b>780.26</b>
	Provision for Taxation					
	- Current Tax	4.10	24.93	56.50	70.00	242.50
	- Deferred Tax	3.81	1.94	5.78	9.51	23.22
	- Fringe benefit Tax	0.08	0.21	0.42	0.86	-
<b>D</b>	<b>Profit after Tax</b>	<b>22.79</b>	<b>89.07</b>	<b>168.80</b>	<b>220.24</b>	<b>514.54</b>
	Add :Profit b/f from last year	8.55	31.34	120.41	289.21	509.45
	Profit available for appropriation	31.34	120.41	289.21	509.45	1,023.99
	Transfer to General Reserve	-	-	-	-	-
	<b>Balance transferred to Balance Sheet</b>	<b>31.34</b>	<b>120.41</b>	<b>289.21</b>	<b>509.45</b>	<b>1,023.99</b>

**STATEMENT OF CASH FLOW, AS RESTATED**

**For the Year Ended 31st March**

*(Rs. Million)*

S. No.	Particulars	2006	2007	2008	2009	2010
<b>(A)</b>	<b>CASH FLOW STATEMENT FROM OPERATING ACTIVITIES</b>					
	Net Profit Before Taxation	30.78	116.15	231.50	300.61	780.26
	Adjustments for :-					
	Depreciation	2.48	9.17	15.98	35.90	59.39
	Interest Paid	2.19	12.43	41.50	92.56	235.27
	(Gain)/Loss on sale of Fixed Assets	-	(0.10)	-	-	0.02
	(Gain)/Loss on sale of Investment	(0.66)	(0.34)	-	-	-
	Interest Income	(0.69)	(2.17)	(6.33)	(14.75)	(28.41)
	<b>Operating Profit Before Working Capital Changes</b>	<b>34.10</b>	<b>135.14</b>	<b>282.65</b>	<b>414.32</b>	<b>1,046.53</b>
	Adjustments for :-					
	<b>Current Assets</b>					
	Change in Debtors	56.21	325.69	359.79	383.87	(162.47)
	Change in Inventories	22.03	72.71	316.83	814.58	1,750.55
	Change in Loans & Advances	(11.93)	6.42	69.97	158.02	388.58
	<b>Increase/(decrease) in Current Assets</b>	<b>66.31</b>	<b>404.82</b>	<b>746.59</b>	<b>1,356.47</b>	<b>1,976.66</b>
	<b>Current Liabilities &amp; Provisions</b>					
	<b>Increase/(decrease) in Current Liabilities &amp; Provisions</b>	<b>29.86</b>	<b>155.68</b>	<b>74.42</b>	<b>485.97</b>	<b>1,611.51</b>
	<b>Net Increase/(Decrease) in Working Capital</b>	<b>36.45</b>	<b>249.14</b>	<b>672.17</b>	<b>870.50</b>	<b>365.15</b>
	<b>Cash Generated from Operations</b>	<b>(2.35)</b>	<b>(114.00)</b>	<b>(389.52)</b>	<b>(456.18)</b>	<b>681.38</b>
	Direct Taxes Paid	8.71	35.52	60.79	113.23	242.11
	<b>Total Cash Flow from Operation (A)</b>	<b>(11.06)</b>	<b>(149.52)</b>	<b>(450.31)</b>	<b>(569.41)</b>	<b>439.27</b>
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
	Purchase of Fixed Assets	92.30	59.70	239.76	194.62	533.86
	Disposal of Fixed Assets	-	(2.49)	-	(0.84)	(0.58)
	Interest Received	(0.69)	(2.17)	(3.20)	(14.51)	(16.18)
	Purchase / (Sale) of Investments	(25.53)	3.17	36.55	(40.06)	-
	<b>Net Cash Used in Investing Activities (B)</b>	<b>66.08</b>	<b>58.21</b>	<b>273.11</b>	<b>139.21</b>	<b>517.10</b>
<b>(C)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
	<b>Proceeds from issue of Share Capital</b>					
	(a) Share Capital	7.78	7.74	28.25	20.32	2.07
	(b) Share Premium	54.00	69.66	378.75	558.20	101.43
	<b>Proceeds from Borrowings</b>	<b>42.17</b>	<b>176.50</b>	<b>492.41</b>	<b>527.56</b>	<b>429.49</b>
	Interest Paid	(2.19)	(12.43)	(41.50)	(92.56)	(219.73)
	<b>Net Cash From Financing Activities (C)</b>	<b>101.76</b>	<b>241.47</b>	<b>857.91</b>	<b>1,013.52</b>	<b>313.26</b>
<b>(D)</b>	<b>Net Increase/ Decrease in Cash &amp; Cash Equivalents (A-B+C)</b>	<b>24.62</b>	<b>33.74</b>	<b>134.49</b>	<b>304.90</b>	<b>235.43</b>
	Opening Balance of Cash & Cash Equivalents	13.53	38.15	71.89	206.38	511.28
	<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>38.15</b>	<b>71.89</b>	<b>206.38</b>	<b>511.28</b>	<b>746.71</b>
	Cash in hand	0.03	2.96	1.75	1.60	2.13
	<b>Balance with Banks</b>					
	In Current Account/ Cheques in hand	1.01	3.11	1.65	174.59	3.65
	In Fixed Deposits	37.11	65.82	202.98	335.09	740.94

## GENERAL INFORMATION

Our Company was incorporated on November 16, 1989, as “N.K Garg and Company Private Limited”, a private limited company under the Companies Act. The name of our Company was changed to “NKG Infrastructure Private Limited” and a fresh certificate of incorporation consequent to the change in our name was granted by the RoC on July 27, 2005. Subsequently, our Company received a fresh certificate of incorporation consequent to change of name to “NKG Infrastructure Limited” upon conversion into a public limited company pursuant to a special resolution dated August 2, 2005 of our shareholders, from the RoC, on January 9, 2006. For further details, see “History and Corporate Structure” on page 93.

### Registered Office

Our registered office is situated at 124, Ground Floor, World Trade Center, Babar Road, Connaught Place, New Delhi 110 001. For details relating to changes in our registered office, see “History and Corporate Structure” on page 93.

### Corporate Office

Our corporate office is situated at C 32 RDC, Raj Nagar, Ghaziabad 201 002, Uttar Pradesh, India.

**Corporate Identity Number:** U74899DL1989PLC038371

### Address of the RoC

**Registrar of Companies, NCT Delhi & Haryana**

4<sup>th</sup> Floor, IFCI Tower

61, Nehru Place

New Delhi 110 016

### Board of Directors

Our Board comprises the following:

Name, Designation and Occupation	Age (years)	DIN	Address
<b>Mr. Naresh Kumar Garg</b> <i>Chairman</i> Non-Executive Director <i>Occupation: Business</i>	62	00033094	KG- 111, Kavi Nagar, Ghaziabad 201 002, Uttar Pradesh, India
<b>Mr. Surendra Kumar Garg</b> <i>Vice Chairman</i> Non-Executive Director <i>Occupation: Business</i>	50	01276010	KH- 265, Kavi Nagar, Ghaziabad 201 002, Uttar Pradesh, India
<b>Mr. Pradeep Kumar Garg</b> <i>Managing Director</i> Executive Director <i>Occupation: Business</i>	44	00030683	KG- 35, Kavi Nagar, Ghaziabad 201 002, Uttar Pradesh, India
<b>Mr. Devendra Kumar Garg</b> <i>Joint Managing Director</i> Executive Director Whole Time Director <i>Occupation: Business</i>	57	00033534	KG- 112, Kavi Nagar, Ghaziabad 201 002, Uttar Pradesh, India
<b>Mr. Pramod Kumar Garg</b> Whole Time Director Executive Director <i>Occupation: Business</i>	48	01369411	KH 41, Kavi Nagar, Ghaziabad 201 002, Uttar Pradesh, India
<b>Mr. Rakesh Kumar</b> Whole Time Director Executive Director <i>Occupation: Business</i>	48	01319903	A-43, Allahabad Bank CGHS, Mayur Kunj, Delhi 110 096
<b>Mr. Tarun Kansal</b> Non Executive Director Independent Director	46	00574554	R-7/191, Raj Nagar, Ghaziabad 201 002, Uttar Pradesh, India

<b>Name, Designation and Occupation</b>	<b>Age (years)</b>	<b>DIN</b>	<b>Address</b>
<i>Occupation: Professional</i> <b>Mr. Achin Garg</b> Non Executive Director Independent Director <i>Occupation: Professional</i>	33	00333579	R-12/15, Raj Nagar Ghaziabad 201 011, Uttar Pradesh, India
<b>Dr. Sunil Kumar Gupta</b> Non Executive Director Independent Director <i>Occupation: Professional</i>	44	00948089	II-A, 26, Nehru Nagar, Ghaziabad 201 001, Uttar Pradesh, India
<b>Mr. Biswajit Choudhuri</b> Non Executive Director Independent Director <i>Occupation: Professional</i>	68	00149018	BB-37, Flat No. 2, Salt Lake, Kolkata 700 064, West Bengal, India
<b>Mr. Mohammed Shahid Aftab</b> Non Executive Director Independent Director <i>Occupation: Professional</i>	64	01363518	B-1/606, Punjabi Sagar Apartment, Mayur Vihar Phase-1 Extension, Delhi 110 091, India
<b>Mr. Anil Kumar Aggarwal</b> Non Executive Director Independent Director <i>Occupation: Professional</i>	52	02963227	House No. 6, Deepali, Pitampura, New Delhi 110 034, India

For further details and profile of our Directors, see “Our Management” on page 97.

#### **Company Secretary and Compliance Officer**

Our Company Secretary and Compliance Officer is Mr. Rajesh Sodhi.

His contact details are as follows:

#### **Mr. Rajesh Sodhi**

C 32 RDC

Raj Nagar, Ghaziabad 201 002

Uttar Pradesh, India

Telephone: +91 120 410 0401

Facsimile: +91 120 410 0407

E-mail: ipo@nkginfra.com

Website: www.nkginfra.com

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

All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch where the ASBA Form was submitted.

For all Issue related queries and for redressal of complaints, Bidders may also write to the Book Running Lead Managers. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Managers, who shall respond to the same.

#### **Book Running Lead Managers**

<b>Enam Securities Private Limited</b> 801/802, Dalamal Towers Nariman Point Mumbai 400 021, India Telephone: +91 22 6638 1800 Facsimile: +91 22 2284 6824 Email: nkgipo@enam.com Website: www.enam.com Investor Grievance ID: complaints@enam.com
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Contact Person: Ms. Simran Gadh  
SEBI registration number: INM000006856

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**SBI Capital Markets Limited**

202, Maker Tower 'E'  
Cuffe Parade  
Mumbai 400 005  
Maharashtra, India  
Telephone: +91 22 2217 8300  
Facsimile: +91 22 2218 8332  
E-mail: nkgil.ipo@sbicaps.com  
Investor Grievance ID: investor.relations@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Harsh Soni  
SEBI registration number: INM000003531

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**Legal Counsel to the Issue**

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**Luthra & Luthra Law Offices**

103, Ashoka Estate  
24, Barakhamba Road  
New Delhi 110 001, India  
Telephone: +91 11 4121 5100  
Facsimile: +91 11 2372 3909

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**Registrar to the Issue**

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**Karvy Computershare Private Limited**

Plot No. 17 to 24, Vithalrao Nagar  
Madhapur , Hyderabad 500 086  
Andhra Pradesh, India  
Telephone: +91 40 2342 0815  
Facsimile: +91 40 2342 0814  
Email: einward.ris@karvy.com  
Website: www.karvy.com  
Contact Person: Mr. Murali Krishna  
SEBI registration number: INR000000221

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**Escrow Collection Banks**

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[●]  
[●]

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**Bankers to the Issue**

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[●]  
[●]

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**Self Certified Syndicate Banks**

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time.

**Refund Banker**

[●]  
[●]

### Statutory Auditors to our Company

#### **M/s S.K. Mehta & Company**

*Chartered Accountants*

2682/2, Beadonpura

Ajmalkhan Road Market

Karolbagh

New Delhi 110 005, India

Telephone: + 91 11 2875 5156

Facsimile: + 91 11 2875 1279

E-mail: skmehta@skmehta.co.in

Registration No.: 000478N

Contact Person: Mr. B.P. Saxena

### Advisor to our Promoters

#### **SVP Corporate Consulting Private Limited**

71, Darya Ganj

New Delhi 110 002

Telephone: + 91 11 2327 5175

Facsimile: + 91 11 2325 1582

E-mail: ashokvermafcs@yahoo.com

Contact Person: Mr. Ashok Kr. Verma

### Bankers to our Company

#### **Oriental Bank of Commerce**

III D-9, Nehru Nagar

Ghaziabad 201 001, Uttar Pradesh

Telephone: 0120 2796 442

Facsimile: 0120 4129 954

E-mail: bm0302@obc.co.in

Contact Person: Mr. Surinder Singh

#### **Syndicate Bank**

371, Maliwara Branch

Ghaziabad 201 001, Uttar Pradesh

Telephone: 0120 2790 028

Facsimile: 0120 2791 567

Contact Person: Mr. M.K. Goel

#### **Axis Bank Limited**

Second Floor, 148, Statesman House

Barakhamba Road

New Delhi 110 001

Telephone: 011 4368 2412

Facsimile: 011 4368 2447

E-mail: vishal.mehra@axisbank.com

Contact Person: Mr. Vishal Mehra

#### **Yes Bank**

D- 12, South Extension Part II

New Delhi 110 049

Telephone: 011 4602 9000

Facsimile: 011 2625 4000

E-mail: amit.mahajan1@yesbank.in

Contact Person: Mr. Amit Mahajan

#### **Corporation Bank**

Overseas Branch

M 93, Connaught Place

New Delhi 110 001

Telephone: 011 2341 8730

Facsimile: 011 2341 8723

E-mail: cb606@corpbank.com

Contact Person: Mr. Shiv Raj Misra

#### **ICICI Bank Limited**

Videocon Towers, 10<sup>th</sup> Floor (A)

E-1, Jhandewalan Extension

New Delhi 110 055

Telephone: 011 41490 000

Facsimile: 011 4154 0148

E-mail: ashish.ba@icicibank.com

Contact Person: Mr. Ashish Bansal

#### **State Bank of India**

Industrial Finance Branch

14<sup>th</sup> Floor, Jawahar Vyapar Bhawan

Tolstoy Marg

New Delhi 110 001

Telephone: 011 2337 4603, 2337 4622

#### **Union Bank of India**

14/15-F, Connaught Place

New Delhi 110 001

Telephone: 011 2331 2899

Facsimile: 011 2332 3809

E-mail: dgmconnaughtplace@gmail.com

Facsimile: 011 2335 3135  
 E-mail: dinesh.s@sbi.co.in  
 Contact Person: Mr. Dinesh Sharma

Contact Person: Mr. S.K. Gupta

### Statement of Responsibilities of the Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities in relation to this Issue among the Book Running Lead Managers:

Sr. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Enam Securities Private Limited (“ <b>Enam</b> ”), SBI Capital Markets Limited (“ <b>SBI Caps</b> ”)	Enam
2.	Due diligence of the Company’s operations / management / business plans/legal etc.	Enam and SBI Caps	Enam
3.	Drafting and design of the offer documents and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Book Running Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Enam and SBI Caps	Enam
4.	Drafting and approval of Issue and statutory publicity material, etc.	Enam and SBI Caps	Enam
5.	Drafting and approval of all corporate advertisement, brochure and other publicity materials	Enam and SBI Caps	SBI Caps
6.	Appointment of Registrar, Bankers to the Issue and advertising agency	Enam and SBI Caps	SBI caps
7.	Appointment of printer	Enam and SBI Caps	Enam
8.	<ul style="list-style-type: none"> <li>▪ Preparation and finalization of the road-show presentation</li> <li>▪ Preparation of FAQs for the road-show team</li> </ul>	Enam and SBI Caps	Enam
9.	Marketing strategy for anchor investors <ul style="list-style-type: none"> <li>▪ Finalise the list and division of anchor investors for one to one meetings, in consultation with our Company</li> </ul>	Enam and SBI Caps	Enam
10.	International Institutional Marketing strategy <ul style="list-style-type: none"> <li>▪ Finalise the list and division of investors for one to one meetings, in consultation with our Company,</li> <li>▪ Finalizing the international road show schedule and investor meeting schedules</li> </ul>	Enam and SBI Caps	Enam
11.	Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> <li>▪ Finalise the list and division of investors for one to one meetings, in consultation with our Company.</li> <li>▪ Finalizing investor meeting schedules</li> </ul>	Enam and SBI Caps	SBI Caps
12.	Retail / high networth individual marketing strategy which will cover, among other things, <ul style="list-style-type: none"> <li>▪ Finalizing centers for holding conferences for brokers, etc</li> </ul>	Enam and SBI Caps	Enam

Sr. No.	Activity	Responsibility	Coordination
	<ul style="list-style-type: none"> <li>▪ Formulating media, marketing and, public relations strategy;</li> <li>▪ Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material; and</li> <li>▪ Finalizing collection centers.</li> </ul>		
13.	Finalizing of pricing and allocation	Enam and SBI Caps	Enam
14.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	Enam and SBI Caps	SBI Caps
15.	The post Issue activities will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. The Book Running Lead Manager shall be responsible for ensuring that these agencies fulfill its functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Enam and SBI Caps	SBI Caps

Even if any of these activities are being handled by other intermediaries, the Book Running Lead Managers shall be responsible for ensuring that these intermediaries fulfil their functions and enable them to discharge their responsibility through suitable agreements with our Company.

#### **IPO Grading Agency**

[●]

[●]

Telephone: +91 [●]

Facsimile: +91 [●]

E-mail: [●]

Contact Person: [●]

#### **IPO Grading**

This Issue has been graded by [●] and has been assigned the “IPO Grade [●]” indicating [●] through its letter dated [●], which is valid for a period of [●] months. The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and “IPO Grade 1” indicates poor fundamentals. The rationale furnished by the grading agency for its grading will be updated at the time of filing of the Red Herring Prospectus with the RoC/ Designated Stock Exchange.

A copy of the report provided by [●], furnishing the rationale for its grading will be annexed to the Red Herring Prospectus and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date. For details of summary of rationale for the grading assigned by the IPO Grading Agency, see “Other Regulatory and Statutory Disclosures” on page 162.

#### **Disclaimer of IPO Grading Agency**

[●]

#### **Monitoring Agency**

There is no requirement for a monitoring agency for this Issue.

## **Expert**

Except for the report provide by the IPO Grading Agency (a copy of which report will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading and and the Auditor’s Report of the Auditors of our Company on the audited financial information and the “Statement of Tax Benefits”, we have not obtained any expert opinions.

## **Project Appraisal**

None of the objects of this Issue have been appraised.

## **Book Building Process**

“Book building” refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the ASBA Forms. The Issue Price shall be determined by our Company, in consultation with the Book Running Lead Managers, after the Bid Closing Date. The principal parties involved in the Book Building Process are:

- (1) our Company;
- (2) the Book Running Lead Managers;
- (3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters;
- (4) Registrar to the Issue;
- (5) Escrow Collection Banks; and
- (6) SCSBs.

This Issue is being made through the 100% Book Building Process. Such number of Equity Shares representing up to 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders, except allocation to Anchor Investors, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIB Bidders, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see “Issue Procedure” on page 180. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of the Bid cum Application Form to the Book Running Lead Managers and the balance within two days from the Bid Closing Date. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

**In accordance with the SEBI Regulations, QIBs Bidding in the Issue are not allowed to withdraw their Bids after the Bid Closing Date. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis.** For further details, see “Terms of the Issue” and “Issue Procedure” on pages 172 and 180 respectively.

Our Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the Book Running Lead Managers to manage this Issue and procure subscriptions to this Issue.

**The Book Building Process is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

**Steps to be taken by the Bidders for making a Bid or application in this Issue:**

- Check eligibility for making a Bid. For further details, see “Issue Procedure” on page 180. Specific attention of ASBA Bidders is invited to “Issue Procedure” on page 180;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
- Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
- Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (see “Issue Procedure” on page 180). However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants’ verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address;
- Ensure the correctness of your Demographic Details (as defined in “Issue Procedure – Bidder’s Depository Account and Bank Details” on page 192), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
- Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their specified bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected;
- Bidders can submit their Bids through the ASBA by submitting ASBA Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained; and
- Bids by QIBs will only have to be submitted to members of the Syndicate or their affiliates.

**Illustration of Book Building Process and the Price Discovery Process**

*(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Bidders can bid at any price within the Price Band. For instance, assuming a price band of Rs.20 to Rs. 24 per share, an issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the issuer 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%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with Book Running Lead Managers, will finalise the issue price at or below such cut-off, 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.

**Withdrawal of this Issue**

In accordance with the SEBI Regulations, our Company, in consultation with Book Running Lead Managers, reserves the right not to proceed with this Issue at anytime after the Bid Opening Date without assigning the reasons therefor. However, if our Company withdraws the Issue after the Bid Closing Date, we will give the reason thereof within two days of the Bid Closing Date by way of a public notice which shall be published within two days of the Bid Closing Date in the same newspapers where the pre-Issue advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the Book Running Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one day from the date of receipt of such notification. In the event of withdrawal of the Issue and subsequently, plans of an IPO by our Company, a draft red herring prospectus will be submitted again for observations of the SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

**In terms of the SEBI Regulations, QIBs Bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date.** For details in relation to Anchor Investors bidding in the Anchor Investor Portion, see “Issue Procedure” on page 180.

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

<b>BID OPENS ON</b>	<b>[●]</b>
<b>BID CLOSES ON**</b>	<b>[●]</b>

\*Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date.

\*\*Our Company may, in consultation with the Book Running Lead Managers, decide to close the Bidding for QIBs one day prior to the Bid Closing Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA Form, the Designated Branches **except that on the Bid Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIBs Bidding in the Net QIB Portion, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and Eligible Employees Bidding under the Employee Reservation Portion, where the Bid Amount is up to Rs. 100,000; and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

Applicants may note that in case the DP ID & Client ID, PAN and such other details as required, mentioned in the application form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with such details available in the depository database, the application is liable to be rejected.

On the Bid Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the Book Running Lead Managers to the Stock Exchange within half an hour of such closure.

Our Company, in consultation with Book Running Lead Managers, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. In such an event, the Cap Price should not be more than 120% of the Floor Price. In other words, the Floor Price can move up or down, to the extent of 20% of the Floor Price, as disclosed advertised at least two Working Days before the Bid Opening Date.

**In case of revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision, subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.**

### Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Company intends to enter into an Underwriting Agreement with the Underwriters and the Registrar to the Issue for the Equity Shares proposed to be offered through this Issue, except such Equity Shares as are allotted to QIBs under the QIB Portion. It is proposed that pursuant to the terms of the Underwriting Agreement, the Underwriters responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)*

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
[●]	[●]	[●]
[●]	[●]	[●]
<b>Total</b>	[●]	[●]

*The above-mentioned amount is indicative and will be finalised after determination of the Issue Price and finalization of the 'Basis of Allocation'.*

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

In case of under-subscription in the Issue, the Book Running Lead Managers as described in "General Information – Statement of Responsibilities of the Book Running Lead Managers" on page 13, responsible for underwriting arrangements shall be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the Underwriters is issued in terms of the SEBI Regulations.

## CAPITAL STRUCTURE

The equity share capital of our Company, as of the date of this Draft Red Herring Prospectus, before and after the proposed Issue, is set forth below:

*(Rs. million, except share data)*

	Aggregate nominal value	Aggregate value at Issue Price
<b>A) AUTHORISED SHARE CAPITAL<sup>(a)</sup></b>		
70,000,000 Equity Shares	700	[●]
<b>B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>		
50,462,012 Equity Shares	504.62	[●]
<b>C) PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS<sup>(b)</sup></b>		
Public issue of [●] Equity Shares aggregating up to Rs. 2,750 million	[●]	[●]
<i>Which comprises:</i>		
Employee Reservation Portion <sup>#</sup> of [●] Equity Shares	[●]	[●]
Net Issue to the public	[●]	[●]
QIB Portion of up to [●] Equity Shares <sup>(c)</sup> , of which the:		
Anchor Investor Portion is up to [●] <sup>(d)</sup> Equity Shares		
Net QIB Portion of at least [●] Equity Shares <sup>(c)</sup> , of which the:	[●]	[●]
Mutual Fund Portion is [●] Equity Shares <sup>*</sup>		
Other QIBs (including Mutual Funds) is [●] Equity Shares <sup>*</sup>		
Non-Institutional Portion of not less than [●] Equity Shares <sup>*(d)</sup>	[●]	[●]
Retail Portion of not less than [●] Equity Shares <sup>*(d)</sup>	[●]	[●]
<b>D) PAID-UP EQUITY CAPITAL AFTER THE ISSUE</b>		
[●] Equity Shares	[●]	[●]
<b>E) SECURITIES PREMIUM ACCOUNT</b>		
Before the Issue	783.58	
After the Issue		[●]

<sup>a</sup> Available for allocation on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

<sup>#</sup> Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

- (a) The initial authorised share capital of our Company of Rs. 0.50 million comprising 50,000 Equity Shares was increased to Rs. 10.50 million divided into 1,050,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated March 26, 1998.

Further, the authorised share capital of our Company was increased to Rs. 25 million divided into 2,500,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated March 31, 2004.

Further, the authorised share capital of our Company was increased to Rs. 30 million divided into 3,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated July 23, 2004.

Further, the authorised share capital of our Company was increased to Rs. 40 million divided into 4,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated March 15, 2005.

Further, the authorised share capital of our Company was increased to Rs. 60 million divided into 6,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated March 30, 2005.

Further, the authorised share capital of our Company was increased to Rs. 65 million divided into 6,500,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated December 15, 2005.

Further, the authorised share capital of our Company was increased to Rs. 70 million divided into 7,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated March 18, 2006.

Further, the authorised share capital of our Company was increased to Rs. 85 million divided into 8,500,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated September 30, 2006.

Further, the authorised share capital of our Company was increased to Rs. 160 million divided into 16,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated August 30, 2007.

Further, the authorised share capital of our Company was increased to Rs. 650 million divided into 65,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated April 12, 2010.

Further, the authorised share capital of our Company was increased to Rs. 700 million divided into 70,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated June 5, 2010.

- (b) This Issue has been authorized by resolutions of our Board dated June 4, 2010, and by a special resolution passed by our shareholders pursuant to Section 81(1A) of the Companies Act, at the EGM held on June 5, 2010.
- (c) Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.
- (d) Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see "Issue Procedure" on page 180. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.
- (e) Under-subscription in any category, excluding Employee Reservation Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the sole discretion of our Company, in consultation with the Book Running Lead Managers.

## Notes to Capital Structure

### 1. *History of equity share capital of our Company*

Date of allotment	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares	Cumulative equity share capital (Rs.)	Cumulative share premium (Rs.)
November 16, 1989	30	10	10	Cash	Subscription to our Memorandum <sup>(1)</sup>	30	300	Nil

Date of allotment	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares	Cumulative equity share capital (Rs.)	Cumulative share premium (Rs.)
January 3, 1990	20,300	10	10	Cash	Further issue <sup>(2)</sup>	20,330	203,300	Nil
February 26, 1990	19,000	10	10	Cash	Further issue <sup>(3)</sup>	39,330	393,300	Nil
March 31, 1998	973,670	10	10	Cash	Further issue <sup>(4)</sup>	1,013,000	10,130,000	Nil
March 31, 2004	1,485,000	10	10	Cash	Further issue <sup>(5)</sup>	2,498,000	24,980,000	Nil
August 30, 2004	500,000	10	10	Cash	Further issue <sup>(6)</sup>	2,998,000	29,980,000	Nil
March 31, 2005	427,000	10	10	Cash	Further issue <sup>(7)</sup>	3,425,000	34,250,000	Nil
	2,575,000	10	10	Other than Cash	Further issue <sup>(8)</sup>	6,000,000	60,000,000	Nil
December 15, 2005	213,800	10	50	Cash	Further issue <sup>(9)</sup>	6,213,800	62,138,000	8,552,000
January 23, 2006	26,000	10	50	Cash	Preferential allotment <sup>(10)</sup>	6,239,800	62,398,000	9,592,000
February 23, 2006	200,125	10	80	Cash	Preferential allotment <sup>(11)</sup>	6,439,925	64,399,250	23,600,750
March 31, 2006	337,750	10	100	Cash	Preferential allotment <sup>(12)</sup>	6,777,675	67,776,750	53,998,250
September 30, 2006	669,000	10	100	Cash	Preferential allotment <sup>(13)</sup>	7,446,675	74,466,750	114,208,250
December 31, 2006	105,000	10	100	Cash	Preferential allotment <sup>(14)</sup>	7,551,675	75,516,750	123,658,250
September 12, 2007	335,000	10	100	Cash	Preferential allotment <sup>(15)</sup>	7,886,675	78,866,750	153,808,250
March 31, 2008	2,489,998	10	150	Cash	Preferential allotment <sup>(16)</sup>	10,376,673	103,766,730	502,407,970
September 30, 2008	206,830	10	150	Cash	Preferential allotment <sup>(17)</sup>	10,583,503	105,835,030	531,364,170
March 30, 2009	1,000,000	10	300	Cash	Preferential allotment <sup>(18)</sup>	11,583,503	115,835,030	821,364,170
March 31, 2009	250,000	10	300	Cash	Preferential allotment <sup>(19)</sup>	11,833,503	118,335,030	893,864,170
	575,000	10	300	Other than cash	Preferential allotment in consideration for the acquisition of 1,000,000 equity shares of Rs. 10 each of RCC Developers Private Limited and 740,000 equity shares of Rs. 10 each of Archit Steels Private Limited <sup>(20)</sup>	12,408,503	124,085,030	1,060,614,170
March 31, 2010	207,000	10	500	Cash	Preferential allotment <sup>(21)</sup>	12,615,503	126,155,030	1,162,044,170
June 4, 2010	37,846,509	10	Nil	-	Bonus issue of Equity Shares in the ratio 3:1 <sup>(22)</sup>	50,462,012	504,620,120	783,579,080

<sup>(1)</sup> Mr. Naresh Kumar Garg, Mr. Deputy Swaroop Garg and Mr. Devendra Kumar Garg were allotted 10 Equity Shares each, pursuant to their subscription to our Memorandum.

<sup>(2)</sup> Mr. Deputy Swaroop Garg was allotted 5,000 Equity Shares, Mr. Surendra Kumar Garg was allotted 3,500 Equity Shares, Mr. Naresh Kumar Garg and Mr. Devendra Kumar Garg were allotted 3,000 Equity Shares each, Mr. Rajesh Kumar Garg was allotted 2,000 Equity Shares, Mr. Pramod Kumar Garg, Ms. Seema Rani and Ms. Nisha Rani were allotted 1,000 Equity Shares each, and Mr. Pradeep Kumar Garg was allotted 800 Equity Shares.

<sup>(3)</sup> Ms. Dayawati Garg was allotted 4,000 Equity Shares, Mr. Pramod Kumar Garg and Mr. Rajesh Kumar Garg were allotted 3,000 Equity Shares each, Mr. Surendra Kumar Garg was allotted 2,500 Equity Shares, Ms. Raj Rani Garg was allotted 1,500 Equity Shares and Mr. Punit Kumar Garg, Mr. Anurag Garg, Ms. Shilpi Garg, Ms. Shubhangi Garg and Mr. Shagun Garg were allotted 1,000 Equity Shares each.

<sup>(4)</sup> Yama Finance Limited was allotted 205,900 Equity Shares, Shubh Exim Limited was allotted 178,000 Equity Shares, J.S. Motor Finance Limited was allotted 132,500 Equity Shares, Unnati Mercantile Limited was allotted 120,000 Equity Shares, Goel Securities and Credits Limited was allotted 90,000 Equity Shares, Mr. Naresh Kumar Garg was allotted 60,990 Equity Shares, Mr. Devendra Kumar Garg was allotted 34,490 Equity Shares, DKG (HUF) was allotted 32,000 Equity Shares, Ms. Shashi Garg was allotted 31,000 Equity Shares, Mr. Deputy Swaroop Garg was allotted 27,490 Equity Shares, Mr. Anurag Garg was allotted 17,500 Equity Shares, NKG (HUF) was allotted

15,000 Equity Shares, Ms. Nisha Rani was allotted 14,000 Equity Shares, Mr. Rajesh Kumar Garg was allotted 7,000 Equity Shares, Ms. Dayawati Garg was allotted 6,000 Equity Shares and Mr. Punit Garg was allotted 1,800 Equity Shares.

<sup>(5)</sup> Jai Mata Pipes Private Limited was allotted 280,000 Equity Shares, Pranjal Buildcon Limited, Aakash Packaging (India) Private Limited and Vak in Computers Private Limited were allotted 200,000 Equity Shares each, Logical Finlease Private Limited was allotted 155,000 Equity Shares, JKD Capital and Finlease Limited and Gannayak Fintech Services Private Limited and Gannayak Finance and Leasing Private Limited were allotted 150,000 Equity Shares each.

<sup>(6)</sup> Intec Share & Stock Brokers Limited was allotted 350,000 Equity Shares, Ms. Madhu Agarwal was allotted 100,000 Equity Shares and Ms. Meenakshi Agarwal was allotted 50,000 Equity Shares.

<sup>(7)</sup> Aashiana Rolling Mills Limited was allotted 200,000 Equity Shares, Archit Steels Private Limited was allotted 175,000 Equity Shares and Supra Industries Private Limited was allotted 52,000 Equity Shares.

<sup>(8)</sup> Fetchus Finlease Services Private Limited was allotted 450,000 Equity Shares, Krishna Radha Metals Private Limited was allotted 440,000 Equity Shares, Radhav Madhav Finport Private Limited and Expert Financial Services Limited were allotted 350,000 Equity Shares each, Goldline Lotto Management Private Limited was allotted 252,500 Equity Shares, Akash Packaging (India) Private Limited was allotted 250,000 Equity Shares, Gannayak Fintech Services Private Limited was allotted 162,500 Equity Shares, Shyam Automobile Limited was allotted 140,000 Equity Shares, Ganadhees Finport Private Limited was allotted 97,500 Equity Shares and Raja India Private Limited was allotted 82,500 Equity Shares, in lieu of discharge of certain liabilities of our Company. No benefits accrued to our Company pursuant to the said issuances.

<sup>(9)</sup> DD Constructions Private Limited was allotted 70,000 Equity Shares, JKD Capital & Finlease Limited was allotted 54,000 Equity Shares, Shyam Automobiles Limited was allotted 44,800 Equity Shares and Supra Industries Private Limited was allotted 45,000 Equity Shares.

<sup>(10)</sup> Shyam Automobiles Limited was allotted 26,000 Equity Shares.

<sup>(11)</sup> DD Constructions Private Limited was allotted 55,625 Equity Shares, Mr. Naresh Kumar Garg and Ms. Shashi Garg were allotted 43,750 Equity Shares each, Mr. Devendra Kumar Garg was allotted 35,000 Equity Shares, Expert Power Control (India) Private Limited was allotted 19,625 Equity Shares and Aakash Packaging (India) Private Limited was allotted 2,375 Equity Shares.

<sup>(12)</sup> Kripa Finvest Private Limited was allotted 200,000 Equity Shares, Goldline Lotto Management Private Limited was allotted 87,500 Equity Shares, Intec Worldwide Private Limited was allotted 25,000 Equity Shares, Mr. Devendra Kumar Garg was allotted 15,250 Equity Shares and Intec Share & Stock Brokers Limited was allotted 10,000 Equity Shares.

<sup>(13)</sup> Pradeep Sons Private Limited was allotted 654,000 Equity Shares and Kripa Finvest Private Limited was allotted 15,000 Equity Shares.

<sup>(14)</sup> City Cable Communications Limited was allotted 50,000 Equity Shares, Jay Shree Growth Funds Private Limited was allotted 30,000 Equity Shares and Pradeep Sons Private Limited was allotted 25,000 Equity Shares.

<sup>(15)</sup> Mr. Pradeep Kumar Garg was allotted 135,000 Equity Shares and Pradeep Sons Private Limited and Expert Power Control India Private Limited were allotted 100,000 Equity Shares each.

<sup>(16)</sup> Jay Shree Growth Funds Private Limited was allotted 750,000 Equity Shares, Archit Steels Private Limited was allotted 616,666 Equity Shares, Expert Power Control India Private Limited was allotted 290,000 Equity Shares, Aman Promoters Private Limited and Gannayak Fintech Services Private Limited were allotted 283,333 Equity Shares each, and Pradeep Sons Private Limited was allotted 266,666 Equity Shares.

<sup>(17)</sup> Pradeep Sons Private Limited was allotted 206,830 Equity Shares.

<sup>(18)</sup> Amsoft Builders Private Limited was allotted 1,000,000 Equity Shares.

<sup>(19)</sup> Amsoft Builders Private Limited was allotted 250,000 Equity Shares.

<sup>(20)</sup> DD Constructions Private Limited was allotted 575,000 Equity Shares in consideration for the acquisition of 1,000,000 equity shares of Rs. 10 each of RCC Developers Private Limited and 740,000 equity shares of Rs. 10 each of Archit Steels Private Limited by our Company. No benefits accrued to our Company pursuant to the said issuances.

<sup>(21)</sup> Bliss Equity Private Limited was allotted 100,000 Equity Shares, Elegant Infracworld Private Limited was allotted 95,000 Equity Shares and Jay Shree Radhey Land & Estate Developers Private Limited was allotted 12,000 Equity Shares.

<sup>(22)</sup> Bonus issue of 14,563,074 Equity Shares to Mr. Pradeep Kumar Garg, 11,347,248 Equity Shares to Archit Steels Private Limited, 5,632,488 Equity Shares to Pradeep Sons Private Limited, 3,684,999 Equity Shares to Aman Promoters Private Limited, 1,170,000 Equity Shares to Expert Power Control (India) Private Limited, 525,000 Equity Shares to the PKG (HUF), 280,950 Equity Shares to Mr. Devendra Kumar Garg, 285,000 Equity Shares to Elegant Infracworld Private Limited, 173,250 Equity Shares to Mr. Naresh Kumar Garg, 148,500 Equity Shares to Ms. Meenu Garg and 36,000 Equity Shares to Jay Shree Radhey Land & Estate Developers Private Limited. The said bonus issuance was pursuant to a resolution of our Board dated May 10, 2010 as approved by our shareholders pursuant to a resolution of our shareholders dated June 3, 2010.

Other than as mentioned in the table above, our Company has not made any issue of Equity Shares during the preceding one year from the date of this Draft Red Herring Prospectus.

## 2. Build up, Contribution and Lock-in of Promoters and Promoter Group

### a) Details of build up of Promoters' shareholding in our Company:

Set forth below are the details of the build up of our Promoters' shareholding:

Name of the Promoter	Date of allotment/ transfer or when the Equity Shares were made fully paid up*	No. of Equity Shares*	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)**	% of pre-Issue Capital	% of post-Issue Capital	Consideration	Nature of Transaction
Mr. Naresh Kumar Garg	November 16, 1989	10	10	10	Negligible	[●]	Cash	Subscription to our Memorandum
	January 3, 1990	3,000	10	10	Negligible	[●]	Cash	Further issue

	March 31, 1998	60,990	10	10	Negligible	[●]	Cash	Further issue
	September 16, 1998	15,000	10	10	Negligible	[●]	Cash	Transfer from NKG (HUF)
	September 16, 1998	132,500	10	10	Negligible	[●]	Cash	Transfer from J.S. Motor Finance Limited
	July 8, 2003	(15,000)	10	10	Negligible	[●]	Cash	Transfer in favour of Ms. Dayawati Garg
	July 8, 2003	(132,500)	10	10	Negligible	[●]	Cash	Transfer in favour of Ms. Dayawati Garg
	April 15, 2005	47,500	10	10	Negligible	[●]	Cash	Transfer from Logical Finlease Private Limited
	April 15, 2005	152,500	10	10	Negligible	[●]	Cash	Transfer from Ms. Dayawati Garg
	April 15, 2005	200,000	10	10	Negligible	[●]	Cash	Transfer from Aakash Packaging (India) Private Limited
	April 15, 2005	150,000	10	10	Negligible	[●]	Cash	Transfer from Gannayak Finance and Leasing Private Limited
	February 23, 2006	43,750	10	80	Negligible	[●]	Cash	Preferential allotment
	March 30, 2009	(600,000)	10	10	Negligible	[●]	Cash	Transfer in favour of Aakash Packaging (India) Private Limited
	June 4, 2010	173,250	10	Nil	Negligible	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (A)</b>		<b>231,000</b>			0.46	[●]		
<b>Mr. Devendra Kumar Garg</b>	November 16, 1989	10	10	10	Negligible	[●]	Cash	Subscription to our Memorandum
	January 3, 1990	3,000	10	10	Negligible	[●]	Cash	Further issue
	March 31, 1998	34,490	10	10	Negligible	[●]	Cash	Further issue
	September 16, 1998	178,000	10	10	Negligible	[●]	Cash	Transfer from Shubh Exim Limited
	September 16, 1998	32,000	10	10	Negligible	[●]	Cash	Transfer from DKG (HUF)
	July 8, 2003	(4,100)	10	10	Negligible	[●]	Cash	Transfer in favour of Ms. Dayawati Garg
	April 15, 2005	150,000	10	10	Negligible	[●]	Cash	Transfer from Gannayak Fintech Services Private Limited
	April 15, 2005	150,000	10	10	Negligible	[●]	Cash	Transfer for J.K.D Capital & Finlease Limited
	February 23, 2006	35,000	10	80	Negligible	[●]	Cash	Preferential allotment
	March 31, 2006	15,250	10	100	Negligible	[●]		Preferential allotment
	March 30, 2009	(500,000)	10	10	Negligible	[●]	Cash	Transfer in favour of Aakash Packaging (India) Private Limited
	June 4, 2010	280,950	10	Nil	Negligible	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (B)</b>		<b>374,600</b>			0.74	[●]		
<b>Mr. Pradeep Kumar Garg</b>	January 3, 1990	800	10	10	Negligible	[●]	Cash	Further issue
	May 25, 1998	(800)	10	10	Negligible	[●]	Cash	Transfer in favour of Mr. Punit Garg
	January 23, 2006	350,000	10	10	0.69	[●]	Cash	Transfer from Radhav Madhav Finport Private Limited
	January 23, 2006	200,000	10	2	0.39	[●]	Cash	Transfer from Aashiana Rolling Mills Limited
	September 12, 2007	135,000	10	100	0.26	[●]	Cash	Preferential allotment
	May 28, 2009	1,985,000	10	10	3.93	[●]	Cash	Transfer from Aakash Packaging (India) Private Limited

	May 28, 2009	1,631,925	10	10	3.23	[●]	Cash	Transfer from Expert Power Control (India) Private Limited
	February 14, 2009	(350,000)	10	10	(0.69)	[●]	Cash	Transfer in favour of Maya Industries Limited
	February 14, 2009	(135,000)	10	10	(0.26)	[●]	Cash	Transfer in favour of Maya Industries Limited
	May 28, 2009	1,037,433	10	10	2.05	[●]	Cash	Transfer from Elegant Infracore Private Limited
	June 4, 2010	14,563,074	10	Nil	28.85	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (C)</b>		<b>19,417,432</b>			<b>38.48</b>	<b>[●]</b>		
<b>Aman Promoters Private Limited</b>	January 23, 2006	82,500	10	1	0.16	[●]	Cash	Transfer from Raja India Private Limited
	January 23, 2006	97,500	10	1	0.19	[●]	Cash	Transfer from Ganadhees Finport Private Limited
	January 23, 2006	162,500	10	1	0.32	[●]	Cash	Transfer from Gannayak Fintech Services Private Limited
	January 23, 2006	252,500	10	1	0.50	[●]	Cash	Transfer from Goldline Lotto Management Private Limited
	January 23, 2006	350,000	10	1	0.69	[●]	Cash	Transfer from Expert Financial Services Limited
	March 31, 2008	283,333	10	150	0.56	[●]	Cash	Preferential allotment
	June 4, 2010	3,684,999	10	Nil	7.30	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (D)</b>		<b>4,913,332</b>			<b>9.74</b>	<b>[●]</b>		
<b>Total (A+B+C+D)</b>		<b>24,936,364</b>			<b>49.42</b>	<b>[●]</b>		

\* The Equity Shares were fully paid on the date of their allotment.

\*\* The cost of acquisition excludes the stamp duty paid.

#### b) Details of Promoters' Contribution locked-in for three years:

An aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as promoters' contribution ("Promoters' Contribution") and locked-in for a period of three years from the date of Allotment.

The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchanges before listing of the Equity Shares.

Our Promoters have, pursuant to their undertakings dated June 19, 2010 granted consent to include such number of Equity Shares held by them as may constitute 20% of the post-Issue equity share capital of our Company as Promoters' Contribution and has agreed not to sell or transfer or pledge or otherwise dispose off in any manner, the Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above. Details of Promoters' Contribution are as provided below:

Name of the Promoter	No. of Equity Shares locked-in*	% of pre-Issue Capital	% of post-Issue Capital
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>20</b>

\* All the Equity Shares held by our Promoters as on the date of filing of this Draft Red Herring Prospectus, are eligible for computation of Promoters' Contribution.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons who are classified as defined as 'promoters' of our Company as per the SEBI Regulations.

All Equity Shares which are to be locked-in are eligible for computation of Promoters' Contribution, in accordance with the SEBI Regulations. The Equity Shares proposed to be included as part of the Promoters'

Contribution:

- (a) have not been subject to pledge or any other form of encumbrance; or
- (b) have not been issued out of revaluation reserves or capitalization of intangible assets and have not been issued against shares, which are otherwise ineligible for Promoters' Contribution; or
- (c) have not been acquired for consideration other than cash and revaluation of assets; or
- (d) have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Red Herring Prospectus at a price lower than the Issue Price.

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoters' Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue. For further details regarding the objects, see "Objects of the Issue" on page 32.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

**c) Details of shareholding of Promoter Group in our Company**

Set forth below are the details of the build up of the members of our Promoter Group's shareholding:

Name of the Promoter Group entity	Date of allotment/ transfer or when the Equity Shares were made fully paid up*	No. of Equity Shares*	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)**	% of pre-Issue Capital	% of post-Issue Capital	Consideration	Nature of Transaction
<b>Ms. Meenu Garg</b>	October 20, 2003	8,000	10	10	0.02	[●]	Cash	Transfer from Mr. Rajesh Kumar Garg
	October 20, 2003	1,500	10	10	Negligible	[●]	Cash	Transfer from Ms. Raj Rani Garg
	January 23, 2006	440,000	10	10	0.87	[●]	Cash	Transfer from Krishna Radha Metals Private Limited
	February 14, 2009	(400,000)	10	10	(0.79)	[●]	Cash	Transfer in favour of Maya Industries Limited
	June 4, 2010	148,500	10	Nil	0.29	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (A)</b>		<b>198,000</b>			<b>0.39</b>	<b>[●]</b>		
<b>Pradeep Sons Private Limited</b>	September 30, 2006	654,000	10	100	1.29	[●]	Cash	Preferential allotment
	December 31, 2006	25,000	10	100	0.05	[●]	Cash	Preferential allotment
	September 12, 2007	100,000	10	100	0.20	[●]	Cash	Preferential allotment
	March 31, 2008	266,666	10	150	0.53	[●]	Cash	Preferential allotment
	September 30, 2008	206,830	10	150	0.41	[●]	Cash	Preferential allotment
	March 30, 2009	625,000	10	10	1.24	[●]	Cash	Transfer from Ishom Photo Colour Lab Private Limited
	June 4, 2010	5,632,488	10	Nil	11.16	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (B)</b>		<b>7,509,984</b>			<b>14.88</b>	<b>[●]</b>		
<b>Archit Steels Private Limited</b>	March 31, 2008	616,666	10	150	1.22	[●]	Cash	Preferential allotment
	March 30, 2009	288,750	10	10	0.57	[●]	Cash	Transfer from Ms. Shashi Garg

Name of the Promoter Group entity	Date of allotment/ transfer or when the Equity Shares were made fully paid up*	No. of Equity Shares*	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)**	% of pre-Issue Capital	% of post-Issue Capital	Consideration	Nature of Transaction
	March 30, 2009	105,000	10		0.21	[●]	Cash	Transfer from NKG (HUF)
	March 30, 2009	272,000	10	10	0.54	[●]	Cash	Transfer from DKG (HUF)
	May 31, 2010	1,250,000	10	10	2.48	[●]	Cash	Transfer from Aakash Packaging (India) Private Limited
	May 31, 2010	100,000	10	10	0.20	[●]	Cash	Transfer from Bliss Equity Private Limited
	May 31, 2010	1,150,000	10	10	2.28	[●]	Cash	Transfer from Radhey Krishna Chemicals and Minerals Private Limited
	June 4, 2010	11,347,248	10	Nil	22.49	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (C)</b>		<b>15,129,664</b>			<b>29.98</b>	<b>[●]</b>		
<b>PKG (HUF)</b>	January 23, 2006	175,000	10	10	0.35	[●]	Cash	Transfer from Archit Steels Private Limited
	February 14, 2009	188,000	10	10	0.37	[●]	Cash	Transfer from Ms. Dayawati Garg
	February 24, 2009	(188,000)	10	10	(0.37)	[●]	Cash	Transfer in favour of Ishom Photo Colour Lab Private Limited
	June 4, 2010	525,000	10	Nil	1.04	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (D)</b>		<b>700,000</b>			<b>1.39</b>	<b>[●]</b>		
<b>Expert Power Control (India) Private Limited</b>	February 23, 2006	19,625	10	10	0.04	[●]	Cash	Preferential allotment
	May 31, 2007	54,000	10	10	0.11	[●]	Cash	Transfer from JKD Capital and Finlease Limited
		252,375	10	10	0.50	[●]	Cash	Transfer from Aakash Packaging India Private Limited
		97,000	10	10	0.19	[●]	Cash	Transfer from Supra Industries Private Limited
		87,500	10	10	0.17	[●]	Cash	Transfer from Goldline Lotto Management Private Limited
		210,800	10	10	0.42	[●]	Cash	Transfer from Shayam Automobiles Limited
		125,625	10	10	0.25	[●]	Cash	Transfer from D.D. Constructions Private Limited
		25,000	10	10	0.05	[●]	Cash	Transfer from Intec Worldwide Private Limited
		280,000	10	10	0.54	[●]	Cash	Transfer from Ms. Shilpi Garg
		450,000	10	10	0.89	[●]	Cash	Transfer from Mr. Arun Agarwal
		30,000	10	10	0.06	[●]	Cash	Transfer from Jay Shree Growth Fund Private Limited
	September 12, 2007	100,000	10	10	0.02	[●]	Cash	Preferential allotment

Name of the Promoter Group entity	Date of allotment/ transfer or when the Equity Shares were made fully paid up*	No. of Equity Shares <sup>†</sup>	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.) <sup>**</sup>	% of pre-Issue Capital	% of post-Issue Capital	Consideration	Nature of Transaction
	March 31, 2008	290,000	10	10	0.57	[●]	Cash	Preferential allotment
	May 28, 2009	(1,631,925)	10	10	(3.23)	[●]	Cash	Transfer to Mr. Pradeep Kumar Garg
	June 4, 2010	1,170,000	10	Nil	2.32	[●]	-	Bonus issue of Equity Shares in the ratio of 3:1
<b>Sub-total (E)</b>		<b>1,560,000</b>			<b>3.09</b>	<b>[●]</b>		
<b>Elegant Infracore Private Limited</b>	March 30, 2009	188,000	10	10	0.37	[●]	Cash	Transfer from Ishom Photo Colour Lab Private Limited
		215,000	10	10	0.43	[●]	Cash	Transfer from Ms. Nisha Rani
		100,000	10	10	0.20	[●]	Cash	Transfer from Ms. Madhu Agarwal
		50,000	10	10	0.01	[●]	Cash	Transfer from Ms. Meenakshi Agarwal
		18,500	10	10	Negligible	[●]	Cash	Transfer from Mr. Anurag Garg
		7,600	10	10	Negligible	[●]	Cash	Transfer from Mr. Udit Garg
		283,333	10	10	0.56	[●]	Cash	Transfer from Gannayak Fintech Services Private Limited
		175,000	10	10	0.35	[●]	Cash	Transfer from Jay Shree Growth Funds Private Limited
	May 28, 2009	(1,037,433)	10	10	(2.06)	[●]	Cash	Transfer in favour of Mr. Pradeep Kumar Garg
March 31, 2010	95,000	10	500	0.19	[●]	Cash	Preferential allotment	
June 4, 2010	285,000	10	Nil	0.56	[●]	-	Bonus issue of Equity Shares in the ratio 3:1	
<b>Sub-total (F)</b>		<b>380,000</b>			<b>0.75</b>	<b>[●]</b>		
<b>Total (A+B+C+D+E+F)</b>		<b>25,477,648</b>			<b>50.48</b>	<b>[●]</b>		

\* The Equity Shares were fully paid on the date of their allotment.

\*\* The cost of acquisition excludes the stamp duty paid.

Except as otherwise stated hereinabove, none of the members of our Promoter Group or directors of our Promoters hold or have held any Equity Shares.

### 3. Details of share capital locked in for one year

In addition to the lock-in of the Promoters' Contribution, the entire pre-Issue equity share capital of our Company (including those Equity Shares held by our Promoters), shall be locked in for a period of one year from the date of Allotment. The Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Regulations, as amended from time to time.

### 4. Our shareholding pattern

The table below represents the shareholding pattern of our Company before the proposed Issue and as adjusted for this Issue:

Shareholders	Pre-Issue	Post-Issue*
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	No. of Equity Shares	Percentage of shareholding	No. of Equity Shares	Percentage of shareholding
<b>Promoter and Promoter Group (A)</b>				
<b>(1) Indian</b>				
Individuals/ Hindu Undivided Family	20,921,032	41.46	20,921,032	[●]
Central Government/ State Government(s)	Nil	Nil	Nil	[●]
Bodies Corporate	29,492,980	58.44	29,112,980	[●]
Financial Institutions/ Banks	Nil	Nil	Nil	[●]
Any Other (specify)	Nil	Nil	Nil	[●]
<i>Sub-Total (A) (1)</i>	<i>50,414,012</i>	<i>99.90</i>	<i>50,034,012</i>	[●]
<b>Foreign (2)</b>				
Individuals (Non- Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	[●]
Bodies Corporate	Nil	Nil	Nil	[●]
Institutions	Nil	Nil	Nil	[●]
Any Other (specify)	Nil	Nil	Nil	[●]
<i>Sub-Total (A) (2)</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	[●]
<i>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</i>	<i>50,414,012</i>	<i>99.90</i>	<i>50,414,012</i>	[●]
<b>Public shareholding (B)</b>				
<b>Institutions (1)</b>				
Mutual Funds/ UTI	Nil	Nil	Nil	[●]
Financial Institutions/ Banks	Nil	Nil	Nil	[●]
Central Government(s)/State Government(s)	Nil	Nil	Nil	[●]
Venture Capital Funds	Nil	Nil	Nil	[●]
Insurance companies	Nil	Nil	Nil	[●]
Foreign Institutional Investors	Nil	Nil	Nil	[●]
Foreign Venture Capital Investors	Nil	Nil	Nil	[●]
Any Other (specify)	Nil	Nil	Nil	[●]
<i>Sub-Total (B)(1)</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	[●]
<b>Non-institutions (2)</b>				
Bodies Corporate	48,000	Negligible	48,000	[●]
Individuals shareholders holding nominal share capital up to Rs. 0.10 million	Nil	Nil	Nil	[●]
Individuals shareholders holding nominal share capital in excess of Rs. 0.10 million	Nil	Nil	Nil	[●]
Non Resident India/OCB	Nil	Nil	Nil	[●]
Clearing member	Nil	Nil	Nil	[●]
Trusts	Nil	Nil	Nil	[●]
<i>Sub-Total (B)(2)</i>	<i>48,000</i>	<i>Negligible</i>	<i>48,000</i>	[●]
<b>Public (Pursuant to the Issue) (B)(3)</b>	<b>N.A</b>	<b>N.A</b>	<b>[●]</b>	<b>[●]</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)</b>	<b>48,000</b>	<b>Negligible</b>	<b>[●]</b>	<b>[●]</b>
<b>GRAND TOTAL (A)+(B)</b>	<b>50,462,012</b>	<b>100.00</b>	<b>[●]</b>	<b>[●]</b>

\* Based on the assumption that such shareholders shall continue to hold the same number of Equity Shares after this Issue. This does not include any Equity Shares that such shareholders (excluding Promoter and Promoter Group) may Bid for and be Allotted.

5. Except Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg and Mr. Pradeep Kumar Garg, who hold such number of Equity Shares as provided in this section, none of our Directors or Key Management Personnel hold Equity Shares.
6. Except Ms. Meenu Garg who is a director of Aman Promoters Private Limited, our Promoter company, none of the directors of our Promoter company hold Equity Shares.
7. **Top 10 shareholders**

As on the date of this Draft Red Herring Prospectus, our Company has eleven shareholders. The list of the principal shareholders of our Company and the number of Equity Shares held by them is provided below:

- (a) Our shareholders and the number of Equity Shares held by them, as on the date of this Draft Red Herring Prospectus. Details of such shareholders, are as follows:

S. No.	Shareholder	No. of Equity Shares	Pre Issue %
1.	Mr. Pradeep Kumar Garg	19,417,432	38.48
2.	Archit Steels Private Limited	15,129,664	29.98
3.	Pradeep Sons Private Limited	7,509,984	14.88
4.	Aman Promoters Private Limited	4,913,332	9.74
5.	Expert Power Control (India) Private Limited	1,560,000	3.09
6.	PKG (HUF)	700,000	1.39
7.	Elegant Infraworld Private Limited	380,000	0.75
8.	Mr. Devendra Kumar Garg	374,600	0.74
9.	Mr. Naresh Kumar Garg	231,000	0.46
10.	Ms. Meenu Garg	198,000	0.39
11.	Jay Shree Radhey Land & Estate Developers Private Limited	48,000	0.10
	<b>Total</b>	<b>50,462,012</b>	<b>100.00</b>

- (b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to filing of this Draft Red Herring Prospectus were as follows:

S. No.	Shareholder	No. of Equity Shares	Pre Issue %
1.	Mr. Pradeep Kumar Garg	19,417,432	38.48
2.	Archit Steels Private Limited	15,129,664	29.98
3.	Pradeep Sons Private Limited	7,509,984	14.88
4.	Aman Promoters Private Limited	4,913,332	9.74
5.	Expert Power Control (India) Private Limited	1,560,000	3.09
6.	PKG (HUF)	700,000	1.39
7.	Elegant Infraworld Private Limited	380,000	0.75
8.	Mr. Devendra Kumar Garg	374,600	0.74
9.	Mr. Naresh Kumar Garg	231,000	0.46
10.	Ms. Meenu Garg	198,000	0.39
	<b>Total</b>	<b>50,414,012</b>	<b>99.90</b>

- (c) Our top ten shareholders and the number of Equity Shares held by them two years prior to filing of this Draft Red Herring Prospectus were as follows:

S. No.	Shareholder	No. of Equity Shares Held	Pre Issue %
1.	Expert Power Control (India) Private Limited	2,021,925	19.49
2.	Aman Promoters Private Limited	1,228,333	11.84
3.	Pradeep Sons Private Limited	1,045,666	10.08
4.	Jay Shree Growth Fund Private Limited	750,000	7.23
5.	Mr. Pradeep Kumar Garg	685,000	6.60
6.	Mr. Naresh Kumar Garg	657,750	6.34
7.	Mr. Archit Garg	625,000	6.02
8.	Archit Steels Private Limited	616,666	5.94
9.	Mr. Devendra Kumar Garg	593,650	5.72
10.	Ms. Meenu Garg	449,500	4.33
	<b>Total</b>	<b>8,673,490</b>	<b>83.59</b>

8. Our Company, our Directors and the Book Running Lead Managers have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.
9. Except as disclosed under “Capital Structure – Notes to Capital Structure” on pages 20, our Company has not issued any Equity Shares at a price less than the Issue Price in the last one year preceding the date of filing of this Draft Red Herring Prospectus.
10. None of the Book Running Lead Managers held any Equity Shares as on the date of filing of this Draft Red Herring Prospectus.
11. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.

12. Our Company has not issued Equity Shares out of its revaluation reserves, if any.
13. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.
14. Our Company does not have any scheme of employee stock option or employee stock purchase.
15. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.
16. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
17. Our Company does not have any intention, proposal, negotiations or consideration to alter its capital structure by way of split /consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Bid Opening Date.
18. Our Company will not, without the prior written consent of the BRLMs, during the period commencing from the date of this Draft Red Herring Prospectus and ending 180 calendar days after the date of listing and commencement of trading of the Equity Shares, alter its capital structure in any manner including by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares or any securities convertible into or exchangeable, directly or indirectly, for the Equity Shares. If we enter into acquisitions or joint ventures for the purposes of our business, we may, subject to necessary approvals and consents, consider raising additional capital to fund such activities or use the Equity Shares as currency for acquisition or participation in such joint ventures.
19. There are certain restrictive covenants in the facility agreements entered into by our Company with certain lenders. For details, see “Financial Indebtedness” on page 142.
20. Except as stated hereinbelow, respectively, none of our Directors, their immediate relatives, Promoters, the respective directors of our Promoters and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

Name of the Shareholder	Date of allotment/transfer or when the Equity Shares were made fully paid up*	No. of Equity Shares	Consideration	Nature of Transaction
Mr. Naresh Kumar Garg	June 4, 2010	173,250	-	Bonus issue of Equity Shares in the ratio of 3:1
Mr. Devendra Kumar Garg	June 4, 2010	280,950	-	Bonus issue of Equity Shares in the ratio of 3:1
Mr. Pradeep Kumar Garg	June 4, 2010	14,563,074	-	Bonus issue of Equity Shares in the ratio of 3:1
Aman Promoters Private Limited	June 4, 2010	3,684,999	-	Bonus issue of Equity Shares in the ratio of 3:1
Ms. Meenu Garg	June 4, 2010	148,500	-	Bonus issue of Equity Shares in the ratio of 3:1
Pradeep Sons Private Limited	June 4, 2010	5,632,488	-	Bonus issue of Equity Shares in the ratio of 3:1
Archit Steels Private Limited	May 31, 2010	1,250,000	Cash	Transfer from Aakash Packaging (India) Private Limited
	May 31, 2010	100,000	Cash	Transfer from Bliss Equity Private Limited

	May 31, 2010	1,150,000	Cash	Transfer from Radhey Krishna Chemicals and Minerals Private Limited
	June 4, 2010	11,347,248	-	Bonus issue of Equity Shares in the ratio of 3:1
PKG (HUF)	June 4, 2010	525,000	-	Bonus issue of Equity Shares in the ratio of 3:1
Expert Power Control (India) Private Limited	June 4, 2010	1,170,000	-	Bonus issue of Equity Shares in the ratio of 3:1
Elegant Infracore Private Limited	March 31, 2010	95,000	Cash	Preferential allotment
	June 4, 2010	285,000	-	Bonus issue of Equity Shares in the ratio 3:1

For further details in relation to the abovementioned transfers/ allotments, see “Capital Structure – Details of build up of Promoters’ shareholding in our Company” and “Capital Structure – Details of shareholding of Promoter Group in our Company” on pages 22 and 25, respectively.

21. During the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus, no financing arrangements existed whereby our Promoters, the directors of our Promoter company, our Promoter Group, our Directors and their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.
22. Subject to valid Bids being received at or above the Issue Price, under-subscription in any category, excluding Employee Reservation Portion, would be met with spill-over from any other category, at the sole discretion of our Company, in consultation with BRLMs. Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. Such inter-se spillover, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
23. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making Allotments in minimum lots, while finalising the ‘Basis of Allocation’. Consequently, the Allotment may increase by a maximum of 10% of this Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoters’ Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.
24. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder. For further details, see “Issue Procedure” on page 180.
25. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.
26. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
27. Our Promoters and members of our Promoter Group shall not participate in this Issue.
28. Pursuant to Rule 19(2)(b) of the SCRR, at least 25% of our post-Issue Equity Share capital shall be issued and Allotted to the public in terms of the Red Herring Prospectus. Further, our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## OBJECTS OF THE ISSUE

### Our Requirement of Funds

The activities for which funds are being raised by our Company through this Issue are:

- (a) Investments in capital equipments;
- (b) Working capital requirements;
- (c) Funding pre-payment and repayment of a portion of debt availed by our Company; and
- (d) General corporate purposes (collectively, referred to herein as the “Objects”).

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges.

The main objects clause of our Memorandum enables our Company to undertake the existing activities of our Company and the activities for which funds are being raised through this Issue. The activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum.

Furthermore, we believe that listing of the additional Equity Shares through this Issue will also enhance our brand name.

### Issue Proceeds and Net Proceeds

The details of the proceeds of this Issue are summarized below:

Particular	Estimated Amount (Rs. million)
Gross proceeds to be raised through this Issue (“Issue Proceeds”)*	[●]
Issue related expenses*	[●]
Net proceeds of the Issue after deducting the Issue related expenses from the Issue Proceeds (“Net Proceeds”)*	[●]

\* Will be incorporated after finalization of the Issue Price

Our Company intends to utilize the Net Proceeds for financing the Objects.

### Utilization of Net Proceeds and Deployment of Funds

On the basis of our current business plans, details of our requirement of funds, the expenditure incurred towards the Objects and the proposed schedule of deployment of the Net Proceeds are set forth in the table below:

S. No.	Particulars	Total Estimated Cost	Expenditure incurred as of May 31, 2010	Proposed Schedule for deployment of the Net Proceeds (Rs. million)	
				Fiscal 2011	Fiscal 2012
				(Rs. million)	
1.	Investments in capital equipment	800.00	Nil	400.00	400.00
2.	Working capital requirements	900.00	Nil	900.00	Nil
3.	Funding pre-payment and repayment of a portion of debt availed by our Company	300.00	Nil	300.00**	Nil**
4.	General corporate purposes*	[●]	[●]	[●]	[●]
	<b>Total*</b>	[●]	[●]	[●]	[●]

\* Will be incorporated upon finalization of Issue Price.

\*\* Based on the applicable repayment schedules

Our management, in response to the competitive and dynamic nature of the Industry, will have the discretion to revise its business plan from time to time. Our funding requirements and deployment of the Net Proceeds are based on our current conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular Object vis-à-vis the utilization of Net Proceeds. For instance, we may also reallocate expenditure to the other activities, in the case of delays in our existing plans or proposed activities. Any such change in our plans may require rescheduling of our expenditure

programs, starting projects or capital expenditure programs which are not currently planned, discontinuing existing plans or proposed activities and an increase or decrease in the capital expenditure programs for the Objects, at the discretion of our Company.

This may also include rescheduling the proposed utilization of Net Proceeds within the “Objects of the Issue”. However, any changes in “Objects of the Issue”, other than those specified herein, post-listing of the Equity Shares shall be subject to compliance with the Companies Act and such regulatory and other approvals and disclosures, as may be applicable.

### Shortfall of Net Proceeds

In case of any shortfall of Net Proceeds for the Objects, we intend to meet the same through a range of options including utilizing our internal accruals or seeking additional debt from existing and/or other lenders. Further, we may choose not to repay/ pre-pay the loans identified, as one of the Objects from the Net Proceeds, in the event of any shortfall therein. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

### Means of Finance

The total fund requirement for the Objects as estimated by our Company is Rs. [●] million. No funds have been deployed by us towards the Objects as of May 31, 2010.

We propose to meet all the requirement of funds for the Objects entirely from the Net Proceeds. Other than such amounts as may be required to pay any ‘pre-payment penalties’ and applicable interest payments, in relation to the Object pertaining to funding pre-payment and repayment of a portion of debt availed by our Company, which we intend to finance out of the internal accruals, no amount is required to be raised through means other than this Issue for financing the Objects.

### Appraisal

None of the Objects have been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the Net Proceeds are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

### Bridge Financing Facilities

Our Company has not raised any bridge loan against the proceeds of this Issue.

### Details of the activities to be financed from the Net Proceeds

Mentioned below are the details of our Objects:

#### 1. *Investments in capital equipment*

In our business, we are required to make investments in capital equipment on a recurring basis. Out of the Net Proceeds, we intend to utilize up to Rs. 800.00 million for the purchase of capital equipment to meet the requirements of our various construction projects based on our order book as on March 31, 2010, and future requirements as estimated by our management.

Certain details of equipments currently under consideration for placement of orders have been provided hereinbelow:

							<i>(Rs. million)</i>
S.no.	Description of Equipment	Quantity	Amount	Supplier			Date of quotation received*
1.	Tata Hitachi Make Hydraulic Excavator Model EX350 Super fitted with Isuzu Engine, 1.7 cum GP Bucket	5	37.13	Telcon Equipment Limited	Construction Company		June 12, 2010
2.	Caterpillar Model 12K Motor	1	8.50	Tractors India Private			June 12, 2010

S.no.	Description of Equipment	Quantity	Amount	Supplier	Date of quotation received*
	Grader			Limited	
3.	Caterpillar Paver Model AP755	1	15.63 <sup>(1)</sup>	Caterpillar India Private Limited	June 12, 2010
4.	Stetter Truck Mixer Model AM6SHN	20	17.75	Schwing Stetter (India) Private Limited	June 12, 2010
5.	Ashok Leyland Taurus 2516 H/4C 6*4 - 3810 MM (150 inches) WB chassis fitted with Hino WO6DTI (BS II) diesel engine, all steel day cabin (factory built), 6 speed sychomexh gearbox, power steering, spare wheel carrier and rim, RUPD/SUPD, mirror LH/RH (one each), noise shield, tool kit and CMVR kit	20	33.73	Pearey Lall & Sons (E.P.) Limited	June 12, 2010
6.	Schwing Concrete Batching Plant M1	5	36.30	Schwing Stetter (India) Private Limited	June 12, 2010
7.	Schwing Concrete Batching Plant CP18	1	2.53	Schwing Stetter (India) Private Limited	June 12, 2010
8.	Schwing Concrete Batching Plant CP30 (Star Batcher)	5	18.47	Schwing Stetter (India) Private Limited	June 12, 2010
9.	Schwing Concrete Pump BP1800 HDRD and 100 meters pipeline	4	11.55	Schwing Stetter (India) Private Limited	June 12, 2010
10.	Schwing Concrete Pump SP1400 and 100 meters pipeline	5	11.04	Schwing Stetter (India) Private Limited	June 12, 2010
11.	Schwing Concrete Pump BP3500DXT and 100 meters pipeline	10	18.33	Schwing Stetter (India) Private Limited	June 12, 2010
12.	Ashok Leyland Taurus 2518 T/4 6*4 (150 inches) WB tipper chassis fitted with 'H' Series 6DTI (BS II) diesel engine, 6 speed synchronesh gearbox, power steering, exhaust brake, spare wheel carrier and rim, mirror LH/RH (one each), noise shield, ASA tool kit and CMVR kit, complete with cabin, front end tipping gear and box type body of 14 c.u.m capacity built and mounted by authorised body builder	50	103.28	Pearey Lall & Sons (E.P.) Limited	June 12, 2010
13.	Al Taurus 2516 H/4C 6*4 – 3810 MM (150 inches) WB tipper chassis fitted with Hino WO 6 DTI (BS II) diesel engine, all steel day cabin (factory built), 6 speed synchronesh gearbox, power steering, spare wheel carrier and rim, mirror LH/RH (one each), noise shield, spray suppressor, tool kit, CMVR kit, and 6 cu.m capacity concrete mixer built and mounted by authorised body builder	10	28.24	Pearey Lall & Sons (E.P.) Limited	June 12, 2010
14.	Metso C Series Jaw Crusher C 106 without motor, and Metso Cone Crusher GP 11 FC without motor	1	33.46 <sup>(2)</sup>	Metso Minerals India Private Limited	June 12, 2010
15.	Electronic sensor paver vogeles model Super 1800-2 with AB 600-2 TV screed for laying bituminous pavement	1	13.04 <sup>(2)</sup>	Wirtgen India Private Limited	June 12, 2010
16.	Potain MCi 85 fixed tower crane	1	7.76	Potain India Private Limited	June 12, 2010
17.	Potain MCi 85 floor climbing tower crane	1	6.08	Potain India Private Limited	June 13, 2010
18.	Hitachi Sumitomo Hydraulic Crawler Crane model SCX 800-2 standard machine with maximum boom length of 54.5 meters, and	1	41.70 <sup>(3)</sup>	Telco Construction Equipment Company Limited	June 10, 2010

S.no.	Description of Equipment	Quantity	Amount	Supplier	Date of quotation received*
19.	auxiliary jib JCB 3DX backhoe loader fitted with 1.1 cum bucket and 0.24 cum excavator bucket by Kirloskar 4R 1040 76HP engine, fitted with torque convertor, shuffle reverse, fully synchromesh gear box with heavy duty tyres	10	18.73	JCB India Limited	June 12, 2010
20.	JCB 432ZX articulated front end loader fitted with 2.7 c.u.m loader bucket, powered by Cummins 6BTA 5.9, Turbo charged 6-cylinder, water cooled, fitted with ZF transmission, heavy duty tyres and 4WD	10	29.39	JCB India Limited	June 14, 2010
21.	Hydraulic drilling rig HR 260 CP version, mounted on extendible crawler, complete with no. 1 interlocking Kelly bar 50 meters depth	1	52.97 <sup>(4)</sup>	Mait India Foundation Equipments Private Limited	June 14, 2010
22.	Hydraulic drilling rig HR 180 crawler mounted and complete with one unit of interlocking Kelly bar 40 meters depth, in standard pilling version	4	120.06	Mait India Foundation Equipments Private Limited	June 12, 2010
23.	Putzmeister make concrete pump model BSF36.09 H, X-unit with slave engine	2	23.87	Putzmeister Concrete Machines Private Limited	June 14, 2010
24.	ACE Fixed tower crane, model TC5040B	4	21.22	Action Construction Equipment Limited	June 14, 2010
25.	ACE Mobile tower crane, model MTC 3625	4	8.48	Action Construction Equipment Limited	June 14, 2010
26.	Cuplok Standard vertical, Cuplok Ledger horizontal, adjustable stirrup head, adjustable base plate, adjustable telescopic span, adjustable telescopic prop and round spigot	30,000 units of Cuplok Standard vertical; 40,000 units of Cuplok Ledger horizontal; 7,000 units of adjustable stirrup head; 7,000 units of adjustable base plate; 10,000 units of adjustable telescopic span; 10,000 units of adjustable telescopic prop; and 40,000 units of round spigot	57.83	Maini Construction Equipments Private Limited	June 14, 2010
27.	Escorts soil compactor EC 5250	10	18.00	Escorts Construction Equipment Limited	June 14, 2010
28.	Escorts tandem roller HD 85	10	22.01	Escorts Construction Equipment Limited	June 14, 2010
29.	Escorts hydraulic mobile crane Hy 12 SB	10	12.38	Escorts Construction Equipment Limited	June 14, 2010
<b>Total</b>			<b>829.46</b>		

\*The validity of the quotations received from various suppliers ranges from 14 days to 30 days.

<sup>(1)</sup> 1 USD = Rs. 46.73 (source: RBI reference rate as on June 15, 2010, [www.rbi.org.in](http://www.rbi.org.in))

<sup>(2)</sup> 1 Euro = Rs. 56.92 (source: RBI reference rate as on June 15, 2010, [www.rbi.org.in](http://www.rbi.org.in))

<sup>(3)</sup> 1 JPY = Rs. 0.51 (source: RBI reference rate as on June 15, 2010, [www.rbi.org.in](http://www.rbi.org.in))

<sup>(4)</sup> As stated in the said quotation, the exchange rate has been fixed at Rs. 57.00 for 1 Euro.

None of the equipments described above, is used or second hand in nature, and we do not propose to purchase any used or second hand equipment. Our Promoters, Directors and Key Managerial Personnel do not have any interest in the proposed acquisition of the equipments or in the suppliers from whom the quotations have been received.

We have not yet placed any orders for the machinery and equipments described above. We may obtain fresh quotations at the time of actual placement of the order for the respective equipment. The actual cost may thus depend on the prices finally settled with our suppliers and to that extent may vary from the above estimates. However, given that the quotations abovementioned are valid for 14 to 30 days from the date of their issuances, the actual costs may not vary significantly from the costs stated therein. Further, our estimated completion dates may vary based on the time and cost, or tax or duty implications, involved in actual procurement.

## 2. Working capital requirements

Our business is working capital intensive and we avail majority of our working capital in the ordinary course of our business from various banks and financial institutions. As on May 31, 2010, our Company's working capital facility consisted of an aggregate fund based limit of Rs. 1,700 million, including bid limits, and an aggregate non-fund based limit of Rs. 5,400 million. As on that date, the aggregate amount outstanding under the fund based and non-fund based working capital facilities was Rs. 1,457.77 million and Rs. 4,335.06 million, respectively. For further details of the working capital facility currently availed by us, see "Financial Indebtedness" and "Financial Statements" on pages 142 and F- 1, respectively. Based upon our internal estimates and projections as reflected below, we would incrementally require working capital, part of which, up to Rs. 900.00 million, we propose to finance from the proceeds of the Issue.

Our Company requires additional working capital for executing its outstanding order book that has been received by our Company. As on March 31, 2010, the unexecuted order book of our Company was Rs. 29,581.31 million. For further details of the order book availed by us, see "Our Business" on page 62.

### Basis of estimation of working capital requirement

Our Company's current assets and working capital as on March 31, 2010, as restated, are as follows:

		(Rs. million)
	Particulars	As on March 31, 2010
<b>A.</b>	<b>Current Assets</b>	
(a)	Inventories	
(i)	Raw materials	697.50
(ii)	Work-in progress	2,291.79
(b)	Sundry debtors	973.91
(c)	Cash and Bank balance	746.71
(d)	Loans and advances	713.35
	<b>Total Current Assets (A)</b>	<b>5,423.26</b>
<b>B.</b>	<b>Current Liabilities</b>	
(a).	Creditors	453.86
(b).	Other current liabilities	1,923.95
	<b>Total Current Liabilities (B)</b>	<b>2,377.81</b>
<b>C.</b>	<b>Working Capital (A) – (B)</b>	<b>3,045.45</b>

### Holding periods for our working capital requirements, as on March 31, 2010

S.no	Particulars	Number of days
(a)	Inventories	
(i)	Raw materials	25
(ii)	Work-in-progress	81
(b)	Sundry debtors	35
(c)	Current Liabilities	
(i)	Creditors	16
(ii)	Other Current Liabilities	68

The details of our Company's expected working capital requirements as at March 31, 2011 and funding of the same are as set out in the table below:

		(Rs. million)
S.no	Particulars	As at March 31, 2011
<b>A.</b>	<b>Current assets</b>	
(a)	Inventory	
(i)	Raw materials	1,370.00
(ii)	Work-in progress	1,917.67
(b)	Sundry debtors	4,109.59
(c)	Cash and Bank balance	1,211.95
(c)	Loans and advances	671.29
	<b>Total current assets (A)</b>	<b>9,280.50</b>
<b>B.</b>	<b>Current Liabilities</b>	

(a)	Creditors	1,095.89
(b)	Other current liabilities	2,119.42
	<b>Total current liabilities (B)</b>	<b>3,215.31</b>
<b>C.</b>	<b>Total Working Capital Requirements (A) – (B)</b>	<b>6,065.19</b>
<b>D.</b>	<b>Proposed Funding pattern</b>	
1	Working capital funding from banks <sup>(1)</sup> and own funds	5,165.19
2	Part of the Objects	900.00
	<b>Total</b>	<b>6,065.19</b>

<sup>(1)</sup> Our Company has entered into a various working capital loan agreements with certain banks and financial institutions for an aggregate working capital demand loan amount of Rs. 1,700 million, including bid limits, and aggregate non-fund based limit of Rs. 5,400 million. For further details, see "Financial Indebtedness" on page 142.

#### Assumptions for working capital requirements

S.no	Particulars	Number of days
(a)	Inventories	
(i)	Raw materials	25
(ii)	Work-in-progress	35
(b)	Sundry debtors	75
(c)	Current Liabilities	
(i)	Creditors	20
(ii)	Other Current Liabilities	39

M/s Vipin Om & Associates, Chartered Accountants, have, pursuant to a certificate dated June 14, 2010, certified the working capital requirements of our Company. For further details of this certificate, see "Material Contracts and Documents for Inspection" on page 232.

### 3. Funding pre-payment and repayment of a portion of debt availed by our Company

Our Company has obtained certain secured and unsecured loan facilities from various banks and financial institutions for our projects and to meet our working capital requirements. Our Company intends to utilize a part of the Net Proceeds of up to Rs. 300.00 million, towards repayment or prepayment of certain of such facilities in Fiscal 2011. Brief details of the terms of such loan facilities are as provided herein below. All the facilities mentioned below have been provided by Reliance Capital Limited.

(Rs. million)

Amount of Sanctioned Facility	Amount Outstanding as on May 31, 2010*	Date of loan agreement	Tenor (years)	Loan Account No(s).	Rate of Interest (% p.a.)**	Repayment Schedule***
33.71	32.02	March 12, 2010	Three years from the date of first disbursement	RLCEDEL 000151124	10.01	35 monthly installments
13.23	9.24	May 4, 2009	Three years from the date of first disbursement	RLCEDEL000127499, RLCEDEL000127501, RLCEDEL000127502, RLCEDEL000127504, RLCEDEL000127505, RLCEDEL000127507, RLCEDEL000127508, RLCEDEL000127509, and RLCEDEL000127510	13.02	35 monthly installments
6.21	4.97	December 3, 2009	Two years from the date of first disbursement	RLCEDEL000143243, RLCEDEL000143244 and RLCEDEL000143245	10.75	23 monthly installments
50.00	46.08	February 16, 2010	Two years from the date of first disbursement	RLUEDEL000149415	11.76	23 monthly installments
50.00	46.08	February 16, 2010	Two years from the date of first disbursement	RLUEDEL000149416	11.76	23 monthly installments
50.00	46.08	February 16, 2010	Two years from the date of first	RLUEDEL000149417	11.76	23 monthly installments

			disbursement			
50.00	46.08	February 16, 2010	Two years from the date of first disbursement	RLUEDEL000149418	11.76	23 monthly installments
2.00	1.92	March 26, 2010	Two years from the date of first disbursement	RLCEDEL000153484 and RLCEDEL000153485	8.61	23 monthly installments
7.20	6.34	February 6, 2010	Two years from the date of first disbursement	RLUEDEL000148649, RLUEDEL000148652, RLUEDEL000148654, RLUEDEL000148655, RLUEDEL000148658 and RLUEDEL000148659	11.01	23 monthly installments
61.95	61.95	May 31, 2010	Three years from the date of first disbursement	RLCEDEL000158034 and RLCEDEL000158035	10.55	35 monthly installments

\* As certified by M/s Vipin Om & Associates, Chartered Accountants, pursuant to its certificate dated June 14, 2010.

\* In terms of the facility agreements, Reliance Capital Limited shall be entitled to revise the rate of interest, at any time, as per its policy, market conditions and in compliance with applicable laws and regulations, if any, during the tenor of the facility, at its sole discretion. Reliance Capital Limited shall intimate our Company of the same, in due course.

\*\* In relation to pre-payments, Reliance Capital Limited may, in its sole discretion and on such terms as to pre-payment fees, which may be modified from time to time, permit acceleration of monthly instalment or pre-payment at the request of our Company. If permitted by Reliance Capital Limited, our Company shall give prior written notice of its intention to pre-pay the full amount of the facility and pay Reliance Capital Limited, such pre-payment charges, as stated in the facility documentations. The facilities provide for a pre-payment penalty of 5% p.a. for the first year of the tenor of the facility and 3% p.a. for every year thereafter.

Until May 31, 2010, we had deployed such loans towards the purposes for which they had been sanctioned in accordance with the respective loans agreements, as certified by M/s Vipin Om & Associates, Chartered Accountants, through its certificate dated June 14, 2010. The concerned banks and financial institutions which have granted loan facilities to our Company for the purposes of investments in our projects, have not appraised such projects for which the facilities have been granted.

Until our Company receives the Net Proceeds of this Issue, it will utilize its internal resources for certain pre-payments or scheduled repayments, which will be reimbursed from the Net Proceeds of this Issue.

The abovementioned loan agreements provide for certain restrictive covenants, details of which have been provided in "Financial Indebtedness" on page 142. For details of risks in relation to such arrangements, see "Risk Factors" on page x.

As of May 31, 2010, no funds have been deployed by us towards repayment/ pre-payment of such debt and the amount outstanding towards the abovementioned loan facilities is Rs. 300.76 million. Prepayment/ repayment of the abovementioned loan facilities shall reduce the debt to equity ratio of our Company and will enhance our debt leveraging capacity to fund our future projects.

Under the terms and conditions of the above mentioned debt facilities, prepayment of such debt, in part or whole anytime during their respective tenure may attract certain prepayment penalty or premium in certain cases. Payment of such prepayment penalty or premium, if any, shall be made by our Company out of its internal accruals.

Copies of loan agreements entered into with Reliance Capital Limited, and intended to be pre-paid/ repaid through a portion of the Net Proceeds will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of filing of the Red Herring Prospectus with the RoC until the date of closure of this Issue.

#### **4. General Corporate Purposes**

The Net Proceeds will be first utilized towards the Objects. The balance is proposed to be utilized for general corporate purposes, including strategic initiatives, brand building exercises and strengthening of our marketing capabilities, subject to compliance with the necessary provisions of the Companies Act. Our management, in accordance with the policies of the Board, will have flexibility in utilizing any surplus amounts.

## Issue related expenses

The expenses for this Issue forming part of Issue Proceeds include lead management fees, underwriting commission, brokerage and selling commission, registrar's fees, advertisement and marketing expenses, printing and distribution expenses, IPO Grading expenses, legal fees, SEBI filing fees, bidding software expenses, depository charges and listing fees to the Stock Exchanges. The details of the estimated Issue related expenses are as follows:

Activity*	Amount (Rs. million)	% of the Issue Expenses	% of total Issue Size
Lead management fees	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Registrar to the Issue's fees	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing and distribution expenses	[●]	[●]	[●]
IPO Grading expenses	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.)	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\*Will be incorporated at the time of filing of the Prospectus.

## Interim use of funds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market Mutual Funds, deposits with banks for the necessary duration or for reducing overdrafts. Such investments would be in accordance with investment policies approved by our Board from time to time. Our Company confirms that, pending utilization of the Net Proceeds, it shall not use the funds for any investments in the equity markets.

## Monitoring Utilization of Funds

There is no requirement for a monitoring agency for this Issue.

As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board will review the utilization of the Net Proceeds. Our Company will disclose the details of the utilization of the Gross Proceeds, including interim use, under a separate head in our financial statements for Fiscals 2011 and 2012, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges.

Pursuant to Clause 49 of the listing agreement entered into with the Stock Exchanges, our Company shall on a quarterly basis, disclose to the Audit Committee the uses and applications of the Gross Proceeds as part of our quarterly declaration of results. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that the Net Proceeds have been utilized in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with Clause 43A of the listing agreement entered into with the Stock Exchanges, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the Net Proceeds from the Objects. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results and be published in the newspapers simultaneously, after placing the same before the Audit Committee.

## Other confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, our Directors, members of our Promoter Group, Group Companies or Key Managerial Personnel. No funds have been brought in as Promoters' contributions.

## BASIS FOR THE ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Book Running Lead Managers on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue price are:

1. Ability to execute projects in difficult operating conditions in a timely manner;
2. Experience and established track record in the construction business;
3. Order book of Rs. 29,581.31 million as on March 31, 2010; and
4. Qualified and experienced management team.

For details, see “Business” and “Risk Factors” on pages 62 and x, respectively.

### Quantitative Factors

Information presented in this section is derived from our Company’s restated unconsolidated and consolidated financial statements prepared in accordance with Indian GAAP and SEBI Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### 1. *Weighted Average Diluted Earnings per Share*

Period	EPS (Rs.)	Weight
Year ended March 31, 2008	3.70	1
Year ended March 31, 2009	4.56	2
Year ended March 31, 2010	10.24	3
<b>Weighted Average</b>	<b>7.26</b>	

#### Notes

- i. The figures disclosed above are based on the restated summary statements of our Company.
- ii. Our Company has allotted three bonus shares against one Equity Share. The calculation of basic earnings per share has been adjusted for all periods presenting bonus shares issued in accordance with the requirements of AS-20 “Earnings Per Share” issued by the ICAI.
- iii. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Standalone Summary Statements as appearing in Annexure IV and V respectively.
- iv. The face value of each Equity Shares is Rs. 10.

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

##### (1) *Price /Earning (P/E) ration in relation to the Price Band on a Standalone Basis*

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on the EPS of Rs. 3.70 for Fiscal 2008	[●]	[●]
Based on the EPS of Rs. 4.56 for Fiscal 2009	[●]	[●]
Based on the EPS of Rs. 10.24 for Fiscal 2010	[●]	[●]

**P/E ratio for the Industry is as follows:**

Industry P/E*	
Highest	<b>563.50</b>
Lowest	<b>3.60</b>
Average	<b>25.40</b>

\*Source: Capital Market Volume XXV/08 dated June 14-27, 2010

### 3. **Weighted Average Return on Net worth (RoNW) \***

Year ended	Ro NW (%)	Weight
Year ended March 31, 2008	18.85	1
Year ended March 31, 2009	13.00	2
Year ended March 31, 2010	22.25	3
<b>Weighted Average</b>	<b>18.60</b>	

\* Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, as per our Company's restated audited financial statements.

4. Minimum return on increased net worth required to maintain pre-Issue EPS is [●] % to [●] %.

### 5. **Net Asset Value per Equity Share**

Net Asset Value per Equity Share represents shareholders' equity less miscellaneous expenses as dividend by weighted average number of equity shares.

- (i) Net Asset Value per Equity Share as on March 31, 2010 is Rs. 183.28
- (ii) After the Issue: [●]
- (iii) Issue Price: Rs. [●]

Issue Price per Equity Share will be determined on conclusion of book building process.

### 6. **Comparison of Accounting Ratios with Industry Peers**

Name of the company	Face Value (Rs. per Share)	EPS (Rs.)	P/E Ratio	RoNW (%)	Book value per share (Rs.)
NKG Infrastructure Limited*	10	41.46	[●]	22.25	183.28
<b>Peer Group**</b>					
Ahluwalia Contracts (India) Limited	2	13.00	15.80	38.40	40.30
Sadbhav Engineering Limited	10	43.10	29.00	20.10	313.20
Pratibha Industries Limited	10	33.90	11.90	21.90	165.00

\* The Company's EPS, RoNW and Book value per share have been calculated from our Company's restated audited financial statements on diluted basis, before the bonus issue.

\*\* Source: Capital Market Volume XXV/08 dated June 14-27, 2010

The Book Running Lead Managers believe that the Issue Price of Rs. [●] per Equity Share is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular "Risk Factors", "Our Business" and "Financial Information" on pages x, 62 and F- 1 respectively, of this Draft Red Herring Prospectus to have a more informed view. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times the face value of the Equity Shares.

## STATEMENT OF TAX BENEFITS

The Board of Directors  
NKG Infrastructure Limited  
124, Ground Floor,  
World Trade Center, Babar Road,  
Connaught Place  
New Delhi-110001  
India

Dear Sirs,

We hereby report that the enclosed statement states the possible tax benefits available to NKG Infrastructure Limited (Company) and to its shareholders under the Direct Tax Laws, presently in force in India. The benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits will be dependent upon such conditions being fulfilled. Additionally, in respect of the Company benefits listed, the business imperatives faced by the Company in the future will also affect the benefits actually claimed.

The benefits discussed in the enclosed statement 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 their 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:

- (i) the Company is will avail these benefits in future; or
- (ii) the Company's share holders will avail these benefits in future; or
- (iii) the conditions prescribed for availing the benefits would be met with.

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

For S.K. Mehta & Co.  
Chartered Accountants  
Firm Regn. No. 000478N

B.P.SAXENA  
Partner  
Membership Number- 10568

Place: New Delhi  
Date: 19<sup>th</sup> June 2010

## **STATEMENT OF TAX BENEFITS**

The following possible tax benefits shall be available to the Company and the prospective 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 the fulfilling such conditions.

### **SPECIAL TAX BENEFITS:**

There are no special tax benefits available to the Company or its shareholders.

### **GENERAL TAX BENEFITS**

#### **To the Company**

##### **Under the Income Tax Act, 1961 (IT Act)**

[There is no 801A benefit currently available to the Company]

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the IT Act, are exempt from tax in the hands of the company.
- By virtue of Section 111A of the Income Tax Act, short term capital gain on transfer of equity share in the Company shall be chargeable to tax @ 15% (Plus applicable surcharge and education cess), if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under the Chapter.
- Under Section 112 of the income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48; or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.
- In terms of section 115JAA(1A) of the IT Act, the Company is eligible to claim credit for any tax paid as MAT under section 115 JB of the IT Act for any assessment year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years as prescribed. MAT credit eligible in subsequent years is the difference between MAT paid and tax computed as per normal provisions of the IT Act. Such MAT credit will be available for set-off up to ten years succeeding the year in which the MAT credit initially arose.
- By virtue of Section 10 (38) inserted by Finance (No.2 Act, 2004) income arising from transfer of long term capital asset, being an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.
- While calculating dividend distribution tax as per provision of Section 115-O, the reduction shall be allowed in respect of the dividend received by a domestic company from a subsidiary company during the financial year provided the subsidiary company has paid tax on such dividend and the domestic company, is not a subsidiary of any other company. It is further provided that same amount of dividend shall not be taken into the reduction more than once. For this purpose a company shall be subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of another company.

#### **To the Members of the Company**

##### **B1. Under the Income Tax Act, 1961 (IT Act)**

## 1. All Members

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income as referred to in Section 115-O of the IT Act, are exempt from tax in the hands of the shareholders.
- By virtue of Section 10(38) inserted by Finance (No.2 Act, 2004) income arising from transfer of long term capital asset, being an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.
- By virtue of Section 111A of the Income Tax Act, short term capital gain on transfer of equity share in the Company shall be chargeable to tax @ 15% (Plus applicable surcharge and education cess), if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under the Chapter. However, where the income includes any such short term capital gain, same shall not be considered for deduction under Chapter VIA and rebate under section 80C of Income Tax Act, 1961.

## 2. Resident Members

- In terms of section 10(23D) of the Income Tax Act, 1961, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.
- Under Section 112 of the income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48; or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain upto Rs.50 lacs are invested within a period of six months from the date of transfer in the bonds issued by
  - \* National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
  - \* Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If any part of the Capital gain is reinvested the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

### **3. Non Resident Indians/Members other than FIIs and Foreign Venture Capital investors)**

#### **Tax on Investment Income and Long Term Capital Gain**

- A non resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Income Tax Act, 1961 viz. “Special Provisions Relating to certain Incomes of Non-Residents”.
- Under Section 112 of the income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48; or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.
- Under Section 115E of the Income Tax Act, 1961, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionaly taxed at the flat rate of 10%( plus applicable surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation.
- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a Non Resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

#### **Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases**

- Under provisions of Section 115F of the Income Tax Act, 1961, long term capital gains (not covered under Section 10(38) of the Act) arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

#### **Return of Income not to be filed in certain cases**

- Under provisions of Section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

#### **Other Provisions**

- Under Section 115-H of the Income Tax Act, 1961, where the Non-Resident Indian becomes assessable as a resident in India, such person may furnish a declaration in writing to the Assessing Officer, along with the return of income for that year under section 139 of the IT Act to the effect that the provisions of Chapter XIIA will continue to apply to such person in relation to the investment income derived from the specified assets for that year and subsequent

assessment years until such assets are converted into money.

- Under Section 115-I of the Income Tax Act, 1961, 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 under Section 139 of the Income Tax Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.
- Under the first proviso to Section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain upto Rs.50 lacs are invested within a period of six months from the date of transfer in the bonds issued by
  - \* National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
  - \* Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If any part of the Capital gain is reinvested the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

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

- The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the Act) realized by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the Income Tax Act, 1961.
  - \* Short term capital gains 30% (plus applicable surcharge and education cess) and 15% (plus applicable surcharge and education cess) if transaction for the sale is subject to security transaction tax.
  - \* Long term capital gains - 10% (without cost indexation plus applicable surcharge and education cess) and 20% (plus applicable surcharge and education cess) with indexation benefit.

(shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).

- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued by:

- \* National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;

- \* Rural Electrification Corporation Limited, registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a Non Resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

## **5. Venture Capital Companies / Funds**

In terms of Section 10 (23FB) of the Income Tax Act, 1961, all Venture Capital Companies / Funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from dividend.

## **B2. Under the Wealth Tax Act, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

### **Notes:**

- All the above benefits are as per the current tax law as amended by the Finance Act, 2010 and will be available only to the sole/first named holder in case the shares are held by joint holders
- In respect of non residents, taxability of capital gains 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.
- 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.
- The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

For S.K. Mehta & Co.  
Chartered Accountants

B.P.SAXENA  
Partner  
Membership Number- 10568

Place: New Delhi  
Date: 19<sup>th</sup> June 2010

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

#### Infrastructure Overview (Source: www.ibef.org)

Indian economy has experienced rapid growth in recent years with the GDP growth rate of 7.4 per cent during 2009-10 India's core sector, comprising of six major infrastructure industries, registered a robust growth of 7.2 per cent in March 2010—the highest in 2009-10—bolstered by steel, cement and electricity sectors. At 7.4 per cent, GDP growth in the second quarter of 2009-10 showed a significant recovery in relation to the 5.8 per cent growth recorded during the slowdown phase in the second half of 2008- 09, but still remained lower than the average 8.8 per cent growth achieved during 2003-08. Among the major components of the GDP on the supply side, agriculture and allied activities registered a better than expected growth of 0.9 percent, which though reflects only a part of the overall adverse impact of the deficient south-west monsoon on kharif output. According to the first advance estimates, production of kharif foodgrains and oilseeds is expected to decline by 16 percent over the previous year.

Strong industrial recovery has been the key underlying strength behind the recovery of GDP in the second quarter. During April- November 2009, the Index of Industrial Production (IIP) increased by 7.6 per cent, which is higher than 4.1 per cent growth experienced during the corresponding period of the previous year. During August- November 2009, the acceleration in the IIP growth was evident in the double digit growth. However, even though twelve out of seventeen industries, accounting for about 57.2 per cent of the total weight in the IIP, contributed to the recovery, it is still driven by a few segments. The core infrastructure sector showed a higher growth at 4.8 per cent during April-December 2009, as compared with 3.2 percent growth in the corresponding period of the previous year. The higher growth was driven mainly by cement, coal, electricity and finished steel.

Services activities (accounting for 64.5 per cent of the GDP) registered a growth of 9.0 per cent in the second quarter of 2009-10. The recovery was largely driven by 12.7 per cent growth in “community, social and personal services” reflecting payouts of arrears relating to the Sixth Pay Commission award. Excluding the arrears, the services sector growth would have been 7.0 per cent during the second quarter of 2009-10. Lead indicators for services activities suggest that services dependent on domestic demand exhibited robust growth during April-December 2009, whereas services dependent on external demand (which include tourist arrivals, export and import cargo, and passengers at international terminals) exhibited some improvement in recent months.

#### Indian Infrastructure Industry

The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation, all of which already suffer from a substantial deficit in terms of capacities as well as efficiencies in the delivery of critical infrastructure services. In the Indian context, though there has been some improvement in infrastructure development in transport, communication and energy sectors in recent years, there are still significant gaps that need to be bridged.

India will require a sustained momentum in infrastructure investment in order to maintain its current pace of growth. The Eleventh Five Year Plan envisages an infrastructure investment of Rs. 20,561 billion (at 2006-07 prices), equaling US\$ 514 billion, to be shared between the Centre, states and private sector in the ratio of 37.2%, 32.6% and 30.1%. Set forth below is the estimated level of investment in the infrastructure sector over XIth plan:

*(Rs. billion)*

Sector	Xth Plan (Anticipated Exp.)	2007-08	2008-09	2009-10	2010-11	2011-12	Total XI Plan
Electricity	2,918	820	1,016	1,264	1,579	1,986	6,665
Roads and Bridges	1,448	518	548	592	684	800	3,142
Telecommunications	1,034	314	381	486	616	787	2,584
Railways (incl. MRTS)	1,197	342	410	495	604	767	2,618
Irrigation (incl. Watershed)	1,115	275	359	472	623	804	2,533
Water Supply & Sanitation	648	193	228	273	333	411	1,437
Ports	141	124	148	174	200	234	880

Sector	Xth Plan (Anticipated Exp.)	2007-08	2008-09	2009-10	2010-11	2011-12	Total XI Plan
Others	213	117	126	137	152	170	702
<b>Total (Rs. billion)</b>	<b>8,714</b>	<b>2,703</b>	<b>3,216</b>	<b>3,893</b>	<b>4,791</b>	<b>5,959</b>	<b>20,561</b>
<b>Total (US\$ billion) @ Rs. 40/\$</b>	<b>217.86</b>	<b>67.57</b>	<b>80.39</b>	<b>97.32</b>	<b>119.78</b>	<b>148.98</b>	<b>514.04</b>

(Source: Annual Plans and other documents of the Planning Commission and CSO for the Tenth Plan period)

Construction and Engineering sector witnessed a growth of 31% (growth rate in aggregate of top line of eighteen major construction companies), This was due to rise in construction and engineering activities in all segments like housing, retail malls, roads, power projects, railways, airports, SEZs and ports. Hike in interest rate slowed down the growth of the sector during the first quarter of year 2007, but due to upcoming of Special Economic Zones (SEZ) the growth in this sector was robust in recent period.

The investment in this industry accounts for nearly 11% of India's Gross Domestic Product (GDP). In the eleventh five year plan (2007-11), government planned investment of USD250 billion ([www.investmentcommission.in](http://www.investmentcommission.in)) in new infrastructure projects. Construction and Engineering sector will be the most benefited sector in the eleventh five year plan, due to huge investment government plans to invest in this sector.

India's construction industry is poised for very high growth in 8-9% in the coming years. According to the planning commission, to attain the high growth rate of 9% in economy, the government has to invest heavily in housing and infrastructure. This alone will ensure the continuous growth in the construction and engineering sector, since it is the biggest beneficiary of the investments in the sector.

### **The Role of the Private Sector in Infrastructure Development**

Historically, the government has played a key role in supplying and regulating infrastructure services in India and private sector has not participated in infrastructure development. However, due to the public sector's limited ability to meet the massive infrastructure funding requirements, private sector investment in infrastructure is critical. Therefore, the Indian government is actively encouraging private investments in infrastructure. According to World Bank, India needs to invest an additional 3-4 % of GDP on infrastructure to sustain its current levels of growth in the medium term and to spread the benefits of growth more widely. Despite the critical role played by infrastructure development in growth, there still exists a very wide gap of between the current and required levels of private investments in infrastructure.

### **The Infrastructure Opportunity**

There is a clear need to reduce the dependence of infrastructure on government financing and encourage broad-based private participation in the industry. PPPs offer an effective solution to both the above issues. PPPs enable the government to transfer construction and commercial risks to the private sector and at the same time attract private funds into public infrastructure. Such arrangements are increasingly becoming the preferred vehicle for infrastructure construction, given the large investment needs.

### **Types of PPP arrangements**

In a PPP project, private investors invest in public service infrastructure through one of the following four routes (according to the World Bank classification):

- Concessions: A private entity takes over the management of a state-owned enterprise either to build, rehabilitate and operate or to transfer for a given period.
- Greenfield projects: A private entity or a public-private JV builds and operates a new facility for the period specified in the project contract. The facility may be returned to the public sector at the end of the concession period.
- Divestitures: A private entity buys an equity stake (full or partial) in a state-owned enterprise through an asset sale, public offering, or mass privatization program.
- Management and lease contracts: A private entity takes over management of a state-owned enterprise for a fixed period, while ownership and investment decisions remain with the state.

### **Construction Industry- Overview (Source: [ww.cidc.in](http://ww.cidc.in))**

The development of physical infrastructure in the country and, consequently, the construction sector has been in focus during the last decade. The increasing significance of construction activities in the growth of the economy was also evident during the course of implementation of the Tenth Plan with areas such as transportation, irrigation, housing, urban development, and civil aviation having received greater importance. It is well established that the influence of the construction industry spans across several sub-sectors of the economy as well as the infrastructure development, such as industrial and mining infrastructure, highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunication systems, hospitals, schools, townships, offices, houses and other buildings; urban infrastructure, including water supply, sewerage, and drainage, and rural infrastructure.

Thus, it becomes the basic input for socio-economic development.

### **Criticality to Economy**

The contribution of construction to the GDP at factor cost in 2006–07 was Rs 196,555 crore, registering an increase of 10.7% from the previous year. The share of construction in GDP has increased from 6.1% in 2002–03 to 6.9% in 2006–07. The increase in the share of construction sector in GDP has primarily been on the account of increased government spending on physical infrastructure in the last few years, with programmes such as National Highway Development Programme (NHDP) and PMGSY/Bharat Nirman Programme receiving a major fillip of late. The construction industry is experiencing a great upsurge in the quantum of the work load, and has grown at the rate of over 10% annually during the last five years. Although various steps have been taken to strengthen the construction industry, it is crucial to take necessary measures in order to prepare the industry to meet the challenges of growth.

The importance of construction activity in infrastructure, housing, and other asset-building activities can be seen from the fact that the component of construction comprises nearly 60%–80% of the project cost of certain infrastructure projects such as roads, housing, etc. In projects such as power plants, industrial plants, etc., though the share is lower but it still remains critical. In terms of magnitude, construction activity is second only to agriculture. The construction industry also has major linkages with the building material manufacturing industry including cement and steel, bricks and tiles, sand and aggregates, fixtures and fittings, paints and chemicals, construction equipment, petrol and other petro-products, timber, mineral products, aluminum, glass, and plastics. Construction materials account for nearly two-third of the average construction costs. On the basis of an analysis of the forward and backward linkages of construction, the multiplier effect for construction on the economy is estimated to be significant.

### **Developments during the Tenth Plan**

During 2002–07, many milestones were achieved by the Indian construction industry in the areas of institutional finance, human resource development, dispute resolution, procurement procedures, safety and quality in the construction industry, and disaster mitigation initiatives. The construction industry was accorded Industrial Concern Status under the Industrial Development Bank of India (Amendment) Act, thereby providing the much-needed impetus in terms of availability of finance to the construction industry. Many national initiatives in human resource management were implemented for the non-formal construction sector, addressing workers as well as engineers and management professionals in the industry. Other major initiatives included, inter alia, the establishment of arbitral institutions for dispute resolution, development of institutions for safety and quality aspects, setting up of disaster mitigation and Retrofitting Clinics along with the training of professionals in disaster mitigation, improvement in procurement practices in public sector, development of regulatory manuals for procurement procedures, as well as dissemination of information regarding good practices and development of action framework for quality and safety audits, certification, and training of manpower

### **Strategies for the Eleventh Plan**

The major challenge that the construction industry faces during the Eleventh Plan is to raise its delivery capabilities commensurate with the Plan targets for sectors such as transportation, housing, and urban development. The planned development of infrastructure would face constraints, unless the construction industry improves the delivery potentials by addressing crucial issues and impediments by bringing in systemic changes. The major issues in the construction industry have been detailed in the following sections.

### **Productivity in the Construction Industry**

Since capacity building for the construction industry to achieve expected delivery capabilities is the key focus area, introduction of efficient technologies and modern management techniques to raise the productivity of the industry are vital. R&D in the construction industry should be seen as a continuing activity, because the scientific and technological advancements are needed to strengthen and raise the technological base of the construction industry. Recognizing this, support to the national institutions engaged in scientific research and incentives for private sector players to undertake in-house R&D need to be provided.

The low technological level of Indian construction leads to low value addition, productivity, quality, and high time and cost overruns. A national strategy and policy framework, focusing particularly on productivity enhancement and cost reduction, is required to be developed to match the envisaged work load and delivery targets. Introduction of new technologies, construction systems, and energy-efficient materials (preferably based on waste recycling) needs to be adequately emphasized in the national strategy. For RR sector, there is a need for developing and introducing use of 'marginal materials' to enhance the cost effectiveness of works. Adequate funds should be earmarked in the field of R&D for identification of appropriate and alternate materials to reduce the cost of construction.

Management of information in contemporary construction projects is one of the biggest challenges that project teams face in the upgradation of productivity levels. Information technology can be leveraged to address issues related to tendering, bidding, bid evaluation, grading of construction entities, project execution logistics, project management, as well as financial accounting and reporting for the construction industry. An appropriate MIS should be developed and implemented at the national, district, and local levels. Further, an institution needs to be nominated as the repository of National Database for construction industry.

### **Construction Finance**

The Indian construction industry is faced with high operation, maintenance, and financial costs. This aspect is further exacerbated by inadequate access to institutional finance, especially for small contractors who execute over 90% of the total construction works. Moreover, subsequent to the conferring of Industrial Concern Status on the construction industry, existing financial institutions, and banks should adopt construction industry-specific lending norms and eligibility criteria for the borrowers from the construction sector as well as introduce special incentives or schemes for financing import of hi-tech construction equipment for infrastructure projects.

### **Path Ahead**

Enhance capacity building in the construction sector by improving productivity through introduction of efficient technologies and modern management techniques.

- Reduce transactional costs by reviewing contract procedures and dispute resolution mechanisms.
- Enhance quality standards and provision of adequate institutional finance to the construction sector.
- Develop a National Plan for human resource development through training and certification of construction personnel.
- Accord greater importance to safety in construction activities by establishing trained and certified Safety Management Teams.
- Earmark funds in the field of R&D for identification of appropriate and alternate materials to reduce the cost of construction.

### **Road Industry- Overview (Source: [www.ibef.org](http://www.ibef.org))**

India has the world's second largest road network, aggregating over 3.34 million kilometers (km).

According to the Planning Commission, the road freight industry will be growing at a compound annual growth rate (CAGR) of 9.9 per cent from 2007-08 to 2007-12. A target of 1,231 billion tonne km (BTK) has been put on road freight volumes for 2011-12.

The expansion and strengthening of the road network, therefore, is imperative to provide for both present and future traffic volumes and for improving accessibility to less developed parts of the country. Additionally road transport needs to be regulated for better energy efficiency, lesser pollution and enhanced road safety. The Central Government is mandated to develop National Highways and the responsibility for the development of other categories of roads vests with the States/Union Territories.

## National Highway Development Program (“NHDP”)

The thrust on the country’s road network is manifested through the NHDP. NHDP encompasses upgradation, rehabilitation, and broadening existing national highways to a higher standard. The project is executed primarily by NHA and in some instances by State Public Works Department (“PWD”) and Border Roads Organization (“BRO”).

The estimated cost of the various components of the NHDP is as follows:

<b>Name of Project</b>	<b>Estimated Cost (In Rs. billion)</b>
Completion of GQ and EW-NS corridors	524.34
4-laning of 11,113 km. under NHDP Phase-III	724.54
2-laning with paved shoulders of 20,000 km. of National Highways under NHDP Phase-IV	278.00
6-laning of selected stretches of National Highways under NHDP Phase-V	412.10
Development of 1,000 km. of expressways under NHDP Phase-VI	166.80
Construction of ring roads, flyovers and bypasses on selected stretches under NHDP Phase-VII.	166.80
<b>Total</b>	<b>2,272.58</b>

Scheme	Period 2001-2011		Period 2011-2021	
	Length (km)	Amount (Rs. million)	Length (km)	Amount (Rs. million)
<b>A. Expressways</b>	3000	300,000	7000	700,000
<b>B. National Highways</b>				
i) Four Laning/Six Laning	16,000	640,000	19,000	760,000
ii) Two-Laning with hard shoulders	15,000	187,500	7,000	87,500
iii) Strengthening Weak Pavements	20,000	150,000	24,000	180,000
iv) Bypasses, bridges, over bridges, safety and drainage measures	Lump sum	72,500	Lump sum	92,000
v) Expansion of NH System	10,000	150,000	12,000	180,000
<b>Total for National Highways</b>		<b>1,200,000</b>		<b>1,30,000</b>
<b>C. State Highways</b>				
i) Four Laning/Six Laning	3,000	100,000	7,000	250,000
ii) Two-Laning with hard shoulders	35,000	280,000	60,000	500,000
iii) Strengthening Weak Pavements	30,000	220,000	40,000	300,000
iv) Bypasses, bridges, over bridges, safety and drainage measures	Lump sum	100,000	Lump sum	100,000
v) Expansion of SH System	10,000	50,000	20,000	100,000
<b>Total of State Highways</b>		<b>750,000</b>		<b>1,250,000</b>

Source: World Bank

#### *Projected Capital Investments: Vision 2021*

All the above mentioned projects will be financed through various sources of funds including cess, loan assistance from the World Bank and Asian Development Bank, borrowings by NHAI, estimated surplus amount available from the users' fee and private sector investment. Various sources of funding to finance these projects have been finalized and the financing plan implementation by the year 2015 has been approved. The requirement of funds during the 11th Five Year Plan (FY 2008 - FY 2012) for implementation of NHDP has been established at Rs. 1,735.01 billion. (Source: Plan Document for 11th Five Year Plan)

#### **Growth Potential**

The Indian government has launched the ambitious National Highway Development Programme (NHDP) involving a total investment of US\$ 50 billion up to 2012. The government has also started the Bharat Nirman Programme that aims to cover every village having a population of over 1,000 or over 500 in hilly and tribal areas, with all-weather roads. According to the Press Information Bureau, in the third week of December 2009, the government approved four-laning 384 km of highways with an investment of US\$ 669.2 million. Moreover, in January 2010, the government approved road projects worth US\$ 1.4 billion in five states for upgrading nearly 562 km of four-lane highways into six lanes, according to the Press Information Bureau. In the first week of April, the Cabinet Committee on Infrastructure approved highway construction works worth over US\$ 981.4

million in various states including Bihar and Rajasthan, according to the Press Information Bureau. The Tamil Nadu government has allocated US\$ 2.25 billion for a project envisaging laying of roads of international standard in 11 cities. The World Bank has agreed to provide a US\$ 3 billion loan for developing national highways. The World Bank assistance will be utilised for converting 6,372 km of one-lane highways to two-lane, out of the total of 19,702 km of single lane highways in the country.

### **Private Sector Investments**

According to the Ministry of Road Transport and Highways, several road projects have been undertaken on a public-private partnership mode (PPP).

These include:

- 48 projects valued at US\$ 2.1 billion on a Built, Operate and Transfer (BOT) basis. Out of this 23 are complete and 25 are under progress.
- 8 projects valued at US\$ 525.5 million taken up on BOT Annuity of which all projects except two, amounting to US\$ 148.3 million are complete.
- 12 projects valued at US\$ 522.2 million taken up under SPV funding of which 5 projects amounting to US\$ 199 million are complete.

National Highways – It has been estimated by the Planning Commission that Rs. 1,217.58 billion would be required for the Ministry of Road Transport & Highways during the 11th Five Year Plan. Further, it has been estimated by the Planning Commission that Rs. 31.08 billion would be available for implementation of the NHDP from the surplus of the users’ fees collected by the NHAI during the 11th Five Year Plan. The share of private sector investment during the 11th Five Year Plan is estimated to be Rs. 877.35 billion. (Source: Plan Document for 11 th Five Year Plan) State Roads – The proposed programme envisages a financial outlay of Rs. 10.00 billion for the 11th Five Year Plan with the possible element of private finance estimated at Rs. 3.20 billion. (Source: Plan Document for 11 th Five Year Plan)

### **Public Private Partnership (“PPP”)**

Historically, investments in infrastructure, particularly in the highways, were being made by the government mainly due to the huge volume of resources required, the long gestation period, uncertain returns and various external risks. The enormous resource requirements, the significance of infrastructure development for economic growth and significant deficit in infrastructure requirements have led to an active involvement of the private sector also in recent years. To encourage participation of the private sector, the Ministry of Road Transport & Highways has laid down comprehensive policy guidelines for private sector participation in the highway sector. The Government has also announced several incentives such as tax exemptions and duty free import of road building equipment and machinery to encourage private sector participation. The Government has taken initiatives to improve and strengthen the road network by implementing the NHDP. The NHDP is the largest highway project ever undertaken in India and is being implemented by the NHAI. It was started in 1998 and is supported by revenues derived from cess tax on fuel and toll collection. The total length proposed to be developed under NHDP has been split into the different contract models:

- Toll-based BOT projects (“BOT (Toll)”);
- Annuity-based BOT projects (“BOT (Annuity)”); and
- Engineering, procurement and construction (“EPC”) contracts.

Under all three (3) contract models, the contractor is responsible for the engineering of the project, the procuring of materials for the project and the construction of the project. For BOT (Toll) and BOT (Annuity), the contractor is also responsible for maintaining the project. The difference between BOT (Toll) and BOT (Annuity) is that in the case of BOT (Toll), the traffic/commercial risks are borne by the concessionaire and the investment is sustained by toll revenues, while in BOT (Annuity) projects, all costs are borne by the Government in the form of deferred budgetary payments. In the case of BOT (Toll), government budgetary support, if any, is restricted to an upfront grant, while in some cases the concessionaire may even pay the granting authority a one off fee as part of the concession grant. In the case of BOT (Annuity), the concessionaire relies on annuity payments determined by competitive bidding and made out of budgetary allocations spread over time.

### **Government Initiatives**

The government has announced several incentives to attract private sector participation. These include:

Government to bear the cost of the project feasibility study, land for the right of way and way side amenities, shifting of utilities, environment clearance, cutting of trees, etc.

- Foreign Direct Investment up to 100 per cent in road sector.
- Provision of subsidy up to 40 per cent of project cost to make projects viable. The quantum of subsidy to be decided on a case-to-case basis.
- 100 per cent tax exemption in any consecutive 10 years out of 20 years after commissioning of the project.
- Duty free import of high capacity and modern road construction equipments.
- Declaration of the road sector as an industry.
- Easier external commercial borrowing norms.
- Right to retain Toll
- The government has also announced an increase in the overseas borrowing amount of infrastructure sectors, to US\$ 500 million from US\$ 100 million.
- In order to tide over the shortage of funds, the road transport and highways ministry has proposed priority sector status for road development, allowing private highway developers more funds from banks.
- In Budget 2010-11, the allocation for road transport has been increased by over 13 per cent from US\$ 3.8 billion to US\$ 4.3 billion.
- Moreover as per the Economic Survey, the Ministry of Road Transport and Highways, with a view to expediting the progress of the NHDP, has set a target of completion of 20 km of national highways per day, which translates to 35,000 km at the rate of 7,000 km per year during the next five years (2009-14).

#### **Looking Ahead (Source: <http://infrastructure.gov.in/highways>)**

Road development is recognised as essential to sustain India's economic growth. The Government is planning to increase spends on road development substantially with funding already in place based on a cess on fuel. A large component of highways is to be developed through public-private partnerships. Several high traffic stretches already awarded to private companies on a BOT basis. Two successful BOT models are already in place - the annuity model and the upfront/lumpsum payment model. Investment opportunities exist in a range of projects being tendered by NHAI for implementing the NHDP - contracts are for construction or BOT basis depending on the section being tendered. A Rs.41,200 crores (US \$ 5 billion) project plans to lay 6 lane roads over 6,500 kms of National Highways on the Design Build Finance and Operate (DBFO) basis - in Golden Quadrilateral and other high traffic stretches. Investment in road sector during the Eleventh Plan is projected at \$ 78.50 billion.

Progressive states like Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, and Karnataka will contribute 34% to the total state's outlay for capital expenditure on roads and highways over the next five (5) years. States are taking several initiatives in facilitating and promoting private sector participation in road projects. A well-defined policy framework with Model Concession Agreement, Toll policy and structured bidding process has further encouraged private sector participation in these five (5) states.

#### **Power Industry- Overview (Source: [www.ibef.org](http://www.ibef.org))**

As the Indian economy continues to surge ahead, its power sector has been expanding concurrently to support the growth rate. The demand for power is growing exponentially and the scope for the growth of this sector is immense. According to the Ministry of Power, India's total installed capacity as on March 31, 2010 is 159,398.49 mega watt (MW). Thermal power plants account for 102,453.98 MW, followed by hydro power plants with a capacity of 36,863.40 MW. Renewable energy sources provide 15,521.11 MW of power and the remaining 4,560 MW comes from nuclear energy.

Within the thermal power plants, coal-based power plants have an installed capacity of 84,198.38 MW, gas-based have a capacity of 17,055.85 MW and diesel-based have a capacity of 1,199.75 MW. Renewable energy sources include small hydro projects (2,604.92 MW), biomass gasifier and biomass power (2,167.73 MW), urban and industrial water power and solar (101.01 MW) and wind energy (10,647.45 MW). According to the

Ministry of Power, a total of 34 projects were commissioned during 2009-10 with a total capacity of 9,585 MW. These include 31 thermal power plants with a total capacity of 9,106 MW, one hydro power plant with a capacity 39 MW, and two nuclear power plants with a combined capacity of 440 MW. According to the Ministry, 18 power plants were commissioned in 2008-09 with a total capacity of 3,453.7 MW which included 10 thermal power plants with a capacity of 2,484.7 MW and eight hydro power plants with a capacity of 969 MW.

India has the fifth largest electricity generation capacity in the world. Low per capita consumption at 606 units; less than half of China. Over 150,000 MW of hydel power is yet to be tapped in India. India requires an additional 100,000 MW of generation capacity by 2012 (Source: <http://infrastructure.gov.in/power>)

### **Growth Potential**

As per the Economic Survey 2009-10, the Eleventh Five Year Plan envisaged an additional capacity of 78,700 MW of which 19.9 per cent was hydro, 75.8 per cent thermal and the rest was nuclear. As of December 31, 2009, 43,282 MW was under construction. Public sector power major National Thermal Power Corporation (NTPC) is planning to scale up its capacity from the present 30,000 MW to 75,000 MW by 2017. India has launched its ambitious solar energy mission which aims to generate 20,000 MW of solar power by 2022.

### **Investments**

According to the Department of Industrial Policy and Promotion (DIPP), the power sector has attracted foreign direct investment (FDI) worth US\$ 1.34 billion during April to February 2009-10. The cumulative FDI received by the power sector between April 2000 and February 2010 was US\$ 4.53 billion. According to data released by Venture Intelligence, a Chennai-based research company, private equity (PE) investments in the country's power sector were worth US\$ 1.1 billion in 2009-10 with the total number of deals being 27. PE investments in the conventional energy sector stood at US\$ 694 million in 2009-10 as compared to US\$ 129 million in 2008-09.

- Larsen & Toubro Ltd (L&T) will invest around US\$ 5.5 billion to build its thermal power business in the next five years. L&T Power, the wholly-owned subsidiary of L&T, will have a generation capacity of 5,500 MW, including hydro power, by 2015.
- NTPC will incur US\$ 6.3 billion in 2010-11 to build additional capacity of 4,500 MW.
- Gujarat-based Adani Power Ltd (APL) will set up a coal-based thermal power project of 1320 MW in Chhindawara district in Madhya Pradesh.
- JSW Energy, part of the JSW Group, plans to scale up its capacity to 11,390 MW which entails an investment of over US\$ 10.8 billion over the next five years.
- The Hiranandani Group, one of the largest privately-held real estate developers, is foraying into power generation in a big way. The group is setting up a 2,500 mega watt (MW) gas-based power project at Navlakh Umbre and suburbs near Pune at a cost of US\$ 2.5 billion-US\$ 2.7 billion. A unit of 355 MW gas turbine will take off within 30 months.
- Public sector power major National Thermal Power Corporation (NTPC) is targeting a combined power generation capacity of almost 10,000 MW in Uttar Pradesh by 2017.
- Azure Power, an independent solar power producer, is in the process of setting up a 15 MW solar photovoltaic power project in Gujarat at an investment of US\$ 56 million. The plant is expected to be commissioned by 2011.
- The Dakshin Haryana Bijli Vitran Nigam has proposed to invest US\$ 287 million to strengthen power transmission and distribution system in its area during the financial year 2010-11.
- Singareni Collieries Company Ltd (SCCL), India's second-largest coal producer, and also a state sector undertaking, is foraying into commercial power generation. The company has plans to invest US\$ 1.2 billion over the next four years to set up a 1,200-MW thermal power plant in Andhra Pradesh.

### **Government Initiatives**

The government has initiated several proactive steps to open the sector for the private players and realise the full potential of the country in the power sector:

- Introduction of the Electricity Act 2003 and the notification of the National Electricity Policy 2005.
- Constitution of Independent State Electricity Regulatory Commissions in the states.

- Providing income tax holiday for a block of 10 years in the first 15 years of operation and waiver of capital goods' import duties on mega power projects (above 1,000 MW generation capacity).
- 100 per cent FDI is permitted under the automatic route for generation and transmission of electric energy produced in hydro-electric, coal/lignite-based thermal plants, oil-based thermal plants and gas-based thermal plants; non-conventional energy generation and distribution, distribution of electric energy to households, industrial commercial and other users; and power trading.
- The government has also taken up some ambitious programmes like the Ultra Mega Power Projects (UMPP), Rajiv Gandhi Grameen Vidhyutikaran Yojana (“RGGVY”), Accelerated Rural Electrification Programme and the goal of Power for All by 2012 among others, to rapidly increase the installed capacity.

In the Union Budget of 2010-11, the Finance Minister, Pranab Mukherjee has announced the following initiatives:

- Plan allocation for the power sector excluding RGGVY has been doubled from US\$ 501.3 million in 2009-10 to US\$ 1.2 billion in 2010-11.
- Government proposes to introduce a competitive bidding process for allocating coal blocks for captive mining to ensure greater transparency and increased participation in production from these blocks.
- A “Coal Regulatory Authority” is proposed to be set up to create a level playing field in the coal sector.
- Plan outlay for Ministry of New and Renewable Energy increased by 61 per cent from US\$ 139.4 million in 2009-10 to US\$ 224.8 million in 2010-11.
- Solar, small hydro and micro power projects at a cost of US\$ 112.4 million to be set up in the Ladakh region of Jammu and Kashmir.

#### **Looking Ahead (Source: <http://infrastructure.gov.in/power>)**

Over 90,000 MW of new generation capacity is required in the next seven years. A corresponding investment is required in transmission and distribution networks. Power costs need to be reduced from the current high of 8-10 cents/unit by a combination of lower AT & C losses, increased generation efficiencies and added low cost generating capacity.

Large demand-supply gap: All India average energy shortfall of 7% and peak demand shortfall of 12%. The implementation of key reforms is likely to foster growth in all segments:

- Unbundling of vertically integrated SEBs.
- “Open Access” to transmission and distribution network.
- Distribution circles to be privatized.
- Tariff reforms by regulatory authorities.

#### **Opportunities in Generation for:**

- Coal based plants at pithead or coastal locations (imported coal).
- Natural Gas/CNG based turbines at load centres or near gas terminals.
- Hydel power potential of 150,000 MW is untapped as assessed by the GoI.
- Renovation, modernisation, up-rating and life extension of old thermal and hydro power plants.

Opportunities in Transmission network ventures - additional 60,000 circuit km of transmission network expected by 2012.

Opportunities in Distribution through bidding for the privatisation of distribution in thirteen states that have unbundled/corporatised their State Electricity Boards – expected to take place over the next 2-3 years.

Total investment opportunity of about US\$ 200 billion over a seven year horizon.

#### **Transmission of Electricity**

Transmission of electricity is defined as bulk transfer of power over a long distance at high voltage, generally of 132kV and above. In India bulk transmission has increased from 3,708ckm in 1950 to more than 165,000ckm today. The entire country has been divided into five regions for transmission systems, namely, Northern Region,

North Eastern Region, Eastern Region, Southern Region and Western Region. The Interconnected transmission system within each region is also called the regional grid.

The transmission system planning in the country, in the past, had traditionally been linked to generation projects as part of the evacuation system. Ability of the power system to safely withstand a contingency without generation rescheduling or load-shedding was the main criteria for planning the transmission system. However, due to various reasons such as spatial development of load in the network, non-commissioning of load center generating units originally planned and deficit in reactive compensation, certain pockets in the power system could not safely operate even under normal conditions. This had necessitated backing down of generation and operating at a lower load generation balance in the past. Transmission planning has therefore moved away from the earlier generation evacuation system planning to integrate system planning.

While the predominant technology for electricity transmission and distribution has been Alternating Current (AC) technology, High Voltage Direct Current (HVDC) technology has also been used for interconnection of all regional grids across the country and for bulk transmission of power over long distances.

Certain provisions in the Electricity Act 2003 such as open access to the transmission and distribution network, recognition of power trading as a distinct activity, the liberal definition of a captive generating plant and provision for supply in rural areas are expected to introduce and encourage competition in the electricity sector. It is expected that all the above measures on the generation, transmission and distribution front would result in formation of a robust electricity grid in the country.

### **Distribution of Electricity**

The total installed generating capacity in the country is over 148,700MW and the total number of consumers is over 144 million. Apart from an extensive transmission system network at 500kV HVDC, 400kV, 220kV, 132kV and 66kV which has developed to transmit the power from generating station to the grid substations, a vast network of sub transmission in distribution system has also come up for utilisation of the power by the ultimate consumers.

However, due to lack of adequate investment on transmission and distribution (T&D) works, the T&D losses have been consistently on higher side, and reached to the level of 32.86% in the year 2000-01. The reduction of these losses was essential to bring economic viability to the State Utilities.

As the T&D loss was not able to capture all the losses in the net work, concept of Aggregate Technical and Commercial (AT&C) loss was introduced. AT&C loss captures technical as well as commercial losses in the network and is a true indicator of total losses in the system.

High technical losses in the system are primarily due to inadequate investments over the years for system improvement works, which has resulted in unplanned extensions of the distribution lines, overloading of the system elements like transformers and conductors, and lack of adequate reactive power support.

The commercial losses are mainly due to low metering efficiency, theft & pilferages. This may be eliminated by improving metering efficiency, proper energy accounting & auditing and improved billing & collection efficiency. Fixing of accountability of the personnel / feeder managers may help considerably in reduction of AT&C loss.

With the initiative of the GoI and of the States, the Accelerated Power Development & Reform Programme (APDRP) was launched in 2001, for the strengthening of Sub – Transmission and Distribution network and reduction in AT&C losses.

The main objective of the programme was to bring Aggregate Technical & Commercial (AT&C) losses below 15% in five years in urban and in high-density areas. The programme, along with other initiatives of the GoI and of the States, has led to reduction in the overall AT&C loss from 38.86% in 2001-02 to 34.54% in 2005-06. The commercial loss of the State Power Utilities reduced significantly during this period from Rs. 29331 Crore to Rs. 19546 Crore. The loss as percentage of turnover was reduced from 33% in 2000-01 to 16.60% in 2005-06.

The APDRP programme is being restructured by the GoI, so that the desired level of 15% AT&C loss could be achieved by the end of 11th plan.

## **Strategies**

- Power Generation Strategy with focus on low cost generation, optimization of capacity utilization, controlling the input cost, optimisation of fuel mix, Technology upgradation and utilization of Non Conventional energy sources.
- Transmission Strategy with focus on development of National Grid including Interstate connections, Technology upgradation & optimization of transmission cost.
- Distribution strategy to achieve Distribution Reforms with focus on System upgradation, loss reduction, theft control, consumer service orientation, quality power supply commercialization, Decentralized distributed generation and supply for rural areas.
- Regulation Strategy aimed at protecting Consumer interests and making the sector commercially viable.
- Financing Strategy to generate resources for required growth of the power sector.
- Conservation Strategy to optimise the utilization of electricity with focus on Demand Side management, Load management and Technology upgradation to provide energy efficient equipment / gadgets.
- Communication Strategy for political consensus with media support to enhance the general public awareness.

## **Water Industry (Source: <http://www.indiahousing.com/infrastructure-in-india/water-resources>)**

The abundant water resources in India are sufficient for the water supply in whole of India only if proper and efficient water supply management is adopted. The water infrastructure in India includes tapping of the available water sources by the water board and department in India, proper water treatment and purification, water storage facilities with regular cleaning of the water storage tanks, usage of water, crisis in water supply, water pollution, problems due to scarcity of water, Indian water policy for water conservation and water harvesting etc.

### **Water Resources in India:**

The water sources in India include the vast oceans surrounding the Indian peninsula - Indian Ocean, Bay of Bengal and Arabian Sea, the inland rivers - both the Himalayan rivers and the rivers in the south, ground water and rain water available in plenty through the abundant monsoons in India. The problem area here is the water resources management, where India fails. The management of water resources and sources in India is the responsibility of the Ministry of Water Resources India. It looks after the water management services in India, the issues and problems related to the water supply in India, arrangement of abundant water supply facilities, methods all over India, formulating the water supply policies and strategies for an equated supply and division of water resources of India.

### **Water Management Policies of GoI**

The GoI has formed various water management systems and authorities in India. These include Central Water Commission, Central Ground Water Board, National Water Development Agency, National Projects Construction Corporation Ltd. etc. for efficient water resources management. The policies thus formulated include Irrigation Management Policy, National Policy Guidelines to allocate water resources like rivers flowing through multiple states, National Commission for Integrated Water Resources Development Plan, Water Information Bill, River Basin Organization Policy, and many more. Various water reservoir projects were also taken up by the Ministry of Water Resources like construction and management of dams on various rivers.

### **Water Supply in India:**

Continuous water supply is the requirement of every industry in India. India being a primarily agriculture-based society requires huge amounts of water sources for regular irrigation of the farms as the monsoons are not a reliable water source considering the vast geographical as well as climatic variations in India.

Also safe drinking water supply is another area where the government needs to emphasize more as groundwater is not an everlasting water resource. The water quality is tested at regular intervals and only if the water quality standards fulfill certain quality parameters, the water is certified to be safe for drinking.

### **Water Conservation:**

The Indian government provided the masses with adequate water supply but the management of the water supply systems wasn't undertaken efficiently this has resulted in deteriorating condition of the water supply network. Thus majority is forced to pump out ground water to fulfill the water requirements that has in turn created a huge drop in the ground water levels.

Thus an effective strategy for water conservation is the need of the hour. The steps taken in this regard include water treatment plants, water pollution control so as to keep the water resources safe for other usage, careful scrutiny of water supply division and projects. The water supply department by adopting timely conservation methods can help solve the water shortage problem in India and deal with the ongoing water crisis in India.

Rainwater harvesting can also provide a solution to the water crisis in India. Certain areas in India receive plenty rainfall and thus creating huge rainwater harvesting water tanks can help in accumulation of natural water and then after some treatment can be utilized as a drinking water substitute.

### **Water Purification Industry**

Large-scale water treatment is being undertaken so as to utilize the existing water resources to an optimum level. Water purification has become an industry in itself. The water purification industry in India deals in improving water quality standards of drinking water, management and treatment of ground water, bottling of mineral water available in various parts of the country and providing this bottled water throughout India as a safe drinking water solution. The major water treatment plants owners and water treatment companies in India products in the bottled water industry include Kinley, Bisleri, Aquafina, and Kingfisher etc.

## OUR BUSINESS

*The information in this section is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in “Industry Overview”, “Management’s Discussion and Analysis on Results of Operations and Financial Conditions” and “Risk Factors” beginning on pages 49, 126 and x, respectively. In this section, descriptions of contracts and agreements are not, nor do they purport to be, complete summaries of all terms or terms customarily found in such contracts and agreements.*

### Overview

Our Company is a construction company in India, with expertise in the execution and construction of infrastructure projects, primarily roads, bridges, and civil construction projects, including residential and commercial buildings, hospitals and medical colleges. Our business includes executing projects relating to electric transmission and distribution infrastructure, civil works for hydro projects, and sewer and water works. We are currently executing our projects in the states of Uttar Pradesh, NCT of Delhi, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa and Himachal Pradesh. We believe that we have acquired significant capability to execute EPC contracts drawing from our experience of having successfully completed numerous projects since Fiscal 2006, valued cumulatively at Rs. 22,009.53 million, as at March 31, 2010.

We bid for projects both on a standalone basis as well as through project specific joint ventures. Our major clients in the public and private sector include the PWDs of Uttar Pradesh, Haryana and Uttarakhand, the Madhya Pradesh State Road Development Corporation, the NHAI, the National Buildings Construction Corporation Limited, the Noida Development Authority, the Lucknow Development Authority, Ghaziabad Development Authority, the Airport Authority of India, Employees’ State Insurance Corporation (New Delhi), Monad Edukational Society, RCC Developers Private Limited, A.P. Goyal Charitable Trust and Nagarjuna Construction Company Infrastructure Holdings Limited.

Certain major projects successfully concluded by us since our inception, include:

- Widening of the Noida-Greater Noida Highway from 0.000 Km to 20.127 Km, Noida, Uttar Pradesh, pursuant to a contract granted by the Project Engineer, Noida;
- Strengthening of the Raj Nagar Zonal Road, under the ‘Raj Nagar Scheme’, Ghaziabad, Uttar Pradesh, pursuant to a contract granted by the Ghaziabad Development Authority, Ghaziabad, Uttar Pradesh;
- Renewal work in relation to the semi-dense bituminous concrete (“**SDBC**”) road stretch from Kath Godam Bhowali-Mornala, Uttarakhand, from Km. 52 to Km. 69.15 and 69.16 Km. to Km. 85.56, pursuant to a contract awarded by PWD, Nainital, Uttarakhand;
- Rehabilitation works under Package No. UPSPR/RMC - 49 of the road stretch from Meerut to Garhmukteshwar, Uttar Pradesh, pursuant to a contract granted by the PWD, Meerut, Uttar Pradesh;
- Construction of roads and undertaking certain site development works in Haryana, pursuant to a contract awarded by Era Infra Limited;
- Strengthening of the road stretch on Road No. 6 from Flex Crossing to NH-24 in Sector 62, Noida, Uttar Pradesh, pursuant to a contract granted by Project Engineer, Noida;
- Rehabilitation works under the ‘Phase II Rehabilitation’ scheme on SH-33 from Badaun to Kasganj (Km. 101.800 to 159.000), Uttar Pradesh, pursuant to a contract granted by the PWD, Etah, Uttar Pradesh;
- Construction works at the Chatrapati Shivaji International Airport, Mumbai, Maharashtra, pursuant to contract granted by Larsen & Toubro Limited;
- Construction of bridge on river Dabka at Ramnagar, Uttarakhand, pursuant to a contract granted by the PWD, Ramnagar, Uttarakhand; and
- Augmentation and improvement of the power supply through the underground system in Sector-18, Noida, Uttar Pradesh, pursuant to a contract granted by the Project Engineer, Noida.

Currently, we are executing 83 projects, of which one project is being executed with our joint venture partner, Dwarika Projects Private Limited. As of March 31, 2010, the total value of our order book was Rs. 29,581.31 million, which comprises of unbilled/ unfinished portions of our ongoing projects, for which we have received orders but are yet to commence construction, and the value of our share in joint ventures. For risks associated with our order book, see “Risk Factors – Information relating to our order book may not be representative of our future results” on page xi.

Our order book from the various segments of our business activities, as of March 31, 2010 may be summarized as under:

<i>(Rs. million)</i>		
Segment of business activity	Amount	Percentage of the total value of order book (%)
Roads (executed on a standalone basis)	4,985.76	16.86
Roads (executed through a joint venture)	73.50	0.25
Bridges	993.10	3.36
Buildings, hospitals and medical colleges	18,233.71	61.64
Electric transmission and distribution infrastructure	2,406.19	8.13
Civil works for hydro projects	987.80	3.34
Sewer and Water works	1,829.11	6.18
Airport works	72.14	0.24
<b>Total</b>	<b>29,581.31</b>	<b>100.00</b>

As of May 31, 2010, we had 1,456 employees, of which 412 employees comprise of civil engineers. We own a large fleet of sophisticated construction equipments, including crushers, excavators, cranes, hot mix batching plants, ready mixed concrete (“RMC”) batching plants, piling rings and pavers (nine meters). Our asset base, as on March 31, 2010, was Rs. 1,010.34 million.

Our continued focus on health, safety and environmental management and quality management standards as elements of performance measurement have become important competition differentiators and key criteria for pre-qualification of contractors by potential clients. We have been conferred ISO 9001:2008 by British Certifications Inc. in relation to ‘construction of roads, bridges, buildings and other civil related activities’, which is valid till May 20, 2013. For further details in relation to the said certification, see “Government and Other Approvals” on page 158. We have also been conferred, the designation of a ‘Grade A’ contractor by the state government of Uttar Pradesh and certain other local bodies.

In Fiscal 2010, our total income was Rs. 12,038.99 million, and we earned a net profit after tax of Rs. 514.54 million. Our revenues have grown at a CAGR of 83.42% for the period Fiscal 2007 to Fiscal 2010 and our net profit after tax has grown at a CAGR of 79.43% over the same period.

### **Our Strengths**

We believe our principal competitive strengths are as follows:

#### ***Ability to execute projects in difficult operating conditions in a timely manner***

We have been successfully operating in difficult operating terrains, including hilly areas and areas prone to landslides, and in adverse weather conditions besides facing unavailability of key resources like personnel, material and machinery in the vicinity of our project sites and security challenges, particularly in the state of Uttarakhand. We have been able to mobilise resources including equipment, raw material and personnel to our project sites at short notice. Our projects require logistics planning to maintain supply of materials and equipment besides co-ordinating extensively with the other contractors. Besides, we have successfully operated in certain hilly areas without any major reported accidents despite the terrain being extensively prone to landslides.

#### ***Extensive experience and established track record in the construction business***

We have extensive experience, established track record and reputation for project execution and timely completion of projects. During the period of five years prior to March 31, 2010, we have executed numerous projects, aggregating Rs. 22,009.53 million, indicating our project management and execution skills. We believe that our expertise in successful and timely implementation of projects provides us significant competitive advantages. This enables us to better position ourselves to deal with construction or implementation risks. We believe we have good working relationships with sub-contractors across our various service regions. Such relationships facilitate the successful and timely execution of projects. We believe that we are able to distinguish ourselves from our competitors because of our management strength and construction capabilities.

***We have an order book of Rs. 29,581.31 million as on March 31, 2010***

Our order book as of any particular date comprises of unbilled/ unfinished portions of our ongoing projects, for which we have received orders but are yet to commence construction, and the value of our share in joint ventures. Our order book was Rs. 29,581.31 million as of March 31, 2010. Typically, the timeframe for execution of our projects ranges from 18 to 24 months. For further information relating to our order book as of March 31, 2010, see “Our Business – Order Book as on March 31, 2010” on page 69. Further, our execution abilities have resulted in consistent increase in our order book. Our order book has, during the period from Fiscal 2007 to Fiscal 2010, increased from Rs. 2,331.93 million to Rs. 29,581.31 million. We believe that the successful execution of our existing order book shall strengthen our bidding capability and will help us pre-qualify for further projects with higher contract value.

#### ***Diversified portfolio of construction projects across various infrastructure sectors and geographic locations***

Our construction contracts are diversified primarily across certain sectors, namely, roads, bridges, residential, commercial buildings, hospitals and medical colleges. Our business also includes execution of projects relating to electric transmission and distribution infrastructure, civil works for hydro projects and sewer and water works. These projects are geographically dispersed across eight states in India. Through this sectoral and geographic diversity, we are able to mitigate the risks associated with operations in a specific sector or geographical location.

#### ***Ownership of operation-critical equipment***

We have ownership of operation-critical construction equipment such as crushers, excavators, cranes, hot mix batching plants, RMC batching plants, piling rings and pavers (nine meters). Our net asset base as on March 31, 2010 stood at Rs. 1,010.34 million. Ownership of such equipment enables quick mobilization besides ensuring continuous availability. Consequently, the gestation period to commence work after a project is awarded is minimal, as we own equipment required for a project that we bid for. We believe that this ownership model provides us an edge over our competitors and helps reduce our costs.

#### ***Qualified and experienced management team***

Our Promoters have vast experience in the construction industry and are actively involved in the day-to-day operations of our Company. We have a qualified management team in executing projects. The skill sets of our key employees provide us the flexibility to adapt to the needs of our clients and the technical requirements of the various projects that we undertake. The experience gathered over the years by our management team enables us in taking quick decisions thereby ensuring that projects are executed within the contracted timelines. This also enables us to meet required standards of quality and efficiency.

#### **Our Business Strategy**

The following are our strategies to enhance our competitiveness and to achieve our objective:

#### ***Continue to enhance our project execution capabilities***

We believe that we have developed a reputation for undertaking construction projects successfully. We intend to continue to focus on project execution and enhancing our performance in order to maximize client satisfaction and margins. We shall continue to optimize operating and overhead costs to maximize our operating margins. Our ability to effectively manage projects will be crucial to our continued success as a recognised construction company. We intend to strengthen our execution capabilities by adding to our existing pool of qualified managers, attracting engineers from reputed colleges, and facilitating continuous learning with in-house and external training opportunities. We also intend to continue to focus on our health, safety and environmental management and quality management standards as we believe that these elements of performance measurement have become important competition differentiators and key criteria for pre-qualification of contractors by potential clients.

#### ***Maintain performance and competitiveness of existing business***

We believe that infrastructure will be a major driver for growth in the Indian construction industry in the foreseeable future due to increased levels of government and private industry investment in infrastructure. We also believe that there will be numerous opportunities for infrastructure creation. In anticipation of the trend toward increased infrastructure investment, we are developing skill sets across a diverse portfolio of

infrastructure projects including roads, bridges, residential and commercial buildings, hospitals and medical colleges, and executing projects relating to electric transmission and distribution infrastructure, civil works for hydro projects, and sewer and water works. We have also continually focussed on increasing our bid capacity and ability to pre-qualify to enable us to bid for larger projects. A key element of our growth strategy is to improve the performance and competitiveness of our existing activities.

#### ***Bid for and secure BOT and other annuity projects***

The GoI has planned for a number of BOT projects across the infrastructure sector, which we intend to bid for. We believe that participation in BOT projects shall offer opportunities for accelerated and sustainable growth for our Company. In due course, we also intend to bid for BOT projects in sectors including roads, highways and buildings (on annuity basis). We believe that such projects will increasingly become more prevalent in the coming years because of the GoI's reliance on the PPP model. BOT or annuity projects generally provide better operating margins because of the added overall control of project costs that can be exerted by the contractor. We intend to increase our focus on BOT and annuity projects, either on our own by leveraging our technical and financial credentials, or through joint ventures. We believe our balance sheet will be strengthened following the Issue. Such a balance sheet should allow us to take on more projects, including BOT and annuity projects.

#### ***Continuous growth in our bid capacity and pre qualification capability***

Our business and growth are dependent on our ability to bid for and secure larger and more varied projects. Bidding for infrastructure projects is dependent on various criteria, including, bid capacity and pre-qualification capability. Bid capacity represents the aggregate value of the contracts that can be awarded to us, and is computed based on pre-defined formulae of agencies such as the NHAI. Bid capacity also includes the highest possible value of a single project that can be awarded to us. In addition to meeting bid capacity requirements, we may also be required to pre-qualify for the projects. This includes various factors such as the technical capability and experience of having executed similar projects. Hence, it is imperative to enhance our bid capacity and pre-qualification capability. We have focused on increasing both these parameters and have continuously increased our bid capacity and the largest order that we can bid for, over the years.

#### ***Geographically expand our construction business***

Currently, we are actively focused in the states of Uttar Pradesh, NCT of Delhi, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa and Himachal Pradesh. While we expand our business operations, we intend to diversify our operation in other states in India such as Jammu and Kashmir, Punjab and Rajasthan, which shall help us secure further construction projects in the future.

#### ***Investment in new technologies and continue to invest in our fleet of equipment***

We believe that our ownership of operation-critical construction equipments provide us the ability to mobilize our operations and confers us an edge over our competitors. We intend to continue investments in newer technologies and our base of operation-critical equipments. Further, we intend to invest in capital equipment from a part of the proceeds of this Issue. For further details, see "Objects of the Issue" on page 32.

#### ***To enhance our focus on bidding for urban infrastructure projects related to water and sewer construction contracts***

We are currently executing three projects in water and sewer infrastructure and have a order book of Rs. 1,829.11 million, as on March 31, 2010. We intend to increase our focus on bidding for water and sewer infrastructure projects which are more profitable and where we face lower competition. Most of these projects are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors who are pre-qualified based on certain pre-defined criteria. We intend to bid for more projects, leveraging and expanding our operations and thus improving our credentials allowing us to gain access to bigger projects.

#### ***Our Services***

Currently, we are executing 83 projects, which, in terms of our order book as of March 31, 2010, aggregated to Rs. 29,581.31 million. All our projects are meticulously planned in terms of material, man-power, machinery and finance. Our senior management is involved in the daily affairs and ensures timely availability of all

resources. This meticulous planning has enabled us to work in logistically difficult terrains and inclement operating conditions.

In the road sector, we are primarily engaged in the construction, widening and strengthening of roads. As on March 31, 2010, our order book in relation to construction of roads, both on a standalone basis and through our joint venture, aggregated to Rs. 5,059.25 million. Further, we are engaged in the construction of various ROBs and flyovers, primarily, in the states of Haryana, Uttar Pradesh and Uttarakhand. As on March 31, 2010, our order book in relation to construction of bridges aggregated to Rs. 993.10 million.

Our construction operations include various buildings, hospitals and medical colleges, as awarded to us by central governmental agencies, various state governmental agencies and non-governmental agencies. Currently, we are engaged in, amongst others, the construction of the ESIC Hospital at Noida, Uttar Pradesh, and the medical college at Faridabad, Haryana and New Delhi. Also, the National Buildings Construction Corporation Limited has awarded us the contract for modernization of existing hospital and construction of buildings for the dental college, auditorium, residential buildings, hostels, site development, and other allied works in Kanpur, Uttar Pradesh. As on March 31, 2010, our order book in relation to construction of buildings, hospitals and medical colleges aggregated to Rs. 18,233.71 million.

We are also engaged in supply of materials, erection, testing, commissioning and installation of electric transmission and distribution infrastructure, including sub-stations, primarily on a turnkey basis. Further, we are also engaged in the construction and allied activities in relation to water and sewers. As of March 31, 2010, our order book in relation to electric transmission and distribution infrastructure and water and sewer works, was Rs. 2,406.19 million and Rs. 1,829.11 million, respectively. Further, we are engaged in certain civil works for hydro projects, which aggregated to Rs. 987.81 million in our order book as on March 31, 2010.

The major projects completed by us under have been provided in “Our Business – Overview” on page 62.

#### **Ongoing projects being executed directly by us**

The key highlights of certain major projects currently being undertaken by us on a standalone basis have been detailed hereinbelow:

#### ***Roads***

We have been awarded a contract for the construction of the balance work of a segment of the Lucknow-bypass connecting NH-25 and NH-28 via NH-56, passing through Lucknow, Uttar Pradesh, by the NHAI. The value of the said contract is Rs. 1,117.82 million.

The PWD, Lucknow, Uttar Pradesh, has granted us the contract for rehabilitation of a segment of SH-13, from Barabanki to Haidergarh Bachhrawan (from Km. 96.750 to Km. 175.000) and Asandra Ramsanehighat MDR – 03 (from Km. 0.000 to Km. 17.250). The contract value of the project is Rs. 853.79 million.

Further, the PWD, Sitapur, Uttar Pradesh, has granted us the contract of widening and strengthening of Laharpur Road (Km. 0.00 to Km. 25.00) in Sitapur, Uttar Pradesh, the value of which contract is Rs. 816.79 million.

Further, the other key projects currently being constructed by us are as follows:

- Procurement of civil works in relation to SH – 22 under ‘MPSRSP-II’ scheme, Package 8 – Hoshangabad (Budhni) – Nasrullaganj – Khategaon, granted by the Madhya Pradesh Road Development Corporation Limited, the value of which contract is Rs. 817.60 million;
- Widening and strengthening of Draman (Shahpur) – Sihunta – Chowari – Jot Chamba – Bharnpour road section (Km. 0.000 to 24.000), Shimla, Himachal Pradesh granted by the Himachal Road & Other Infrastructure Development Corporation Limited, Shimla, Himachal Pradesh for a contract value of Rs. 430.17 million;
- Strengthening of a segment of NH – 235 in the Meerut – Hapur section (Km. 0.410 to Km. 34.00), granted by the PWD, Ghaziabad, Uttar Pradesh, for a contract value of Rs. 405.97 million;

- Up-gradation, renovation and construction in the Jawaharlal Nehru Stadium complex, New Delhi, for the Commonwealth Games, 2010, in relation to roads, storm water drains, reinforced concrete cement (“RCC”) seating tiers at the warm-up areas, granted by the Executive Engineer, Central Public Works Department, Jawaharlal Nehru Stadium, New Delhi, for a contract value of Rs. 210.24 million.

For further details in relation to the other road projects currently being undertaken by us, see “— Order Book as on March 31, 2010” on page 69.

### ***Bridges***

We have been awarded a contract in relation to construction of two lane approaches of the ROB at Taraori at level crossing No. 78 in Km. 135/6-4 on Delhi Ambala Railway Line crossing, Karnal District, Haryana, by the PWD, Karnal, Haryana for a contract value of Rs. 240.44 million. The PWD, Dehradun, Uttarakhand has awarded us a contract in relation to the construction of a four lane ROB alongwith its approaches at Lacchiwala (Km. 174.360 to Km. 175.100) on N.H – 72, Uttarakhand. The value of the said contract is Rs. 258.32 million.

Further, the PWD, Rohtak Haryana has awarded us a contract in relation to the construction of a ROB at railway crossing no. 143 at Rewari-Bhatinda railway line on NH-10 in Sirsa town, Rohtak, Haryana, the value of which contract is Rs. 221.56 million.

The other key bridge projects currently being constructed by us are as follows:

- Construction of approaches of a two lane ROB in lieu of level crossing No. 19-C on Subana Kosli Nahar Kanina road, near Kosli railway station on Rewari Hisar Bhatinda railway line (in Km. 28.1/2) in District Rewari, Haryana, granted by the Haryana State Roads and Bridges Development Corporation Limited, for a contract value of Rs. 204.27 million;
- Construction of a two lane ROB, over railway crossing no. 57 B over Delhi-Rewari railway line crossing on NH-71 (in Km. 436), in Riwari granted by the PWD, Faridabad, Haryana, for a contract value of Rs. 213.19 million; and
- Construction of four lane flyover in District Varanasi on Varanasi Cantonment, Mugalsari Road, near Chaukaghat crossing, Uttar Pradesh granted by the PWD, Lucknow, Uttar Pradesh, for a contract value of Rs. 270.90 million.

For further details in relation to the other bridge projects currently being undertaken by us, see “— Order Book as on March 31, 2010” on page 69.

### ***Buildings, hospitals and medical colleges***

We are involved in the construction of the ESIC Medical College at Faridabad, Haryana, in accordance with the terms and conditions agreed with Employees’ State Insurance Corporation, New Delhi. The aggregate value of the contract is Rs. 5,043.50 million. Payments to our Company shall be made by ESIC on an ‘item rates’ basis after completion of the various stages of work. Besides constructing the medical college building, we are also engaged in the construction of staff housing buildings in the premises.

The National Buildings Construction Corporation Limited has awarded us the contract for modernization of existing hospital and construction of buildings for the dental college, auditorium, residential buildings, hostels, site development, and other allied works in Kanpur, Uttar Pradesh. The aggregate value of the contract is Rs. 2,183.97 million.

The major residential building construction projects currently being executed by us are as follows:

- Construction of 528 units of ‘low-income group’ houses in Noida, Uttar Pradesh, granted by the Project Engineer, Noida, Uttar Pradesh, for a contract value of Rs. 422.21 million; and
- Construction of 512 units of ‘low-income group’ houses in Noida, Uttar Pradesh, granted by the Project Engineer, Noida, Uttar Pradesh, for a contract value of Rs. 419.95 million.

For further details in relation to the other building and hospital projects currently being undertaken by us and as reflected in our order book, see “Our Business – Order Book as on March 31, 2010” on page 69.

### ***Electric transmission and distribution infrastructure***

We are engaged in the supply of materials, erection, testing, commissioning and installation of electric supply systems, including sub-stations, primarily on a turnkey basis. Certain of the major projects currently being undertaken by us, are described hereinbelow:

- Installation, erection and commission of a boiler turbine of 33 MW capacity on a turnkey basis at the Sambalpur site of Rathi Steel & Power Limited, for a contract value of Rs. 823.30 million;
- Augmentation of ‘Phase I’ stage of overhead electric supply system through underground system in Noida, Uttar Pradesh, granted by the Chief Maintenance Engineer, Noida, Uttar Pradesh, for a contract value of Rs. 305.84 million;
- Supply of material, erection, testing and commissioning of new 11 KV lines alongwith pole mounting distribution sub-stations with DTs of 100/63/25/16 KVA capacity for providing HVDS on high loss feeders in Hisar Circle, Haryana granted by the Dakshin Haryana Bijli Vitran Nigam, Haryana, for a contract value of Rs. 335.20 million; and
- Augmentation of ‘Phase II’ stage of overhead electric supply system through underground system in Noida, Uttar Pradesh, granted by the Chief Maintenance Engineer, Noida, Uttar Pradesh, for a contract value of Rs. 205.49 million.

For further details in relation to the other electric supply works currently being undertaken by us and as reflected in our order book, see “Our Business – Order Book as on March 31, 2010” on page 69.

### ***Civil works for hydro projects***

Our construction operations include civil works in relation to installation of certain hydro projects.

M/s Bharat Constructions, a partnership firm, which was awarded a contract for construction of ‘adit-cum-spillway tunnel’, ‘cut and cover section’ and ‘division and care’ of river Satluj and head raise tunnel (“**H.R.T**”) hydro-electric (“**H.E.**”) project, Himachal Pradesh, has sub-contracted the said works to our Company, pursuant to an agreement dated March 23, 2010. The consideration payable to us by the contractor in relation to this project is Rs. 477.40 million.

Similarly, Bharat Hydel Projects Private Limited, which was awarded a contract for the construction of Kasauli adit-cum-H.R.T (Km. 4.00) at Rampur H.E. Project, Himachal Pradesh, has sub-contracted the said works to our Company. The consideration payable to us by the contractor is Rs. 510.40 million.

### ***Sewer and Water works***

We are engaged in the construction and allied activities in relation to sewers.

The Investment Programme Implementation Unit of the Uttarakhand Urban Sector development Investment Programme has granted our Company a contract, on December 10, 2009, in relation to the supply, laying, jointing, testing and commissioning of the ‘raw water main’ from Bandal River source to Dilaram Bazar water treatment plant, at Dehradun, Uttarakhand. The contract value for the said project is Rs. 113.54 million.

Further, the National Buildings Construction Corporation Limited has awarded us a contract in relation to the construction of reinforcement concrete, under-ground tank and overhead service reservoir at Faridabad, Haryana including electrical mechanical works of varying capacities and installation of 138 tubewells and rain water harvesting works at Faridabad, Haryana. The contract value for the said project is Rs. 1,191.65 million.

The Ghaziabad Development Authority has awarded us a contract for the construction, erection, testing, commissioning and laying of rising main etc. for a 56 million-litre-per-day sewage treatment plant based on cycle activated sludge process in Ghaziabad, Uttar Pradesh. The contract value for the said project is Rs. 683.78 million.

### ***Airport works***

We have been granted a contract by RCC Developers Private Limited, on March 27, 2010 for re-surfacing the air force station, Bhisiana, Bhatinda, Punjab, the value of which contract is Rs. 72.14 million.

### **Ongoing projects being executed by us through a Joint Venture**

Pursuant to an agreement dated May 23, 2007 entered between our Company and Dwarika Projects Private Limited, M/s Dwarika – NKG (JV), special purpose vehicle in the nature of an un-registered partnership firm, has been constituted for the specific purpose of taking part in the tendering and execution of roads under the 'Phase I' stage of Uttaranchal State Road Improvement Programme, in relation to Contract No. 9 in the district of Champawat, Uttaranchal, granted by the concerned PWD. Our Company provides technical assistance to the joint venture for the execution of the project. For further details in relation to the said joint venture, see "History and Corporate Structure – Our Subsidiaries and Joint Ventures" on page 95.

The PWD, Dehradun, Uttarakhand, has awarded M/s Dwarika – NKG (JV) a contract for execution of improvement works in (a) Lohaghat Channel, (b) Thuligarh-Bhairav Mandir, (c) Kakrali-Thuligarh, and (d) Pulla Chandeol Shiling, in District Champawat, Uttarkhand, for a contract value of Rs. 363.22 million, of which our Company shall be paid Rs. 181.61 million.

### **Order book as on March 31, 2010**

Our order book as of any particular date comprises of unbilled/ unfinished portions of our ongoing projects, for which we have received orders but are yet to commence construction, and the value of our share in joint ventures. Our order book aggregated to Rs. 29,581.31 million as of March 31, 2010, comprising major construction works of 30 roads (including one project being undertaken by our joint venture), 13 bridges, 14 buildings, hospitals and medical colleges, works in relation to 20 electric transmission and distribution infrastructure, two civil works for hydro projects, three sewer and water projects and one work in relation to re-surfacing of the air port station, Bhisiana, Bhatinda, Punjab. Our strategy is not focused solely on adding contracts to the order book but capturing quality contracts with potentially high margins. The orders in our order book are subject to cancellation and modification provisions contained in the various contracts and other relevant documentation.

The following table sets forth certain information covering the significant contracts in our order book by outstanding value as on March 31, 2010.

<i>(Rs. million)</i>				
Description of project	Name of employer	Value of contract	Date of award of contract	Amount outstanding as on March 31, 2010
<b><i>Projects executed on a standalone basis</i></b>				
<b><i>Roads</i></b>				
Construction of SDBC bitumen macadam Halgu 'adit' motor roads	PWD, Uttarkashi, Uttarakhand	199.36	June 14, 2005	55.75
Procurement of civil works in relation to SH – 22, Package 8 – Hoshangabad (Budhni) – Nasrullaganj – Khategaon	Madhya Pradesh Road Development Corporation Limited	817.60	September 24, 2007	184.91
Improvement and strengthening of the road stretch from Almora to Bageshwar (72.90 Kms.), Uttarakhand	PWD, Dehradun, Uttarakhand	369.28	September 14, 2007	81.58
Construction/ up-gradation and maintenance of rural roads under the Pradhan Mantri Gram Sadak Yojana ("PMGSY") Package no. MP-1027	Madhya Pradesh Road Development Corporation Limited	40.55	February 28, 2008	21.61
Widening and strengthening of Mawana – Parishatgarh – Kithore, Hapur, (Km. 27.900 to 39.00), Uttar Pradesh	PWD, Meerut, Uttar Pradesh	87.74	November 19, 2009	60.72

<b>Description of project</b>	<b>Name of employer</b>	<b>Value of contract</b>	<b>Date of award of contract</b>	<b>Amount outstanding as on March 31, 2010</b>
Widening and strengthening work a segment of SH 63 from Khurja – Pahasu – Chatari (Km.. 01 to 17)	PWD, Bulandshahr, Uttar Pradesh	200.19	January 21, 2010	179.23
Widening and strengthening work a segment of Mawana – Parishatgarh – Kithore, Hapur (Km. 0.00 to 26.785), Uttar Pradesh	Superintendent Engineer, Meerut, Uttar Pradesh	169.87	January 29, 2010	125.12
Widening of Malkota – Dineshpur road stretch in four lanes from Matkota bend up to 1,200 m length, alongwith drainage system on both sides of the road in Integrated Industrial Estate, Pantnagar, Uttarakhand	PWD, Haldwani, Nainital, Uttarakhand	97.09	February 26, 2010	89.81
Improvement/ strengthening of (a) Ruhalki – Sahdevpur motor road (Km. 0.00 to 4.792), (b) Pirankaliyar – Mujahidpur – Sattiswala motor road (Km. 0.00 to 14.666) and (c) Raisi – Shahpur motor road (Km. 0.00 to 21.654), under the Uttarakhand State Road Investment Programme, Phase II	PWD, Dehradun, Uttarakhand	366.99	March 2, 2009	106.44
Improvement and strengthening of Bihariagarh – Buggawala motor road (Km. 0.00 to 9.158), under the Uttarakhand State Road Investment Programme, Phase II	PWD, Dehradun, Uttarakhand	143.46	February 28, 2009	37.03
Widening and strengthening of Draman (Shahpur) – Sihunta – Chowari – Jot Chamba – Bharnpour road section: Draman (Shapur) – Sihunta (Km. 0.000 to 24.000), Shimla, Himachal Pradesh	Himachal Road and Other Infrastructure Development Corporation Limited, Shimla, Himachal Pradesh	430.17	September 11, 2009	430.17
Widening of two lane with geometric improvement in a segment of NH 121 from Chakisain to Paithani (Km. 210.00 to 220.00), Uttarakhand	PWD, Dehradun, Uttarakhand	179.04	October 13, 2009	133.71
Construction of Hamirpur bye-pass in a segment of NH-88 (Km. 140/800 to 145/800 (0/0 to 6/355)), Himachal Pradesh	PWD, Hamirpur, Himachal Pradesh	239.85	February 25, 2010	239.85
Strengthening of a segment of HN – 235 in the Meerut – Hapur section (Ch 0.410 to 34.00)	PWD, Ghaziabad, Uttar Pradesh	405.97	March 10, 2010	405.97
Construction of the balance work of a segment of the Lucknow-bypass connecting NH-25 and NH-28 via NH-56, passing through Lucknow, Uttar Pradesh	NHAI	1,117.82	January 23, 2009	864.08
Rehabilitation of a segment of SH-13, from Barabanki to Haidergarh Bachhrawan (from Km. 96.750 to 175.000) and Asandra Ramsanehighat MDR – 03 (from Km. 0.000 to 17.250)	PWD, Lucknow, Uttar Pradesh	853.79	December 10, 2008	526.31
Widening and strengthening of Laharpur Road (Km. 0.00 to 25.00) in Sitapur, Uttar Pradesh	Superintendent Engineer, Sitapur, Uttar Pradesh	816.79	January 1, 2009	438.47
<b>Bridges</b>				
Construction of 'pre-stress' bridge	PWD, Dehradun,	46.60	November 23, 2006	5.19

Description of project	Name of employer	Value of contract	Date of award of contract	Amount outstanding as on March 31, 2010
over Noon river, at Jamunwala and Cantonment area, Dehradun, Uttarakhand	Uttarakhand			
Construction of two lane wide RCC 'pre-stressed' bridge over Aasan river, in villages Singhniwala and Sabhawala, each of 17 Km and 26 Km., Uttarakhand	PWD, Dehradun, Uttarakhand	130.66	December 26, 2006	22.98
Construction of 385 m. span double lane bridge on Kotdwara – Karnashwarm motor road over Sukhro river, for a stretch of 4 Km	PWD, Pauri, Uttarakhand	139.28	January 18, 2008	41.05
Construction of 325 m. RCC bridge on Kotdwara – Karnashwarm motor road over Malan river for a stretch of 8 Km.	PWD, Pauri, Uttarakhand	122.79	January 18, 2008	21.90
Construction of two lane ROB, over railway crossing no. 57 B over Delhi-Rewari railway line crossing on NH-71 (in Km. 436)	PWD, Faridabad, Haryana	213.19	February 15, 2008	42.16
Construction of approaches of two lane ROD in lieu of level crossing no. 19-C on Subana Kosli Nahar Kanina road, near Kosli railway station on Rewari Hisar Bhatinda railway line (in Km. 28.1/2) in District Rewari, Haryana	Haryana State Roads and Bridges Development Corporation Limited	204.27	September 24, 2008	121.46
Construction of RCC bridge in Km 14 on Haldwani – Kaladhungi stretch over Bhakra river, Himachal Pradesh	PWD, Haldwani, Himachal Pradesh	31.51	February 26, 2009	4.19
Construction of two lane flyover on Varanasi – Kanchahri Ghazipur road in District Varanasi, on Pandeypur crossing, Uttar Pradesh	PWD, Lucknow, Uttar Pradesh	116.32	March 1, 2009	83.70
Construction of four lane flyover in District Varanasi on Varanasi Cantonment, Mugalsari road, near Chaukaghat crossing, Uttar Pradesh	PWD, Lucknow, Uttar Pradesh	270.90	March 1, 2009	217.31
Construction bridge on irrigation drain between Sectors 92 to 85, Noida, District Gautam Budh Nagar, Uttar Pradesh	Project Engineer, Noida, Uttar Pradesh	160.73	October 21, 2009	124.14
Construction of two lane approaches of the ROB at Taraori at level crossing No. 78 in Km. 135/6-4 on Delhi Ambala railway line crossing, Karnal District, Haryana	PWD, Karnal, Haryana	240.44	August 13, 2008	14.34
Construction of a four lane ROB alongwith its approaches at Lacchiwala (Km. 174.360 to Km. 175.100) on N.H – 72, Uttarakhand	PWD, Dehradun, Uttarkhand	258.32	January 22, 2009	150.25
Construction of a ROB at railway crossing no. 143 at Rewari-Bhatinda railway line on NH-10 on Sirsa town, Rohtak, Haryana	PWD, Rohtak Haryana	221.56	November 17, 2008	144.43
Up-gradation, renovation and construction in the Jawaharlal Nehru Stadium complex, New Delhi, for the Commonwealth Games, 2010, in relation to roads,	Executive Engineer, Central Public Works Department, Jawaharlal Nehru Stadium, New Delhi	210.24	July 2, 2009	81.43

<b>Description of project</b>	<b>Name of employer</b>	<b>Value of contract</b>	<b>Date of award of contract</b>	<b>Amount outstanding as on March 31, 2010</b>
storm water drains, RCC seating tiers at the warm-up areas				
<b><i>Buildings and hospitals</i></b>				
Construction of 20 units of 'high-income group' duplex flats in Sector 99, Noida, District Gautam Budh Nagar, Uttar Pradesh	Project Engineer, Noida, Uttar Pradesh	49.51	November 10, 2006	5.19
Construction of 56 units of four storeyed 'Middle-income group' flats in Sector 99/ 100, Noida, District Gautam Budh Nagar, Uttar Pradesh	Project Engineer, Noida, Uttar Pradesh	68.28	March 14, 2008	1.97
Construction of 528 units of 'low-income group' houses in Sector 99/ 100, Noida, District Gautam Budh Nagar, Uttar Pradesh	Project Engineer, Noida, Uttar Pradesh	422.21	March 2, 2009	273.30
Construction of 512 units of 'low-income group' houses in Sector 99/ 100, Noida, District Gautam Budh Nagar, Uttar Pradesh	Project Engineer, Noida, Uttar Pradesh	419.95	March 2, 2009	284.80
Construction of a University campus in district Hapur, Uttar Pradesh, on a 'covered area rate' basis, which spans an area of 4,000,000 square feet comprising the ground floor and three floors thereon	Monad Edukational Society	2,564.00	October 17, 2007	2,284.27
Construction of the ESIC Hospital at Sector 24, Noida, District Gautam Budh Nagar, Uttar Pradesh	Employees' State Insurance Corporation, New Delhi	756.73	November 18, 2008	511.96
Construction of ESIC Medical College at Basaidarapur, New Delhi	Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh	4,309.87	January 13, 2010	4,309.87
Construction of staff housings at ESIC Medical College at Basaidarapur, New Delhi	Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh	1,577.55	January 15, 2010	1,577.55
Construction of ESIC staff housing and medical college at Faridabad, Haryana	Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh	5,043.50	August 18, 2009	4,974.94
Contract for modernization of existing hospital and construction of buildings for the dental college, auditorium, residential buildings, hostels, site development, and other allied works at Pandu Nagar, Kanpur, Uttar Pradesh	National Buildings Construction Corporation Limited	2,183.97	September 22, 2009	2,183.97
<b><i>Electricity Supply Systems</i></b>				
Supply of material, erection, testing and commissioning of new 11 KV lines, LT lines, new DTs, DT metering and release of beneficiary connections under the Rajiv Gandhi Grameen Vidutikaran Yojana ("RGGVY") in Mohindergarh District, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	150.00	October 30, 2008	121.15
Supply of material, erection, testing and commissioning of new 11 KV lines, LT lines, new DTs, DT metering under the RGGVY in Hisar District, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	155.10	October 30, 2008	115.17
Augmentation of Phase I stage of overhead electric supply system	Chief Maintenance Engineer, Noida, Uttar	305.84	March 2, 2009	86.04

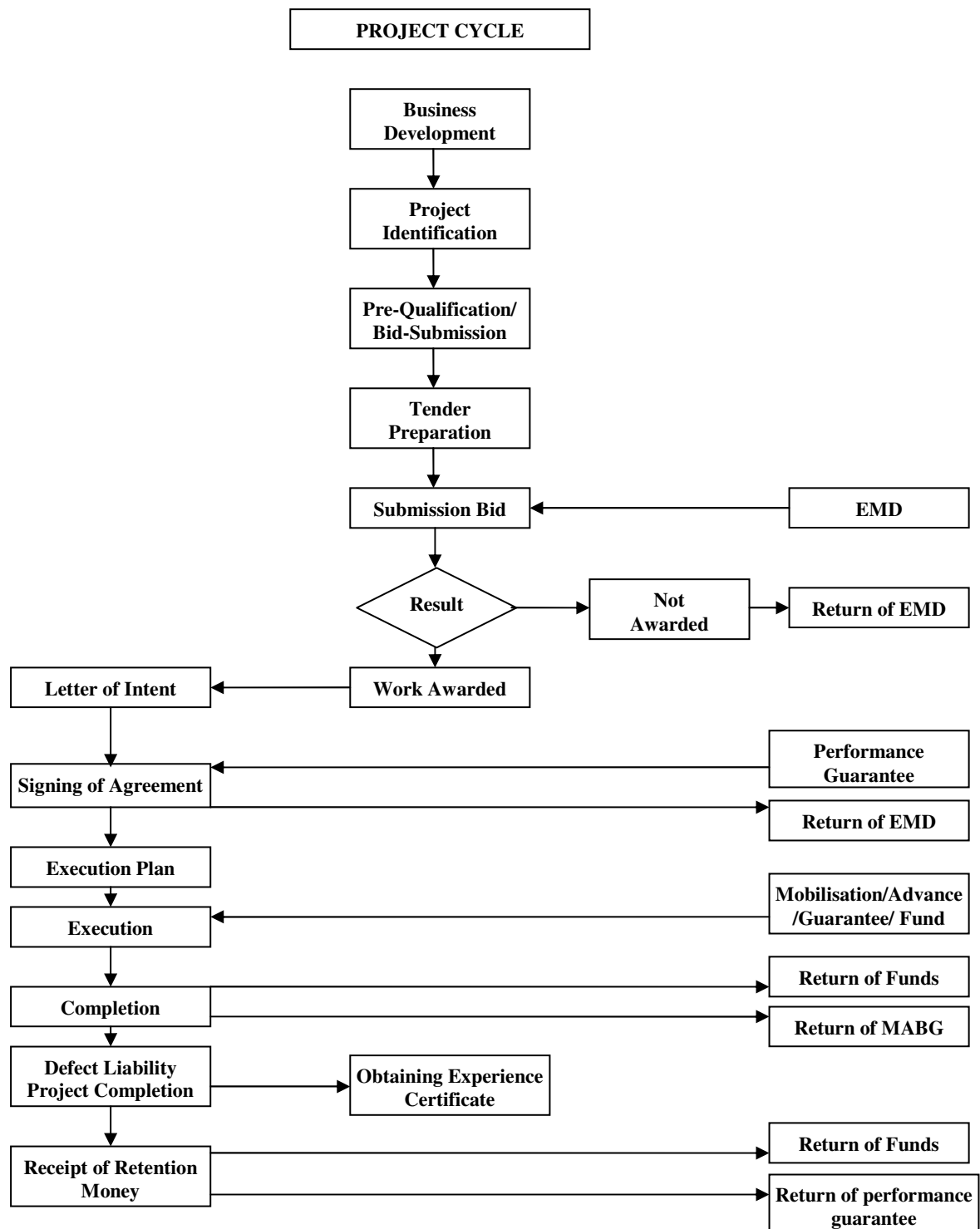
Description of project	Name of employer	Value of contract	Date of award of contract	Amount outstanding as on March 31, 2010
through underground system in Sector 44, Noida, Uttar Pradesh	Pradesh			
Augmentation of Phase II stage of overhead electric supply system through underground system in Sector 44, Noida, Uttar Pradesh	Chief Maintenance Engineer, Noida, Uttar Pradesh	205.49	March 2, 2009	40.70
Supply of material, erection, testing and commissioning of new 11 KV lines, LT lines, new DTs, DT metering under the RGGVY in Fatehabad District, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	101.50	January 15, 2009	42.30
Supply of material, erection, testing and commissioning of four units of new 33 KV sub-stations (including civil works) each consisting of seven panel set of 11 KV breakers alongwith the associated 33 KV lines (40.50 Km.) and 11 KV lines (40.0 Km) in Hisar circle, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	106.50	May 25, 2009	94.70
Erection of material, testing and commission of new 11 KV single circuit lines alongwith pole mounting distribution sub-stations with DTs of 25/16 KVA capacity for providing high voltage distribution system ("HVDS") of ten high loss rural feeds and in Bandhwani village under Gurgaon circle, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	295.00	May 19, 2009	234.87
Construction of main gantry, aux foundation, trenches, chain link, fencing, security wall, etc at the proposed 132/33 KV Meharban Singh ka Purwa Sub-station, Kanpur	Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh	165.24	December 2, 2009	151.60
Construction of 132/33 KV sub-station Gangeri, Aligarh including supply, erection and civil works	Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh	179.78	January 22, 2010	179.78
Supply and fixing of pole under Madhuban Bapudham Scheme	GDA, Ghaziababd	202.24	November 11, 2009	119.24
Electrification of 33 KV sub-station no. 4 under Madhuban Bapudham Scheme	GDA, Ghaziababd	212.20	November 11, 2009	170.11
Designing, detailed engineering, construction, installation and supply of equipments for 132/11KV sub-station at the Gaziabad works of Rathi Super Steel Limited	Rathi Super Steel Limited	100.50	March 10, 2009	20.10
Construction of 33 KV double circuit feeder line with underground system from 220/33 KV sub-station sectors, Sector 126, Noida	Accounts Officer, Noida, Uttar Pradesh	160.26	October 16, 2009	35.95
Augmentation and improvement of Phase II stage of power supply through underground system in Sector 18, Noida, Uttar Pradesh	Project Officer, Noida, Uttar Pradesh	72.34	March 29, 2010	72.34
Electrification and street lighting in Sectors 1, 5 and 6 under Gomti Nagar Extension Scheme, Lucknow	Lucknow Development Authority	106.99	November 16, 2007	16.16
Electrification and construction of 33/ 11 KVA sub-station under	Lucknow Development Authority	144.92	November 16, 2007	22.88

<b>Description of project</b>	<b>Name of employer</b>	<b>Value of contract</b>	<b>Date of award of contract</b>	<b>Amount outstanding as on March 31, 2010</b>
Gomti Nagar Extension Scheme, Lucknow				
Supply of material, erection, testing and commissioning of new 11 KV lines with ACSR and ABC alongwith pole mounting distribution sub-stations with DTs of 100/63/25/16 KVA capacity for providing HVDS on high loss feeders in Hisar Circle, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	335.20	July 22, 2008	45.03
Supply of material, erection, testing and commissioning of four 33 KV sub-stations each consisting of seven panel set of 11 KV Breakers alongwith associated 33 KV lines (47.3 Km) and 11 KV (40 Km) in Bhiwani circle, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	125.55	September 16, 2008	2.55
Supply of material, erection, testing and commissioning of five 33 KV sub-stations each consisting of seven panel set of 11 KV Breakers alongwith associated 33 KV lines (48 Km) and 11 KV (50 Km) in Narnaul and Gurgaon, Haryana	Dakshin Haryana Bijli Vitran Nigam, Haryana	150.00	September 16, 2008	12.24
<b><i>Civil works for hydro projects</i></b>				
Construction of 'adit-cum-spillway tunnel', 'cut and cover section' and 'division and care' of river Satluj and H.R.T H.E. Project, Himachal Pradesh	M/s Bharat Constructions	477.40	March 23, 2010	477.40
Construction of Kasauli Adit cum H.R.T (4 Km.) at Rampur H.E. Project, Himachal Pradesh	Bharat Hydel Projects Private Limited	510.40	March 14, 2010	510.40
<b><i>Sewer and Water works</i></b>				
Construction, erection, testing, commissioning and laying of rising main etc. for 56 MLD sewage treatment plant based on cycle activated sludge process at Dundahera, Ghaziabad, Uttar Pradesh	Ghaziabad Development Authority, Uttar Pradesh	683.74	February 9, 2009	613.34
Supply, laying, jointing, testing and commissioning of the 'Raw Water main' from Bandal River source to Dilaram Bazar water treatment plant, at Dehradun, Uttarakhand	Investment Programme Implementation Unit, Uttarakhand Urban Sector Development Investment Programme	113.54	December 10, 2009	113.54
Construction of reinforcement concrete, under-ground tank and overhead service reservoir at Faridabad, Haryana including electrical mechanical works of varying capacities and installation of 138 tubewells and rain water harvesting works at Faridabad, Haryana	National Buildings Construction Corporation Limited	1,191.65	September 22, 2009	1,102.23
<b><i>Airport works</i></b>				
Re-surfacing the air force station, Bhisiana, Bhatinda, Punjab	RCC Developers Private Limited	72.14	March 27, 2010	72.14
<b><i>Projects executed through our joint venture</i></b>				
Improvement works in (a) Lohaghat Channel, (b) Thuligarh-Bhairav Mandir, (c) Kakrali-	PWD, Dehradun, Uttarakhand	181.61	September 12, 2007	73.50

Description of project	Name of employer	Value of contract	Date of award of contract	Amount outstanding as on March 31, 2010
Thuligarh, and (d) Pulla Chandeol Shiling, in District Champawat, Uttarkhand				

### Lifecycle of a Project

The various stages in project planning and execution may be represented by means of a flowchart as below:



## ***Business Development***

We enter into contracts primarily through a competitive bidding process. Government and other clients typically advertise potential projects in leading national newspapers or on their websites. The head of the ‘Tendering Department’ evaluates bid opportunities and discusses internally with our management on whether we should pursue a particular project based on various factors, including the geographic location of the project and the degree of difficulty in executing the project in such location, our current and projected workload, the likelihood of additional work, the project’s cost and profitability estimates and our competitive advantage relative to other likely bidders. Once we have identified projects that meet our criteria, we submit an application to the client according to the procedures set forth in the advertisement.

## ***Tender Process***

### ***Pre-qualification***

Our Company has a centralized tender department that is responsible for applying for all pre-qualifications and tenders. The tender department evaluates the credentials of our Company vis-à-vis the stipulated eligibility criteria. We endeavor to qualify on our own for projects in which we propose to bid. In the event that we do not qualify for a project in which we are interested due to eligibility requirements relating to the size of the project or other reasons, we may seek to form strategic alliances or project-specific JVs with other relevant experienced and qualified contractors, using the combined credentials of the co-operating companies to strengthen our chances of pre-qualifying and winning the bid for the project.

A notice inviting bids may either involve pre-qualification, or short-listing of contractors, or a post-qualification process. In a pre-qualification or short-listing process, the client stipulates technical and financial eligibility criteria to be met by potential applicants. Pre-qualification applications generally require us to submit details about our organizational set-up, financial parameters (such as turnover, net worth and profit and loss history), employee information, plant and equipment owned, portfolio of executed and ongoing projects and details in respect of litigations and arbitrations in which we are involved. In selecting contractors for major projects, clients generally limit the issue of tender to contractors they have pre-qualified based on several criteria, including experience, technical ability and performance, reputation for quality, safety record, financial strength, bonding capacity and size of previous contracts in similar projects, although the price competitiveness of the bid is usually a significant selection criterion. Pre-qualification is key to our winning major projects and we continue to develop our pre-qualification status by executing a diverse range of projects and building our financial strength.

### ***Financial Bid***

If we pre-qualify for a project, the next step is to submit a financial bid. Prior to submitting a financial bid, our Company carries out a detailed study of the proposed project, including performing a detailed study of the technical and commercial conditions and requirements of the tender followed by a site visit. Our Tendering Department determines the bidding strategy depending upon the type of contract. For instance, a lump-sum tender would entail quantity take-offs from the drawings supplied by the clients.

A site visit enables us to determine the site conditions by studying the terrain and access to the site. Thereafter, a local market survey is conducted to assess the availability, rates and prices of key construction materials and the availability of labor and specialist sub-contractors in that particular region. Sources of key natural construction materials, such as quarries for aggregates, are also visited to assess the availability, and quality of such material. The site visit also allows us to determine the incidence and rates of local taxes and levies, such as sales tax or value added tax, octroi and cess. The Tendering Department invites quotations from vendors, sub-contractors and specialist agencies for various items or activities in respect of the tender. This data supplements the data gathered by the market survey. The estimated cost of items is then marked up to arrive at the selling price to the client. The basis of determination of the mark-up is based in part on the evaluation of the conditions of the contract.

### ***Invitation of Quotes***

The Tendering Department invites quotations from vendors, sub-contractors and specialist agencies for various items or activities in respect of the tender. This data supplements the data gathered by the market survey. The gathered information is then analysed to arrive at the cost of items included in the bill of quantities (“**BOQ**”).

The estimated cost of items is then marked up to arrive at the selling price to the client. The basis of determination of the mark-up is based in part on the evaluation of the conditions of the contract.

Alternatively, the client may choose to invite bids through a post-qualification process wherein the contractor is required to submit the financial bid along with the information mentioned above in two separate envelopes. In such a situation, the client typically evaluates the technical bid or pre-qualification application initially and then opens the financial bids only to those contractors who meet the stipulated criteria.

### ***Engineering & Design***

We provide engineering services, if required by the client, for certain categories of projects that we undertake. Typically, for design built projects, the client supplies conceptual information pertaining to the project and spells out the project requirements and specifications. We may be required to prepare detailed architectural and/or structural designs based on the conceptual requirements of the client, which we generally outsource to third parties, and also conform to various statutory and other requirements.

Prior to bidding for the project, our Tendering Department and senior management review the preliminary design prepared by third parties. Over the years, we have through a combination of experience and technical ability developed experience in assessing the preliminary pre-tender designs prepared by our consultants, vis-à-vis the requirements of our client. After our initial review of the preliminary designs, we continue to confer with our consultants to arrive at the final solution for the project. Once the project is awarded to us, our consultants prepare detailed designs pursuant to the project requirements.

### ***Procurement***

Materials generally comprise of approximately 60-70% of the total project costs. Consequently, success in any project would depend on the adequate supply of requisite material during the tenure of the contract. We have a separate department, which is responsible for procurement and the logistics to ensure timely availability of material at each of our project sites. Upon award of a contract, the purchase department is provided with the project details along with the budgeted rates for material, services and equipment. The material, services and equipment required for projects are estimated by the engineering personnel from the individual project sites and then passed on to the purchase department along with the schedule of requirements.

Our Company has, over the years, developed relationships with a number of vendors for key material, services and equipment. It has also developed a vendor database for various materials and services. Over and above the quotations received at the time of bidding, the purchase department invites quotations from additional vendors, if required. Vendors are invited to negotiate before finalizing the terms and prices. The materials ordered are conveyed to the sites from time to time as per their scheduled requirements. We maintain material procurement, tracking and control systems, which enable monitoring of our purchases.

Procurement of material, services and equipment from external suppliers typically comprises a substantial part of a project's cost. The ability to cost-effectively procure material, services and equipment, and meeting quality specifications for our projects is essential for the successful execution of such projects. We continually evaluate our existing vendors and also attempt to develop additional sources of supply for most of the materials, services and equipment needed for our projects.

### ***Construction***

The issuance of a letter of acceptance or letter of intent by the client signifies that we have been awarded the contract. Upon receipt of the letter, we typically commence pre-construction activities promptly, such as mobilising manpower and equipment resources and setting up site offices, stores and other ancillary facilities. Construction activity typically commences once the client approves working designs and issues drawings. The project team immediately identifies and works with the purchase department to procure the key construction materials and services required to commence construction. Based on the contract documents, a detailed schedule of construction activities is prepared. This schedule identifies interim milestones, if any, stipulated in the contract with corresponding time schedules for achieving these milestones.

The sequence of construction activities largely follows the construction schedule that was prepared initially, subject to changes in scope requested by the client. Projects generally commence with excavation and earthmoving activities. Other major components of a typical construction project include concreting and

reinforcement. Heavy equipments, such as crushers, excavators, cranes, hot mix batching plants, RMC batching plants, piling rings and pavers (nine meters), are used for concreting.

We have a project management system that helps us track the physical and financial progress of work vis-à-vis the project schedule. Project personnel hold periodic review meetings with the client at sites and also with key head office personnel in our headquarters to discuss the progress being made on the project. The project managers also hold periodic review meetings with our vendors and subcontractors to review progress and assess future needs.

Each project site has a Billing Department of our Company that is responsible for preparing and dispatching periodic invoices to the clients. Joint measurements with the client's representative are taken on a periodic basis and interim invoices prepared on the basis of such measurements are sent to the client for certification and release of interim payments. The Billing Department is also responsible for certifying the bills prepared by our vendors and sub-contractors for particular projects and forwarding the same to our head office for further processing.

We consider a project to be virtually complete when it is ready to be handed over to the client. We then jointly inspect the project with the client to begin the process of handing over the project to the client. On completion of the defects liability period, we request the client to release any performance bonds or retention monies that may be outstanding.

#### ***Types of contracts and the process for execution of contracts***

Typically, the contracts entered into us, in relation to our projects may be classified into the following categories, though, depending on the nature of the project and the project requirements, such contracts may also contain a combination of aspects of any of the contract types discussed hereinbelow:

- (a) ***Lump-sum contracts:*** Lump-sum contracts provide for a single price for the total amount of work, subject to variations pursuant to changes in the client's project requirements. In lump-sum contracts, the client supplies all the information relating to the project, such as designs and drawings. Based on such information, we are required to estimate the quantities of various items, such as raw materials, and the amount of work that would be needed to complete the project, and then prepare our own BOQ to arrive at the price to be quoted. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted price.
- (b) ***Design-and-Build contracts:*** Design-and-Build contracts provide for a single price for the total amount of work, subject to variations pursuant to changes in the client's project requirements. In Design-and-Build contracts, the client supplies conceptual information pertaining to the project and spells out the project requirements and specifications. We are required to *inter alia*, (i) appoint consultants to design the proposed structure, (ii) estimate the quantities of various items that would be needed to complete the project based on the designs and drawings prepared by our consultants, and (iii) prepare our own BOQ to arrive at the price to be quoted. We are responsible for the execution of all aspects of the project based on the above at our quoted price.
- (c) ***Item rate contracts:*** Item rate contracts are contracts where we need to quote the price of each item presented in a BOQ furnished by the client. In item rate contracts the client supplies all the information such as design, drawings and BOQ. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted rates for each respective item.
- (d) ***Percentage rate contracts:*** Percentage rate contracts require us to quote a percentage above, below or at par with the estimated cost furnished by the client. In percentage rate contracts, the client supplies all the information such as design, drawings and BOQ with the estimated rates for each item of the BOQ. We are responsible for the execution of the project based on the information provided and technical stipulations laid down by the client at our quoted rates, which are arrived at by adding or subtracting the percentage quoted by us above or below the estimated cost furnished by the client.

Contracts, irrespective of their types discussed above may contain price variation or escalation clauses that provide for either reimbursement by the client in the event of a variation in the prices of key raw materials (e.g., steel, bitumen, aggregate, cement, pipes and electrical goods) or a formula that splits the contract into pre-

defined components for materials, labour and fuel and links the escalation in amounts payable by the client to pre-defined price indices published periodically by the RBI or the Government. Some contracts do not include such price variation or escalation clauses. Thus, in those instances, we face the risk that the price of key raw materials and other inputs will increase during the project execution period and are unable to pass on the increases in such costs to the client.

## Guarantees

We are often required to provide financial and performance guarantees guaranteeing our performance and financial obligations in relation to a project. The amount of guarantee facilities available to us depends upon our financial condition and the availability of adequate security for the banks and financial institutions that provide us with such facilities. There have been no instances where our performance guarantees have been invoked by our clients.

## Award of the Contract

Requests for proposals or negotiated contracts with public or private owners are generally awarded based on a combination of technical capability and price, taking into consideration factors such as project schedule and prior experience.

## Our Equipment

We believe that our strategic investment in equipment and fixed assets is an advantage that enables us to rapidly mobilize our equipment to project sites as needs arise. We have a large fleet of construction equipment assets including crushers, excavators, cranes, hot mix batching plants, RMC batching plants, piling rigs and pavers (nine meters). Having such an asset base is, in our view, an advantage in serving the technically challenging and diverse nature of the construction projects in which we are engaged. The following table provides a list of some of our key equipment as on March 31, 2010:

S.no.	Category of Equipments	Total number of such equipments	S.no.	Category of Equipments	Total number of such equipments
1.	Hot mix plant	17	41.	Auto level machine	19
2.	WMM plant	10	42.	Batching and mixing plant	10
3.	Wet mix, concrete and sensor paver	19	43.	Bar bending machine	19
4.	Bitumen sprayer and boiler	17	44.	Levelling staff aluminium	21
5.	Compressor	11	45.	Sand replacement instruments	3
6.	Concrete pump	18	46.	Diesel engine	2
7.	Concrete mixer machine	4	47.	Hydraulic machine press	1
8.	Chain block	3	48.	Steel cutting machine	1
9.	Diesel pump	8	49.	Tiles plant	3
10.	Drilling machine	26	50.	Sokkia reflectories	3
11.	Generator	69	51.	Concrete vibrator	1
12.	Hand Grinder	7	52.	Crane hydra, mobile tower crane	19
13.	Hydraulic jack	1	53.	Broomer	2
14.	3 & 5 HP Pump Set	22	54.	Building hoist structure	2
15.	Weighing machine	24	55.	Building hoist winch	1
16.	Mixture machine	8	56.	Building hoist concrete lift	1
17.	Pneumatic tyre roller	1	57.	Concrete mixer	17
18.	Pre stressing system	12	58.	Hydraulic cutting machine	1
19.	Tank, tanker and site tank	36	59.	Ply cutter	2
20.	Soil Compector	5	60.	Hammer machine	2
21.	Roller/ vibrator/ tandem/ smooth wheel	28	61.	Steel drum	8
22.	Truck mounted-water tanker	4	62.	Vibrator/ vibratory machine	21
23.	Vibrate surface screed and pin	30	63.	Concrete cutting machine	5
24.	Concrete batching machine	7	64.	Hydraulic drilling machine	4
25.	Generator cum welding machine and welding machine	87	65.	Motorized screen	2
26.	Vinch machine	2	66.	Tipper/ truck/ dumper	131

S.no.	Category of Equipments	Total number of such equipments	S.no.	Category of Equipments	Total number of such equipments
27.	Core cutting machine	2	67.	JCB/ excavator	35
28.	Stone crusher	2	68.	Dozer	2
29.	Wagon drill	3	69.	Dozer-Backhock	2
30.	Bar cutting machine	23	70.	Motor grader	8
31.	Concrete mini mobile batching	1	71.	Tractor, tractor trolley	12
32.	Cube testing machine	2	72.	Loader	10
33.	D.C..Motor 5 HP	1	73.	Container	36
34.	Pump	11	74.	Tractor and dozer	16
35.	Electric vibrator nozzle	1	75.	Tempo ace	5
36.	El.digital compressor test machine	1	76.	Breaker TE	1
37.	Hydraulic mobile compector	9	77.	Road sweeper hydraulic driver	1
38.	Thendolite machine	2	78.	Light tandam roller	2
39.	Transit mixer	19	79.	Convertor	1
40.	Trolla	1	80.	Greaves cotton pump	3

### Marketing

Normally in the construction sector, major portion of the work is awarded by GoI or state governmental agencies. However, the private sector has started to contribute to the number of infrastructure projects in the areas we operate. Normally a contract offered by Central or State government is backed by budgetary support or financial support or grants from various institutions and agencies including the ADB and the World Bank. As such, the normal course for awarding these contracts by the Government or their agencies is through the process of tendering. In view of the nature of our market, the major sources of information of ensuing tenders for construction contracts are newspapers and government gazettes. In order to ensure that we can effectively bid for these contracts we have a Tender and Evaluation Committee which keeps track of these tender notification or advertisement and prepares the tender document.

Further, bidding capacity of a party is a very important criteria for pre-qualification in a contract. Also, as per the requirements of a tender we decide on forming joint ventures with suitable partners or entering into a back-to-back agreement, as a strategic decision.

We also keep in touch with various large infrastructure companies for obtaining work on a sub-contract basis.

### Competition

We operate in a competitive market. Our competition depends on various factors, such as the type of project, contract value, potential margins, the complexity, location of the project and risks relating to revenue generation. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards.

We believe that some of the Indian companies that are active in our sector of business, include Ahluwalia Contracts (India) Limited, Pratibha Industries Limited, Subhash Projects and Marketing Limited, C&C Constructions Limited and Simplex Projects Limited. Further, we expect to face significant competition from other national and international companies for BOT projects in the future.

### Health, Safety and Environment

We are committed to complying with applicable health, safety and environment regulations and other requirements in our operations. To ensure effective implementation of our practices, at the beginning of every project we seek to identify potential material hazards, evaluate material risks and institute and monitor appropriate controls. Our constructions and operations are subject to governmental, state and municipal laws and regulations relating to the protection of the environment, including requirements for water discharges, air emissions, the use, management and disposal of solid or hazardous materials or wastes and the cleanup of contamination.

### Insurance

Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, land mine blasts and other work accidents, fire, earthquake, flood and other *force majeure* events, acts of terrorism and explosions including hazards that may cause injury and loss of life, destruction of property and equipment and environmental damage. We may also be subject to claims resulting from defects arising from engineering, procurement or construction services provided by us. For further details, see “Risk Factors” on page x.

We believe that the insurance presently maintained by us represents an appropriate level of coverage required to insure our business and operations, and is in accordance with the industry standards in India. Our significant insurance policies consist of coverage for risks relating to physical loss or damage. Loss or damage to our materials and property, including contract works, whether permanent or temporary and materials or equipment supplied by us are generally covered by “contractors all risks insurance”, “erection all risks insurance policy” covering costs of erection, third party liabilities and removal of debris in case of land slides, motor vehicle insurances and burglary insurance policy. We have also obtained a fire insurance policy in relation to certain of our godowns. We have obtained insurance for construction risk and third party liability for some of our projects.

### **Employees**

Our business operations are driven primarily by our employees. We place a significant emphasis on the recruitment and retention of our personnel and organize in-house and external training programs for our employees. As of March 31, 2010, we had about 1,456 employees, of which over 412 employees comprise of engineers and other qualified professionals.

The employees of our sub-contractors who do certain of our construction works for us may be unionized. Our relationship with our employees has been positive and our operations have not been interrupted by any work stoppage, strike, demonstration or other labour disturbances.

### **Technology**

Our Company is in the construction business for more than two decades and is having sufficient experience and time-tested technical know-how to execute projects within prescribed parameters. Our Company employs modern construction techniques and equipments for carrying out its activities. We do not have any technical collaborations.

### **Utilities**

The main utilities required in our construction activities are:

#### *Power*

Our construction projects are not power intensive. Power is required at site for running various machineries and equipments and also for lighting. Generally, power requirement is met at site through normal distribution channel and is generally provided by clients. However, if need arises, Company uses D.G sets to meet power requirements. Power requirements of our Company vary at each stage of the project and depends upon the size and nature of the project.

#### *Fuel*

The fuel required to operate D.G. sets and certain heavy equipment is usually met from the local depot/station of oil companies

#### *Water*

Our Company meets its water requirements largely by digging tube wells at project sites. The cost of utilities is taken care under job charges and administration and other miscellaneous expenses.


### **Properties**

Our Registered Office is situated at 124, Ground Floor, World Trade Center, Babar Road, Connaught Place, New Delhi 110 001. The premises has been sub-leased to us by Ms. Vandana Gupta pursuant to an agreement dated July 23, 2007, for a period of three years with effect from August 1, 2007. Further, our Corporate Office is situated at C 28 & 32 RDC, Raj Nagar, Ghaziabad 201 002, which premises has been leased to us by M/s Mahalaxmi Associates (Mr. Pradeep Kumar Garg, being the proprietor) pursuant to an agreement dated April 26, 2007, for a period of 60 months commencing from April 26, 2007. We are required to pay a monthly rental of Rs. 4,000. We also have an industrial plot situated at Plot No. E-179, Sector 17, Kavi Nagar, Ghaziabad, which premises has been leased to us by Uttar Pradesh State Industrial Development Corporation Limited pursuant to an agreement dated April 26, 1997.

Further, we currently own or lease a variety of property, primarily for office spaces across the states where we are currently operating. The other properties currently leased by us have been provided hereinbelow:

S.No.	Description of property	Tenure of the lease	Purpose
1.	A-2, Sidhartha Galaxy, 15 Ground Floor, Gulmohar, Bhopal, Madhya Pradesh	11 months with effect from June 1, 2010	Regional Office
2.	Khatizabai Manjil, 46, Tank Street, Mumbai, Maharashtra	21 months with effect from February 19, 2009	Regional Office
3.	21, B/C, Sapru Marg, Prem Nagar, F-4, Gomti Residency, Azhar Marg, Lucknow, Uttar Pradesh	11 months with effect from April 27, 2010	Regional Office
4.	B-86, Sector 44, Noida, District Gautam Budh Nagar, Uttar Pradesh	Five years with effect from April 1, 2009	Regional Office
5.	Plot No. 169 – 171, W.No. 16, Purunabasti, Jharsuguda, Orissa	11 months with effect from December 1, 2009	Regional Office
6.	100/1, G Block, Race Course, Dehradun, Uttarakhand	11 months with effect from June 24, 2010	Regional Office
7.	19/22, M.C. Complex, Rampur, Bushar, Shimla, Himachal Pradesh	11 months with effect from October 1, 2009	Regional Office
8.	Indian Gawargum Industrial Area, Delhi Hissar Road, Hissar, Haryana	Valid unless otherwise terminated	Office and godown

### Intellectual Property

Our Company had been granted registration of the “” logo by the Trade Mark Registry, New Delhi in Classes 37 and 42 on July 27, 2007. However, pursuant to a letter dated July 19, 2008, the Trade Mark Registry, New Delhi, has stated that the said registration is open to objections on relative grounds of refusal under Section 11 of the Trademarks Act, 1999, as a similar trademark is already on record of the register for the same or similar goods or services. Our Company was asked to submit our responses or submissions in relation to the same. The matter is currently pending and the next date of hearing shall be intimated in due course. For further details, see “Government and other Approvals”, “Outstanding Litigation and Material Developments” and “Risk Factors” on pages 158, 153 and x, respectively.

### Litigation

For details in relation to the legal proceedings involving our Company, see “Outstanding Litigation and Material Developments” on page 153.

## REGULATIONS AND POLICIES

*Our Company is engaged in the business of civil construction. Our projects require, at various stages, the sanction of the concerned authorities under the relevant central and state legislations and local bye-laws. The following is an overview of the important laws and regulations which are relevant to our business in India. The regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.*

*Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees' State Insurance Act, 1948, the Employees' Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see "Government and Other Approvals" on page 158.*

### CENTRAL LAWS

#### ***National Highways Act, 1956 (the "NH Act")***

The central government is responsible for the development and maintenance of National Highways and may delegate any function relating to development of National Highways to the relevant state government in whose jurisdiction the National Highway falls, or to any officer or authority subordinate to the central or the concerned state government.

The central government may also enter into an agreement with any person (being, either an individual, a partnership firm, a company, a joint venture, a consortium or any other form of legal entity, Indian or foreign, capable of financing from own resources or funds raised from financial institutions, banks or open market) in relation to the development and maintenance of the whole or any part of a National Highway. Such agreement may provide for designing and building a project and operating and maintaining it, collecting fees from users during an agreed period, which period together with construction period is usually referred to as the 'concession period'. Upon expiry of the 'concession period', the right of the person to collect fees and his obligation to operate and maintain the project ceases and the facility stands transferred to the central government.

The central government may declare a highway as a National Highway and acquire land for such purpose. It may, by a notification in this regard, declare its intention to acquire any land when it is satisfied that the building, maintenance, management or operation of a National Highway, on such land should be undertaken for 'public purpose'. The NH Act prescribes the procedure for the same.

#### ***National Highways Rules, 1957 (the "NH Rules")***

The NH Rules provide that where the estimate of the cost for the execution of any original work on a national highway exceeds Rs. 10 lakh, a detailed estimate of the cost for the execution of the work shall be forwarded by the 'executive agency' to the Central Government, as per the form prescribed under the NH Rules. The executive agency refers to the Administrator of the Union Territory; the Border Roads Organization, the Border Roads Development Board or NHAI in case of national highways; or the authority appointed by the State Government in this regard.

Further, no original work on any national highway shall be undertaken by the executive agency until technical approval and financial sanction to the estimate for the execution of the work have been accorded by the Central Government or the executive agency except in cases of an emergency.

#### ***National Highway (Collection of Fees by any Person for the Use of Section of National Highways/ Permanent Bridge/ Temporary Bridge on National Highway) Rules, 1997 (the "NH Rules, 1997")***

As provided under the NH Rules, 1997, the central government may enter into an agreement with any person in relation to the development and maintenance of whole or any part of a National Highway/ 'permanent bridge'/ 'temporary bridge' on a National Highway as it may decide, pursuant to which such person may be permitted to invest his own funds for the development or maintenance of a section of National Highway or any 'permanent bridge'/ 'temporary bridge' on a National Highway. Further, such person shall be entitled to collect and retain

the fees, at agreed rates, from different categories of mechanical vehicles for an agreed period for the use of the facilities thus created, subject to the terms and conditions of the agreement and the NH Rules, 1997. Further, the rates for the collection of fees are decided and specified by the central government. Once the period of collection of fees by such person is completed, all rights pertaining to the facility created would be deemed to have been taken over by the central government.

#### ***National Highways Fee (Determination of Rates and Collection) Rules, 2008 (the “NH Fee Rules”)***

Pursuant to the NH Fee Rules, the central government may, by a notification, levy fee for use of any section of a National Highway, ‘permanent bridge’, bypass or tunnel forming part of a National Highway, as the case may be. However, the central government may, by notification, exempt any section of a National Highway, ‘permanent bridge’, bypass or tunnel constructed through a public funded project.

The collection of fee shall commence within 45 days from the date of completion of the section a ‘National Highway’, ‘permanent bridge’, bypass or tunnel constructed through a public funded project. In case of a ‘private investment project’, the collection of such fee shall be made in accordance with the terms of the agreement entered into by the concessionaire.

#### ***National Highways (Temporary Bridges) Rules, 1964 (the “Bridge Rules”)***

The Bridge Rules prescribes the rates at which the Central Government shall levy fees for services rendered in relation to the use of temporary bridges on any national highway. It also states that the Central Government can lease out, by public auction or by negotiation, for a period not exceeding one year at a time and subject to such conditions as may be specified in the lease deed, the right to collect such fees. Further, where such right is leased out by negotiation, the reasons for the same shall be recorded in writing.

#### ***National Highways (Rate of Fee) Rules, 1997 (the “Fee Rules”)***

The Fee Rules prescribe the rate of fee for services or benefits rendered in relation to the use of ferries, permanent bridges, temporary bridges or tunnels on any section of national highway or bridges or both.

#### ***National Highways Authority of India Act, 1988 (the “NHAI Act”)***

The NHAI Act provides for the constitution of the NHAI for the development, maintenance and management of National Highways. Pursuant to the same, the NHAI was set up in 1995. The NHAI has the power to enter into and perform any contract necessary for the discharge of its functions under the NHAI Act. The NHAI Act prescribes a limit in relation to the value of the contracts that may be entered into by NHAI. However, such contracts may exceed the value so specified with the prior approval of the central government. Any land required by NHAI for discharging its functions under the NHAI Act, 1988 shall be deemed to be land needed for a ‘public purpose’ and such land may be acquired under the provisions of Land Acquisition Act, 1894 or any other corresponding law for the time being in force.

NHAI’s primary mandate is the time and cost bound implementation of the National Highways Development Programme (“NHDP”) through a host of funding options, which include fund assistance from external multilateral agencies like the World Bank and ADB. The NHAI also strives to provide road connectivity to major ports. NHAI’s role encompasses involving the private sector in financing the construction, maintenance and operation of the national highways and wayside amenities. The NHAI is also involved with the improvement, maintenance and augmentation of the existing national highways network and implementation of road safety measures and environmental management

Projects may be offered on BOT basis to private agencies. The concession period can be up to a maximum of 30 years, after which the road is transferred back to NHAI by the concessionaires.

The bidding for the projects takes place in two stages as per the process provided below:

- In the pre-qualification stage, NHAI selects certain bidders on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and
- In the second stage, NHAI invites commercial bids from the pre-qualified bidders on the basis of which the right to develop the project is awarded.

Where projects are funded by multilateral funding agencies, the selection takes place in consultation and concurrence with the funding organization. For other types of projects, selection is as per standards work procedures.

Private sector participation in the road sector is sought to be promoted through various initiatives including:

- The government ensures that all preparatory work including land acquisition and utility removal is completed before awarding of the project;
- Right of way is made available to the concessionaires free from all encumbrances;
- NHAI / GoI may provide capital grant up to 40% of project cost to enhance viability on a case to case basis;
- 100% tax exemption for 5 years and 30% relief for next five years, which may be availed of in 20 years;
- Concession period allowed up to 30 years;
- In BOT projects entrepreneurs are allowed to collect and retain tolls; and
- Duty free import of specified modern high capacity equipment for highway construction.

*In addition to the above, there are also certain other legislations that are relevant to the road sector which include the Road Transport Corporation Act, 1950, National Highways Tribunal (Procedure) Rules, 2003, and Central Road Fund (State Roads) Rules 2007.*

#### ***Provisions under the Constitution of India and other legislations in relation to collection of toll***

Entry 59, List II of Schedule VII read with Article 246 of the Constitution of India vests the states with the power to levy tolls. Pursuant to the Indian Tolls Act, 1851, the state governments have been vested with the power to levy tolls at such rates as they deem fit. The tolls levied under the Indian Tolls Act, 1851, are deemed to be 'public revenue'. The collection of tolls can be placed under any person as the state governments deem fit under the said Act. Further, all police officers are bound to assist the toll collectors in the implementation of the Indian Tolls Act, 1851.

#### ***Government Policy Initiatives***

In 1998, the Government commissioned the NHDP, which envisaged increasing to four/six lanes of 13,146 km. of high-density national highways, and vested the responsibility of its implementation with the NHAI. NHDP is being implemented in two parts, the first part being the 'Golden Quadrilateral Project', which comprises the four-laning of NH corridors linking the four major metros, and the second part is the 'North-South and East-West Corridors Project', which involves the development of national highway corridors from Kashmir to Kanya Kumari and Silchar to Saurashtra.

#### ***Financing of the NHDP***

The GoI, under the Central Road Fund Act, 2000 (the "Fund") created a dedicated fund for NHDP by levying cess on high-speed diesel and petrol at the rate of Rs. 2.00 per litre. The allocation of the Fund has been structured as follows:

- 50% of the cess collected from diesel is meant for rural roads; and
- Allocation of fund from balance 50% cess from diesel and the entire cess on petrol is as follows:
  - (i) 57.5% on national highways;
  - (ii) 12.5% for road over bridges/rail over bridges; and
  - (iii) 30% on roads other than national highways.

The other sources for financing of NHDP are through securitization of cess as well as involving the private sector and encouraging public private partnership. The NHDP is also being financed through long-term external loans from the World Bank and ADB as well as through tolling of roads.

#### **LAWS RELATING TO LAND ACQUISITION**

### ***Land Acquisition Act, 1894 (the “LA Act”)***

Land holdings are subject to the LA Act which provides for the compulsory acquisition of land by the appropriate government for ‘public purposes’ including planned development and town and rural planning. However, any person having an interest in such land has the right to object and claim compensation. The award of compensation must be made within two years from the date of declaration of the acquisition. Any person who does not accept the compensation awarded may make an application for the matter to be referred to the appropriate civil court, whether his objection is with respect to the quantum of compensation, the apportionment of the compensation among the persons interested, etc.

### ***Urban Land (Ceiling and Regulation) Act, 1976 (the “ULCA”)***

The ULCA prescribes the limits to urban areas that can be acquired by a single entity. The ULCA allows the government to take over a person’s property and fixes ceilings on vacant and urban land. Under the ULCA, excess vacant land is required to be surrendered to a competent authority for a minimum level of compensation. Alternatively, the competent authority has been empowered to allow the land to be developed for permitted purposes. Even though the ULCA has been repealed, it remains in force in certain States like Haryana, Punjab, Uttar Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Orissa and the Union Territories.

## **LAWS REGULATING TRANSFER OF PROPERTY**

### ***Transfer of Property Act, 1882 (the “TP Act”)***

The TP Act governs the various methods by which the transfer of property, including the transfer of immovable property or the interest in relation to such property, between individuals, firms and companies takes place. The TP Act provides for the transfer of property through sale, gift or exchange, while an interest in the property can be transferred by way of a lease or mortgage.

The TP Act stipulates the general principles relating to the transfer of property including identifying the categories of property that are capable of being transferred, the persons competent to transfer such property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in property.

### ***Indian Easements Act, 1882 (the “Easements Act”)***

The law relating to easements and licences in property is governed by the Easements Act. The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of land which is not his own.

Easementary rights may be acquired or created by (a) an express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a period of twenty years without interruption; or (d) local custom.

### ***The Registration Act, 1908 (the “Registration Act”)***

The Registration Act details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, *inter alia*, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs. 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration.

Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

### *The Indian Stamp Act, 1899 (the “Stamp Act”)*

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

### **LAWS RELATING TO ENVIRONMENT**

Infrastructure projects, including surface transport projects, must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 (“**Water Pollution Act**”), the Air (Prevention and Control of Pollution) Act, 1981 (“**Air Pollution Act**”) and the Environment Protection Act, 1986 (“**Environment Act**”) and rules made therein such as the Hazardous Waste (Management and Handling) Rules, 1989, the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 and the Environment Protection Rules, 1986.

The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board (the “**Central Board**”) and State Pollution Control Boards (the “**State Boards**”). The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Boards are responsible for the planning of programmes for the prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control, inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water, laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters, and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the concerned State Board.

The Central Board and State Boards constituted under the Water Pollution Act are also required to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the concerned State Pollution Control Board, establish or operate any industrial plant in an air pollution control area.

The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

With respect to forest conservation, the Forest (Conservation) Act, 1980 prevents state governments from making any order directing that any forest land be used for a non-forest purpose or that any forest land is assigned through lease or otherwise to any private person or corporation not owned or controlled by the government without the approval of the central government. The Ministry of Environment and Forests mandates that ‘Environment Impact Assessment’ must be conducted for projects. In the process, the said Ministry receives proposals for the setting up of projects and assesses their impact on the environment before granting clearances to the projects.

The Environment Impact Assessment Notification S.O. 1533, issued on September 14, 2006 (the “**EIA**

**Notification**”) under the provisions of Environment (Protection) Act 1986, prescribes that new construction projects require prior environmental clearance of the Ministry of Environment and Forests, GoI. The environmental clearance must be obtained from the Ministry of Environment and Forests, GoI according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained.

Under the EIA Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant is required to make appropriate changes in the draft ‘Environment Impact Assessment Report’ and the ‘Environment Management Plan’. The final Environment Impact Assessment Report has to be submitted to the concerned regulatory authority for its appraisal. The regulatory authority is required to give its decision within 105 days of the receipt of the final Environment Impact Assessment Report.

## **LAWS RELATING TO EMPLOYMENT**

*The employment of construction workers is regulated by a wide variety of generally applicable labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the Payment of Wages Act, 1936, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, the Factories Act, 1948, the Employees’ State Insurance Act, 1948, the Employees’ Provident Funds Miscellaneous Provisions Act, 1952, the Payment of Gratuity Act, 1972 and the various Shops and Commercial Establishments Acts.*

### ***The Minimum Wages Act, 1948***

State governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance, or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities, or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

Workmen are required to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term of up to six months or a fine up to Rs. 500 or both.

### ***The Factories Act, 1948 (the “Factories Act”)***

The Factories Act defines a ‘factory’ to mean any premises on which on any day in the previous 12 months, 10 or more workers are or were working and on which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the ‘occupier’ of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions.

If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term of up to two years or with a fine of up to Rs.100,000 or with both, and in case of contravention continuing after conviction, with a fine of up to Rs.1,000 per day of contravention. In case of a contravention which results in an accident causing death or serious bodily injury, the fine shall not be less than Rs.25,000 in the case of an accident causing death, and Rs.5,000 in the case of an accident causing serious bodily injury.

### ***The Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”)***

The CLRA requires establishments that employ or have employed on any day in the previous 12 months, 20 or

more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour.

The CLRA places an obligation on the principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued.

To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

A person in contravention of the provisions of the CLRA may be punished with a fine or imprisonment, or both.

#### ***The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (the “Construction Workers Act”)***

The Construction Workers Act provides for the establishment of ‘Boards’ at the state level to regulate the administration of the Construction Workers Act. All enterprises involved in construction are required to be registered within 60 days from the commencement of the construction works. The Construction Workers Act also provides for regulation of employment and conditions of service of building and other construction workers including safety, health and welfare measures in every establishment which employs or employed during the preceding year, 10 or more workers in building or other construction work. However, it does not apply in respect of residential houses constructed for one’s own purpose at a cost of less than Rs. one million and in respect of other activities to which the provisions of the Factories Act, 1948 and the Mines Act, 1952 apply. Every employer must give notice of commencement of building or other construction work within 60 days from the commencement of the construction works.

Comprehensive health and safety measures for construction workers have been provided through the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998. The Construction Workers Act provides for constitution of safety committees in every establishment employing 500 or more workers with equal representation from workers and employers in addition to appointment of safety officers qualified in the field. Any violation of the provisions for safety measures is punishable with a fine or imprisonment or both.

#### ***The Payment of Gratuity Act, 1972 (the “Gratuity Act”)***

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs. 1.00 million.

#### ***Employees State Insurance Act, 1948 (the “ESI Act”)***

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. It applies to, *inter alia*, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESI Act applies is required to be registered in the manner prescribed in the ESI Act. Under the ESI Act every employee (including casual and temporary employees), whether employed

directly or through a contractor, who is in receipt of wages up to Rs. 15,000 per month is entitled to be insured.

In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation. Currently, the employee's contribution rate is 1.75% of the wages and that of employer's is 4.75% of the wages paid/payable in respect of the employee in every wage period.

The ESI Act states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount payable to him by the principal employer under any contract, or as a debt payable by the immediate employer.

#### ***Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the "EPF Act")***

The EPF Act provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

#### ***Payment of Bonus Act, 1965 (the "Bonus Act")***

Pursuant to the Bonus Act an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Bonus Act by a company is punishable with imprisonment for a term of up to six months or a fine of up to Rs.1,000 or both, against persons in charge of, and responsible to the company for the conduct of the business of the company at the time of contravention.

#### ***Inter-state Migrant Workers Act, 1979***

The Inter-state Migrant Workers Act, 1979 applies to any establishment or contractor who employs five or more inter-state migrant workmen (whether or not in addition to other workmen) on any day of the preceding twelve months. An 'inter-state migrant workman' is defined under Section 2(e) to include any person who is recruited by or through a contractor in one state under an agreement or other arrangement for employment in an establishment in another state, whether with or without the knowledge of the principal employer in relation to such establishment. All such establishments employing migrant workers must be registered otherwise such workmen cannot be employed by them.

### **STATE LAWS**

The significant state legislations, in the states where our Company operates, and their salient features are as provided hereinbelow.

#### ***The Madhya Pradesh Highways Act, 2004***

The Madhya Pradesh Highways Act, 2004 provides that the highway authority appointed by the state government may enter into contracts on behalf of the state government with any person for the construction and reconstruction of roadways and the diversion or closure of any existing highway or a section of such highway. The authority has also to make arrangements for the acquisition of lands by resort to the provisions of the Land Acquisition Act.

#### ***The Bombay Highways Act, 1955***

The Bombay Highways Act, 1955 provides for the restriction of ribbon development along the highways for the preservation of encroachment thereon, for the construction and development of highways, and for the levy of betterment charges. This act is in force in the city of Mumbai, Maharashtra. There are no enactments of the kind in other parts of the state.

#### ***The Uttar Pradesh State Highways Authority Act, 2004***

The Uttar Pradesh State Highways Authority Act, 2004 provides that the highway authority appointed by the state government may enter into contracts for development, maintenance and management of the state highways and any other highways vested in, or entrusted to it, by the State Government.

### ***Himachal Pradesh Infrastructure Development Act, 2001***

The Himachal Pradesh Infrastructure Development Act, 2001 provides for Infrastructure Projects as implemented by a government agency through private sector partnership. The term 'infrastructure project' includes development of state highways including roads, bridges, bye passes and related road infrastructure and bypasses. As per the act, the Himachal Pradesh Infrastructure Development Board would consider proposals to give exclusive rights to any person to develop projects and formulate the terms of any agreement or arrangement for the project development. It also co-ordinates the implementation and monitors the progress of infrastructure projects undertaken within the state.

### ***Laws for Classification of Land User***

Usually, land is classified under one or more categories, such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such purpose. In order to use land for any other purpose, the classification of the land needs to be changed in the appropriate land records by making an application to the relevant municipal or land revenue authorities. In addition, some state governments have imposed certain restrictions on the transfer of property within such states. These restrictions include, among others, a prohibition on the transfer of agricultural land to non-agriculturalists, a prohibition on the transfer of land to a person not domiciled in the relevant state and restrictions on the transfer of land in favour of a person not belonging to a certain tribe.

### ***Laws Governing Development of Agricultural Land***

The acquisition of land is regulated by state land reform laws, which prescribe limits up to which an entity may acquire agricultural land. Any transfer of land that results in the aggregate land holdings of the acquirer in the state to exceed this ceiling is void, and the surplus land is deemed, from the date of the transfer, to have been vested in the state government free of all encumbrances. When local authorities declare certain agricultural areas as earmarked for townships, lands are acquired by different entities. While granting licenses for development of townships, the authorities generally levy development/external development charges for provision of peripheral services. Such licenses require approvals of layout plans for development and building plans for construction activities. The licenses are transferable on permission of the appropriate authority. Similar to urban development laws, approvals of the layout plans and building plans, if applicable, need to be obtained.

### ***Service Tax***

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the government. Several taxable services are enumerated under these service tax provisions which include construction services, including construction of residential and commercial complexes. However, road construction services provided by the company are specifically exempted from service tax.

### ***Value Added Tax ("VAT")***

VAT is charged by laws enacted by each state on a sale of goods effected in the relevant states. In the case of construction contracts, VAT is charged on the value of property in goods transferred contracts. VAT is payable on road construction contracts. VAT is not chargeable on the value of services which do not involve a transfer of goods.

## **REGULATIONS REGARDING FOREIGN INVESTMENT**

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The DIPP has issued 'Circular 1 of 2010' (the "**FDI Circular**") which consolidates the policy framework on FDI, with effect from April 1, 2010. The FDI Circular consolidates and subsumes all the press notes, press releases, clarifications on FDI issued by DIPP as on March 31, 2010. All the press notes, press releases, clarifications on FDI issued by DIPP as on March 31, 2010 stand rescinded as on March 31, 2010. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made.

Under the automatic route, the foreign investor or the Indian company does not require any approval from the RBI or GoI for investments. However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the “same field” in India as on January 12, 2005, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser. Further, operating-cum-investing companies and investing companies need to notify the Secretariat of Industrial Assistance, DIPP and FIPB of their downstream investments (if such investments are in the form of issuance of equity shares, compulsorily convertible preference shares and/or compulsorily convertible debentures) within 30 days of such investments even if such equity shares, compulsorily convertible preference shares and/or compulsorily convertible debentures have not been allotted.

Under the approval route, prior approval of the GoI through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

### ***Investment by FIIs***

FIIs including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, sovereign wealth funds, foreign central banks, asset management companies, investment managers or advisors, banks, trustees, endowment funds, university funds, foundation or charitable trusts or societies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under the FEMA. FIIs must also comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time (“**FII Regulations**”). The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely, securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

FIIs are permitted to purchase shares of an Indian company through public/private placement under:

- i. Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations (“**FDI Route**”).
- ii. Regulation 5 (2) of the FEMA Regulations subject to terms and conditions specified under Schedule 2 of the FEMA Regulations (“**PIS Route**”).

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the ‘automatic route’ or ‘approval route’ falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route.

Foreign investment under the FDI Route is restricted/ prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

## HISTORY AND CORPORATE STRUCTURE

### Brief Corporate History of our Company

Our Company was incorporated on November 16, 1989, as “N.K Garg and Company Private Limited”, a private limited company under the Companies Act. The name of our Company was changed to “NKG Infrastructure Private Limited” and a fresh certificate of incorporation consequent to the change in our name was granted by the RoC on July 27, 2005. Subsequently, our Company received a fresh certificate of incorporation consequent to change of name to “NKG Infrastructure Limited” upon conversion into a public limited company pursuant to a special resolution dated August 2, 2005 of our shareholders, from the RoC, on January 9, 2006. The name of our Company was changed to suit the business activities of our Company and to provide better visibility. There has been no change in the activities of our Company since its incorporation.

Our Company is not operating under any injunction or restraining order.

For further details in relation to our business including description of our activities, services, our growth, market of each segment, managerial competence and capacity built-up, profits due to our operations, technology, our standing with reference to our prominent competitors, see “Our Business” on page 62.

### Changes in the Registered Office

At the time of incorporation, our registered office was situated at 308, Vir Savarkar Block , Shakarpur, Delhi-110 092. However on September 16, 1998 our registered office was shifted to 803, Manjusha, 57 Nehru Place, New Delhi 110 019. Subsequently on March 31, 2007 the registered office was shifted to 708, Manjusha Building, New Delhi-110019 and thereafter to our present office at 124, Ground Floor, World Trade Centre, Babar Road Connaught Place, New Delhi 110 001 on August 1, 2007. The changes in our registered office have been undertaken for convenience of business operations.

### Our Shareholders

As on the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 11. For further details in relation to our current shareholding pattern, see “Capital Structure” on page 19.

### Major Events and Milestones

The following are the major events and milestones of our Company. For further details, see “Capital Structure” and “Our Business” on pages 19 and 62 respectively.

Year	Events
1989	The Company was incorporated as ‘N.K.Garg and Company Private Limited’.
1996	NK Garg Partnership merged with our Company.
2002	The Company bagged the prestigious contract of widening of the Noida-Greater Noida Expressway for more than 20 Km.
2005	The Company bagged two prestigious contracts for construction of roads between Meerut to Garh Mukteshwar and Kasganj to Badayun.
2006	The Company was converted into a public limited company and the name of our Company was changed to ‘NKG Infrastructure Limited’.
2007	The Company was accredited with ISO 9001:2000 certification from Credible Certification Services Private Limited.
2008	The Company was awarded a contract for the construction of the ESIC Hospital at Sector 24, Noida, District Gautam Budh Nagar, Uttar Pradesh.
2009	The Company was awarded a contract for the construction of the balance work of a segment of the Lucknow-bypass connecting NH-25 and NH-28 via NH-56, passing through Lucknow, Uttar Pradesh, by the NHAI.
2009	The Company was awarded a contract for the construction of ESIC staff housing and medical college at Faridabad, Haryana.
2010	The Company was accredited with ISO 9001:2008 certification from the British Certifications Inc.

### Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company since its incorporation in 1989, which may have

had a material effect on our profits or loss attributable to our Company.

### **Time and Cost Overruns**

Our business activities involve execution of construction projects pursuant to long term agreements which have inherent risks that may not be within our control and expose us to implementation and other risks time and cost overruns. We have in the past faced, and may, in the future face time and cost overruns in relation to our construction projects. For risks associated with this aspect of our business operations and the nature of contracts awarded to us, see “Risk Factors” and “Our Business” on pages x and 62, respectively.

### **Main Objects**

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

1. To act as contractors for any person or governmental authorities for the construction of buildings of all description, roads, bridges, earthwork sewers, tanks, drains, culverts, channels, sewerage or such other works or things related thereto.
2. To erect and construct houses office or building or works of every description on land of the company or upon any other such lands or immovable property and to pull down re-build enlarge, alter and improve existing houses, buildings or works thereon.
3. To sell, lease, let, mortgage or otherwise dispose of the lands, houses, buildings and any other such immovable property of the company or others.
4. To acquire by purchase, lease, exchange, hire or otherwise, lands or immovable property of any tenure or any interest in the same.
5. To purchase and sell any persons free hold or such other house, immovable property, buildings of lands or any share or shares, interest therein and to transact on commission or otherwise the business of a land agent.

### **Amendments to our Memorandum**

The following changes have been made to our Memorandum since incorporation:

<b>Date of Shareholders' Approval</b>	<b>Amendments</b>
March 26, 1998	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 0.50 million to Rs. 10.50 million.
March 31 ,2004	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 10.50 million to Rs. 25 million.
July 23, 2004	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 25 million to Rs. 30 million.
March 15, 2005	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 30 million to Rs. 40 million.
March 30, 2005	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 40 million to Rs. 60 million.
July 27, 2005	Our Memorandum was amended to substitute the name of our Company from 'N. K. Garg and Company Private Limited' to 'NKG Infrastructure Private Limited'.
December 15, 2005	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 60 million to Rs. 65 million.
January 9, 2006	Our Memorandum was amended to substitute the name of our Company from 'NKG Infrastructure Private Limited' to 'NKG Infrastructure Limited'.

March 18, 2006	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 65 million to Rs. 70 million.
September 30, 2006	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 70 million to Rs. 85 million.
August 30, 2007	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 85 million to Rs. 160 million.
April 12, 2010	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 160 million to Rs. 650 million.
June 5, 2010	Clause V of our Memorandum was amended whereby the authorised share capital of our Company was increased from Rs. 650 million to Rs. 700 million.

### Recent Acquisitions

Our Company has not made any acquisitions in the recent past.

### Our Subsidiaries and Joint Ventures

Our Company does not have any subsidiaries.

Our Company has entered into a joint venture agreement with Dwarika Projects Private Limited on May 23, 2007 pursuant to which the joint venture entity Dwarika-NKG JV has been formed. The Dwarika-NKG JV has been formed for the purpose of participating in the tendering and execution of roads under the Uttranchal State Road Improvement Program-Project 1 in the district of Champawat with the PWD, Government of Uttranchal. The joint venture has being awarded the said contract on September 12, 2007. The registered office of the Dwarika-NKG JV is situated at B-7, Sector 36, Noida 201 303, Uttar Pradesh, India.

The profit sharing from the joint venture, amongst our Company and Dwarika Projects Private Limited, is 50% each. For execution of the works by the joint venture, our Company shall provide for all the management and technical staff required. Further, in accordance with the terms of the aforesaid joint venture agreement, the Managing Director of our Company, Mr. Pradeep Kumar Garg is required to be the chairperson of the Dwarika-NKG JV. All financial transactions pertaining to the joint venture shall be carried out through a separate bank account.

### Financial Performance

The audited financial results of the Dwarika-NKG JV for the Fiscal 2009 and Fiscal 2008 are set forth below:

	<i>(Rs. million, except per share data)</i>	
	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>
Sales and other income	133.88	-
Profit/ (Loss) after tax	5.23	-
Equity capital	5.73	0.50

### Collaborations

Our Company has not entered into any collaboration with any third party as per Item (2)(VIII)(B)(1)(c) of Part A of Schedule VIII to the SEBI Regulations.

### Strategic or Financial Partners

Our Company currently does not have any strategic or financial partners.

### Material Corporate and Business Agreements

There are no significant corporate and business agreements entered into by our Company.

**Details of past performance and Other Confirmations**

For further details in relation to the financial performance of our Company in the previous five financial years, including details of non-recurring items of income, see “Financial Statements” on page F- 1.

Details in relation to our projects, marketing strategies and competition have been provided in “Our Business” on page 80.

Our equity issuances in the past and availing of debts, as on May 31, 2010, have been provided in “Capital Structure” and “Financial Indebtedness” on pages 19 and 142, respectively. Further, our Company has not undertaken any public offering of debt instruments since its inception.

We have not faced any strikes or lock-outs by our employees.

## OUR MANAGEMENT

Under our Articles, our Company is required to have not less than three Directors and not more than 12 Directors. Our Company currently has 12 Directors on its Board.

### Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, Father's Name, Address, Designation, Occupation and Term	Age (years)	DIN	Nationality	Other Directorships
<p><b>Mr. Naresh Kumar Garg</b> S/o Mr. Deputy Swaroop Garg</p> <p>KG- 111, Kavi Nagar Ghaziabad – 201 002 Uttar Pradesh, India</p> <p><i>Chairman</i> Non-Executive Director</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> Liable to retire by rotation</p>	62	00033094	Indian	--
<p><b>Mr. Surendra Kumar Garg</b> S/o Mr. Deputy Swaroop Garg</p> <p>KH- 265, Kavi Nagar Ghaziabad – 201 002 Uttar Pradesh, India</p> <p><i>Vice Chairman</i> Non-Executive Director</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> Liable to retire by rotation</p>	50	01276010	Indian	<ul style="list-style-type: none"> <li>• Sea Shells Ceramics India Private Limited;</li> <li>• Rainbow Chinaware Limited;</li> <li>• Mangalam Ceramics Limited;</li> <li>• Sea Shells China Private Limited;</li> <li>• Sea Shells Securities Private Limited; and</li> <li>• Surendra Sons Holdings Private Limited.</li> </ul>
<p><b>Mr. Pradeep Kumar Garg</b> S/o Mr. Deputy Swaroop Garg</p> <p>KG- 35, Kavi Nagar Ghaziabad – 201 002 Uttar Pradesh, India</p> <p><i>Managing Director</i> Executive Director</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> Five years with effect from April 1, 2008</p>	44	00030683	Indian	<ul style="list-style-type: none"> <li>• Aashiana Rolling Mills Limited;</li> <li>• Intec Shares and Stock Brokers Limited;</li> <li>• Bhuvan Dresses Private Limited;</li> <li>• Spikenard Tradex Private Limited; and</li> <li>• Friends Zarda Factory Private Limited.</li> </ul>
<p><b>Mr. Devendra Kumar Garg</b> S/o Mr. Deputy Swaroop Garg</p> <p>KG- 112, Kavi Nagar Ghaziabad – 201 002 Uttar Pradesh, India</p> <p><i>Joint Managing Director</i> Whole Time Director Executive Director</p>	57	00033534	Indian	<ul style="list-style-type: none"> <li>• Expert Power Control India Private Limited.</li> </ul>

<b>Name, Father's Name, Address, Designation, Occupation and Term</b>	<b>Age (years)</b>	<b>DIN</b>	<b>Nationality</b>	<b>Other Directorships</b>
<p><i>Occupation: Business</i></p> <p><i>Term: Five years with effect from April 19, 2010</i></p>				
<p><b>Mr. Pramod Kumar Garg</b> S/o Mr. Deputy Swaroop Garg</p> <p>KH 41, Kavi Nagar Ghaziabad 201 002 Uttar Pradesh, India</p> <p>Whole Time Director Executive Director</p> <p><i>Occupation: Business</i></p> <p><i>Term: Five years with effect from October 1, 2009</i></p>	48	01369411	Indian	--
<p><b>Mr. Rakesh Kumar</b> S/o Mr. Mahavir Prasad</p> <p>A-43, Allahabad Bank CGHS, Mayur Kunj, Delhi- 110 096</p> <p>Whole Time Director Executive Director</p> <p><i>Occupation: Business</i></p> <p><i>Term: Five years with effect from February 21, 2007</i></p>	48	01319903	Indian	<ul style="list-style-type: none"> <li>• Pradeep Sons Private Limited;</li> <li>• Spikenard Tradex Private Limited; and</li> <li>• Bhuvan Foods Private Limited.</li> </ul>
<p><b>Mr. Tarun Kansal</b> S/o Mr. P. C. Kansal</p> <p>R-7/191, Raj Nagar Ghaziabad – 201 002 Uttar Pradesh, India</p> <p>Non Executive Director Independent Director</p> <p><i>Occupation: Professional</i></p> <p><i>Term: Liable to retire by rotation</i></p>	46	00574554	Indian	<ul style="list-style-type: none"> <li>• Geefcee Finance Limited;</li> <li>• Shyam Sai Finlease &amp; Holdings Private Limited;</li> <li>• Tarun Silk Mills Private Limited;</li> <li>• Hallmark Infotech Solutions Private Limited; and</li> <li>• SVP &amp; Associates, Chartered Accountants.</li> </ul>
<p><b>Mr. Achin Garg</b> S/o Mr. Ajay Kumar Garg</p> <p>R-12/15, Raj Nagar Ghaziabad 201 011 Uttar Pradesh, India</p> <p>Non Executive Director Independent Director</p> <p><i>Occupation: Professional</i></p> <p><i>Term: Liable to retire by rotation</i></p>	33	00333579	Indian	<ul style="list-style-type: none"> <li>• Western Drug Distributors; and</li> <li>• Amtek Distributors.</li> </ul>

<b>Name, Father's Name, Address, Designation, Occupation and Term</b>	<b>Age (years)</b>	<b>DIN</b>	<b>Nationality</b>	<b>Other Directorships</b>
<p><b>Dr. Sunil Kumar Gupta</b> S/o Mr. Ram Niwas Gupta</p> <p>II-A, 26, Nehru Nagar Ghaziabad 201 001 Uttar Pradesh, India</p> <p>Non Executive Director Independent Director</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Liable to retire by rotation</p>	44	00948089	Indian	<ul style="list-style-type: none"> <li>• Dena Bank;</li> <li>• Sunil Ram Enterprises Private Limited;</li> <li>• Sunil Ram Infotech India Private Limited;</li> <li>• Sunil Ram Infrastructure Private Limited;</li> <li>• Suvipraa Infrastructure Private Limited; and</li> <li>• Sunil Ram &amp; Company, Chartered Accountants.</li> </ul>
<p><b>Mr. Biswajit Choudhuri</b> S/o Mr. Rebati Dutta Choudhuri</p> <p>BB-37, Flat No. 2 Salt Lake Kolkata 700 064 West Bengal, India</p> <p>Non Executive Director Independent Director</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Liable to retire by rotation</p>	68	00149018	Indian	<ul style="list-style-type: none"> <li>• Aditya Birla Chemicals (India) Limited;</li> <li>• Bengal Sunny Rock Estates Housing Development Company Limited;</li> <li>• Ludlow Jute &amp; Specialities Limited;</li> <li>• Godawari Power and Ispat Limited;</li> <li>• R. V. Investment &amp; Dealers Limited;</li> <li>• DIC India Limited;</li> <li>• Ativir Financial Consultants Private Limited;</li> <li>• R. R. Ispat Limited;</li> <li>• Space Matrix Limited;</li> <li>• Maithan Alloys Limited;</li> <li>• Khaitan Electricals Limited; and</li> <li>• Hindustan Engineering and Industries Limited.</li> </ul>
<p><b>Mr. Mohammed Shahid Aftab</b> S/o Mr. Mohammad Shakir</p> <p>B-1/606 Punjabi Sagar Apartment Mayur Vihar Phase-1 Extension Delhi 110 091, India</p> <p>Non Executive Director Independent Director</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Liable to retire by rotation</p>	64	01363518	Indian	<ul style="list-style-type: none"> <li>• P.N.B. Guilds Limited;</li> <li>• Gujarat Paguthan Energy Corporation Private Limited;</li> <li>• Assets Care Enterprises Limited;</li> <li>• Ram Swarup Industries Limited;</li> <li>• Archidply Industries Limited;</li> <li>• Magnum Ventures Limited; and</li> <li>• Sonear Industries Limited.</li> </ul>
<p><b>Mr. Anil Kumar Aggarwal</b> S/o Mr. Shugan Chand Gupta</p> <p>House No. 6, Deepali Pitampura New Delhi 110 034</p> <p>Non Executive Director Independent Director</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Liable to retire by rotation</p>	52	02963227	Indian	<ul style="list-style-type: none"> <li>• Him Hill View Retreats (Private) Limited.</li> </ul>

## **Brief Profile of our Directors**

**Mr. Naresh Kumar Garg**, 62 years, was appointed as the Chairman of our Company on April 1, 2007 and has been associated with our Company since its inception. Mr. Garg holds a bachelor's degree in law from Meerut University, Uttar Pradesh. He has over 33 years of experience in the construction business. He has been responsible for strategic direction and development of our Company in relation to major construction projects of our Company. Mr. Garg has been awarded the Udyog Ratan Award by the Institute of Economic Studies, New Delhi.

**Mr. Surendra Kumar Garg**, 50 years, was appointed as the Vice Chairman of our Company on April 19, 2010 and has been associated with our Company since December 1, 2009. Mr. Garg is a qualified chartered accountant and financial consultant. He also holds a bachelor's degree in law from the Meerut University, Uttar Pradesh. He has around 25 years of experience in the field of finance and construction. Mr. Garg is responsible for finance, accounts and procuring contracts from various government agencies and large private sector infrastructure companies.

**Mr. Pradeep Kumar Garg**, 44 years, was appointed as the Managing Director of our Company on April 1, 2008 and has been associated with our Company since May 2005. He is a qualified chartered accountant and holds a bachelor's degree in law from Meerut University, Uttar Pradesh. He has over 19 years of experience in the field of finance and construction. He has been instrumental in procuring large contracts for our Company. Mr. Garg is responsible for finance, accounts and procuring contracts from various government agencies and large private sector infrastructure companies.

**Mr. Devendra Kumar Garg**, 57 years, was appointed as the Joint Managing Director of our Company on April 19, 2010 and has been associated with our Company since its inception. He holds a bachelor's degree in commerce from the Meerut University, Uttar Pradesh. Mr. Garg has 28 years of experience in a variety of technical and managerial functions in the construction industry. He is responsible for execution of projects and works related thereto. He has also played a key role in our development and system integration.

**Mr. Pramod Kumar Garg**, 48 years, was appointed as a Director of our Company on October 1, 2009 and has been associated with our Company since then. He holds a bachelor's degree in law from Meerut University, Uttar Pradesh. Mr. Garg has around ten years of experience in a variety of technical and managerial functions in the construction industry. He is responsible for execution of projects and works related thereto. He has also played a key role in our development and system integration.

**Mr. Rakesh Kumar**, 48 years, was appointed as a Director of our Company on February 21, 2007 and has been associated with our Company since then. Mr. Kumar is a member of the Institute of Cost and Works Accounts of India. He has over 24 years of experience in financial planning, budgeting, system implementation and administration. Prior to joining our Company, he has served in different capacities with leading companies including Gujarat Co-Operative Milk Marketing Federation Limited (Amul), Paradeep Phosphate Limited and Triveni Structures Limited. Mr. Kumar is responsible for administration of our Company as well as managing legal matters.

**Mr. Tarun Kansal**, 46 years, was appointed as an Independent Director of our Company on September 13, 2007. Mr. Kansal is a qualified chartered accountant and he holds a bachelor's degree in law from Meerut University, Uttar Pradesh. He has also undertaken a course in system audit (DISA) from the ICAI. Mr. Kansal has more than 23 years of experience in the field of accounts, management consultancy and corporate finance. He is a life member of the Institute of Internal Auditors, USA.

**Mr. Achin Garg**, 33 years, was appointed as an Independent Director of our Company on March 14, 2009. Mr. Garg holds a bachelor's degree in engineering (Industrial Engineer and Management) from RB College, Bangalore, Karnataka. He has over 11 years of experience in trading in electricals, electric management and installation.

**Dr. Sunil Kumar Gupta**, 44 years, was appointed as an Independent Director of our Company on December 1, 2009. Mr. Gupta holds a bachelor's degree in commerce from the Choudhary Charan Singh University, Meerut University, Uttar Pradesh. He is a practising chartered accountant and is a fellow member of ICAI and is also a member of the Institute of Cost and Works Accounts of India. Mr. Gupta has also received a doctorate on Internal Audit Systems. He has been providing consultancy services for last 20 years to various government and private organizations, including Bharat Electronics Limited, National Small Industries Corporation Limited,

Oriental Insurance Company Limited. Mr. Gupta has been practising as a senior partner in M/s Sunil Ram & Company, Chartered Accountants since 1991. He has been appointed as the chairman, vice chairman and secretary of the Ghaziabad branch, Uttar Pradesh of the ICAI and is also a member of the Associated Chambers of Commerce & Industry of India. Mr. Gupta has authored several books on service tax and accounting standards.

**Mr. Biswajit Choudhuri**, 68 years, was appointed as an Independent Director of our Company on April 19, 2010. He holds a bachelor's degree in technology (mechanical engineering) from the Indian Institute of Technology, Kharagpur. He is also a qualified chartered accountant. Mr. Choudhuri is an honorary fellow of the Indian Institute of Banking and Finance. He has over 47 years of experience in the fields of engineering, banking, finance and management. He has served as the chairman and managing director of the United Bank of India from the year 1996 to 2001. Mr. Choudhuri has also served as the chairman and managing director of UCO Bank.

For nearly a decade, he has served in the management of Indian Oxygen Limited, an affiliate of the British Oxygen Group, U.K, where he dealt with various aspects of manufacturing of highly precision equipments and tools. Mr. Choudhuri has also been the deputy chairman of the Indian Banks Association, a director on the board of the National Insurance Company Limited and a member of the governing council/ board of various companies and institutions including the Calcutta Stock Exchange Association Limited, Adani Enterprises Limited, Mundra Port and Special Economic Zone Limited. He is associated with various national and international professional and social bodies.

**Mr. Mohammed Shahid Aftab**, 64 years, was appointed as an Independent Director of our Company on April 19, 2010. He holds a master's degree in commerce from the Agra University. He is a certified associate of the Indian Institute of Bankers. Mr. Aftab has been the executive director and the member of the governing board of Vijaya Bank from November 2004 till March 2006. He has also served at various designations including general manager at the Punjab National Bank over a period of 30 years. Mr. Aftab has received various awards for contribution towards the economic upliftment of the minorities and other weaker sections of society.

**Mr. Anil Kumar Aggarwal**, 52 years, was appointed as an Independent Director of our Company on June 4, 2010. He holds a bachelor's degree in mechanical engineering from the Delhi College of Engineering. He is also a life member of the Indian Water Works Association. He has over 30 years of experience in the field of execution, design, manufacture and erection of waste management plants, water supply projects and such other engineering projects. Mr. Aggarwal has been involved in the designing of thermo compressors for high vacuum technology being used in 'vanaspati' plants, oil refineries, steel refining units for Bharat Alloys Steel Limited, IPCL Baroda etc. He was the first to design and manufacture a plant of 2,100 mm dia of prestressed concrete pipes in India and 3,300 mm dia mild steel pipes for 'National Building Construction Corporation Limited 270', New Delhi. Mr. Aggarwal has been handling projects to augment complete water supply for townships and has been handling complete structural and hydraulic designs for pipes and pipelines. He was the first to undertake trenchless technology in hard rock at Mount Abu, Robbins Inc, U.S.A as collaborators.

Mr. Aggarwal has been involved in the design, manufacture and erection of more than 15 solid waste management plants all over India including the states of Rajasthan, Kerala, Assam, Karnataka and Jharkhand. He has designed and manufactured refused derived fuel plants for Yamuna Nagar and Karnal, Haryana, which are 'carbon credit' worthy projects.

#### **Remuneration details of our Directors:**

##### ***a. Remuneration details of our executive Directors:***

Mr. Pradeep Kumar Garg was inducted on our Board as a director pursuant to a resolution of our Board dated February 20, 2006 which was subsequently confirmed by the shareholders of our Company at the EGM held on April 1, 2006. The remuneration payable to him is regularly revised and has been determined, with effect from April 1, 2010, for a period of five years. The remuneration payable to him is up to Rs. 5.00 million per month plus an annual commission of up to a maximum of 3% of the profit before tax on the financial year ending March 31, with effect from April 1, 2010.

Mr. Devendra Kumar Garg was inducted on our Board as a director pursuant to a resolution of our Board dated June 1, 2009 which was subsequently confirmed by the shareholders of our Company at the EGM held on March 31, 2010. The remuneration payable to him is regularly revised and has been determined, with effect

from June 1, 2009, for a period of five years. The remuneration payable to him is up to Rs. 0.2 million per month.

Mr. Pramod Kumar Garg was inducted on our Board as a director pursuant to a resolution of our Board dated October 1, 2009 which was subsequently confirmed by the shareholders of our Company at the EGM held on March 31, 2010. The remuneration payable to him is regularly revised and has been determined, with effect from October 1, 2009, for a period of five years. The remuneration payable to him is up to Rs. 0.1 million per month.

Mr. Rakesh Kumar was inducted on our Board as a director pursuant to a resolution of our Board dated January 26, 2007 which was subsequently confirmed by the shareholders of our Company at the EGM held on February 21, 2007. The remuneration payable to him is regularly revised and has been determined, with effect from February 21, 2007, for a period of five years. The remuneration payable to him is up to Rs. 50,000 per month.

**b. Remuneration details of our Non-executive and Independent Directors**

Apart from a sitting fee of up to Rs. 10,000 paid for attending the meeting of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under our Articles, the non-executive and independent Directors of our Company do not receive any other remuneration from our Company. The sitting fee for our Directors has been fixed pursuant to a Board resolution dated April 19, 2010.

**Shareholding of Directors in our Company**

For details of shareholding of our Directors in our Company, see “Capital Structure” on page 19.

**Relationships between Directors**

<b>Name of the Directors</b>	<b>Relationship with Mr. Naresh Kumar Garg, our Chairman</b>
Mr. Surendra Kumar Garg	Brother
Mr. Pradeep Kumar Garg	Brother
Mr. Devendra Kumar Garg	Brother
Mr. Pramod Kumar Garg	Brother
Mr. Rakesh Kumar	Brother-in-law

**Details of Service Contracts**

Except as otherwise provided in this section, there are no service contracts entered into with any Directors for provision of benefits or payments of any amount upon termination of employment.

**Interest of Directors**

Mr. Naresh Kumar Garg, Mr. Pradeep Kumar Garg and Mr. Devendra Kumar Garg, our Directors are interested in our Company, in their capacities as our Promoters. As our Promoters, they have been instrumental in the growth of our Company. Further, Mr. Pradeep Kumar Garg, our Promoter and Managing Director, is entitled to receive an annual commission of up to a maximum of 3% of the profit before tax on the financial year ending March 31, with effect from April 1, 2010, which has been authorized by a resolution of shareholders of our Company in the EGM dated April 12, 2010.

All of our Directors 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 and reimbursement of expenses, if any, payable to them under our Articles, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

All the independent Directors are entitled to receive sitting fees for attending the Board/committee meetings within the limits laid down under the Companies Act and as decided by our Board.

Except our Corporate Office which has been leased to us by M/s Mahalaxmi Associates (Mr. Pradeep Kumar Garg, being the proprietor) pursuant to an agreement dated April 26, 2007, for a period of 60 months commencing from April 26, 2007, our Directors have no interest in any property acquired by our Company

within two years of the date of filing of this Draft Red Herring Prospectus or presently intended to be acquired by our Company as disclosed in this Draft Red Herring Prospectus. For further details in relation to the said premises and the lease thereof, see “Our Business – Properties” on page 81.

Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Except as stated in “Financial Statements” on page F- 1, our Directors do not have any other interest in our business.

Except as stated in this section, no amount or benefits were paid or were intended to be paid to our Directors during the last two years from the date of filing of this Draft Red Herring Prospectus.

None of Directors were interested in any transaction by our Company involving acquisition of land, construction of building or supply of any machinery.

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

Name	Date of Appointment	Date of Cessation	Reason
Mr. Rakesh Kumar	February 21, 2007	-	Appointment
Mr. Raj Bahadur Maheshwari	March 31, 2007	September 30, 2009	Resignation
Mr. Rajindra Prasad Sharma	March 31, 2007	September 30, 2009	Resignation
Mr. Rajeev Garg	March 31, 2007	September 30, 2009	Resignation
Mr. Yogesh Chandra Rishi	March 31, 2007	April 19, 2010	Resignation
Mr. Rajeev Bansal	March 31, 2007	January 27, 2009	Resignation
Mr. Avinash Kumar Garg	March 31, 2007	September 9, 2007	Resignation
Mr. Tarun Kansal	September 13, 2007	-	Appointment
Mr. Birendra Prasad Singh	March 14, 2009	May 15, 2009	Resignation
Mr. Achin Garg	March 14, 2009	-	Appointment
Mr. Pramod Kumar Garg	October 1, 2009	-	Appointment
Mr. Surendra Kumar Garg	December 1, 2009	-	Appointment
Mr. Sunil Kumar Gupta	December 1, 2009	-	Appointment
Mr. Biswajit Choudhuri	April 19, 2010	-	Appointment
Mr. Mohammed Shahid Aftab	April 19, 2010	-	Appointment
Mr. Radhey Lal Saha	April 19, 2010	June 4, 2010	Resignation
Mr. Anil Kumar Aggarwal	June 4, 2010	-	Appointment

### Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 of such listing agreement, particularly, in relation to appointment of independent Directors to our Board and constitution of the audit committee, the investor grievance committee and the remuneration committee. Our Board functions either as a full board of directors or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

Currently our Board has 12 Directors, of which the Chairman of the Board is a non-executive Director, and in compliance with the requirements of Clause 49 of the listing agreement, our Company has four executive Directors and eight non-executive Directors, on our Board, of whom six are independent Directors.

In terms of the Clause 49 of the listing agreement, our Company has constituted the following committees:

- (a) Audit Committee;
- (b) Investor Grievance Committee;
- (c) Remuneration Committee; and
- (d) IPO Committee.

### ***Audit Committee***

The audit committee (“**Audit Committee**”) was constituted on January 23, 2006 as per the requirements of Section 292A of the Companies Act and was re-constituted as per the requirements under the Listing Agreement by our Directors at their Board meeting held on October 1, 2009. The Audit Committee currently comprises of:

<b>Name of the Directors</b>	<b>Designation</b>
Mr. Tarun Kansal	Chairman
Mr. Achin Garg	Member
Mr. Pradeep Kumar Garg	Member

The Company Secretary, Mr. Rajesh Sodhi is the secretary to the Audit Committee.

*Scope and terms of reference:* The Audit Committee would perform the following functions with regard to accounts and financial management:

1. Oversight of our Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the ‘Director’s Responsibility Statement’ to be included in the Board’s report in terms of clause (2AA) of Section 217 of the Companies Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions; and
  - Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
9. Discussion with internal auditors any significant findings and follow up there on;
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
13. Reviewing our Company’s financial and risk management policies; and
14. To monitor the utilisation of funds to be raised pursuant to the Issue.

### ***Share Transfer and Investor Grievance Committee***

The share transfer and investor grievance committee (“**Investor Grievance Committee**”) was constituted by our Directors at their Board meeting held on April 30, 2007 and was re-constituted as per the requirements under the Listing Agreement by our Directors at their Board meeting held on October 1, 2009. This committee

is responsible for the smooth functioning of the share transfer process as well as redressal of shareholder grievance. The Investor Grievance Committee consist of:

Name of the Directors	Designation
Mr. Tarun Kansal	Chairman
Mr. Rakesh Kumar	Member
Mr. Pradeep Kumar Garg	Member

The Company Secretary, Mr. Rajesh Sodhi is the secretary to the Investor Grievance Committee.

*Scope and terms of reference:* The Investor Grievance Committee shall specifically look into into the redressal of all shareholders and investor complaints and shall have the powers to seek all information from, and inspect all records of our Company relating to shareholders and investor complaints. The Investor Grievance Committee shall have jurisdiction over the matters listed below and for this purpose shall have access to information contained in the records of our Company and external professional advice, if necessary. The matters over which the Investor Grievance Committee shall have jurisdiction are:

1. to approve the request for transfer, transmission, etc. of shares;
2. to approve the dematerialization of shares and rematerialisation of shares;
3. to consider and approve, split, consolidation and issuance of duplicate shares; and
4. to review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters.

#### **Remuneration Committee**

The remuneration committee (“**Remuneration Committee**”) was constituted by the Directors at Board meeting held on September 12, 2007 and was re-constituted as per the requirements under the Listing Agreement by our Directors at their Board meeting held on May 2, 2010. The Remuneration Committee shall meet at least once in every quarter of the year. The Remuneration Committee currently consists of:

Name of the Directors	Designation
Mr. Tarun Kansal	Chairman
Mr. Achin Garg	Member
Mr. Surendra Kumar Garg	Member

The Company Secretary, Mr. Rajesh Sodhi is the secretary to the Remuneration Committee.

*Scope and terms of reference:*

1. To fix and finalise remuneration including salary, perquisites, benefits, bonuses, allowances, etc.;
2. Fixed and performance linked incentives along with the performance criteria;
3. Increments and Promotions;
4. Service Contracts, notice period, severance fees;
5. Ex-gratia payments; and
6. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

#### **IPO Committee**

The IPO committee (“**IPO Committee**”) was constituted by the Directors at Board meeting held on June 4, 2010. The IPO Committee comprises:

Name of the Directors	Designation
Mr. Naresh Kumar Garg	Chairman
Mr. Pradeep Kumar Garg	Member
Mr. Rakesh Kumar	Member

The Company Secretary, Mr. Rajesh Sodhi is the secretary to the IPO Committee.

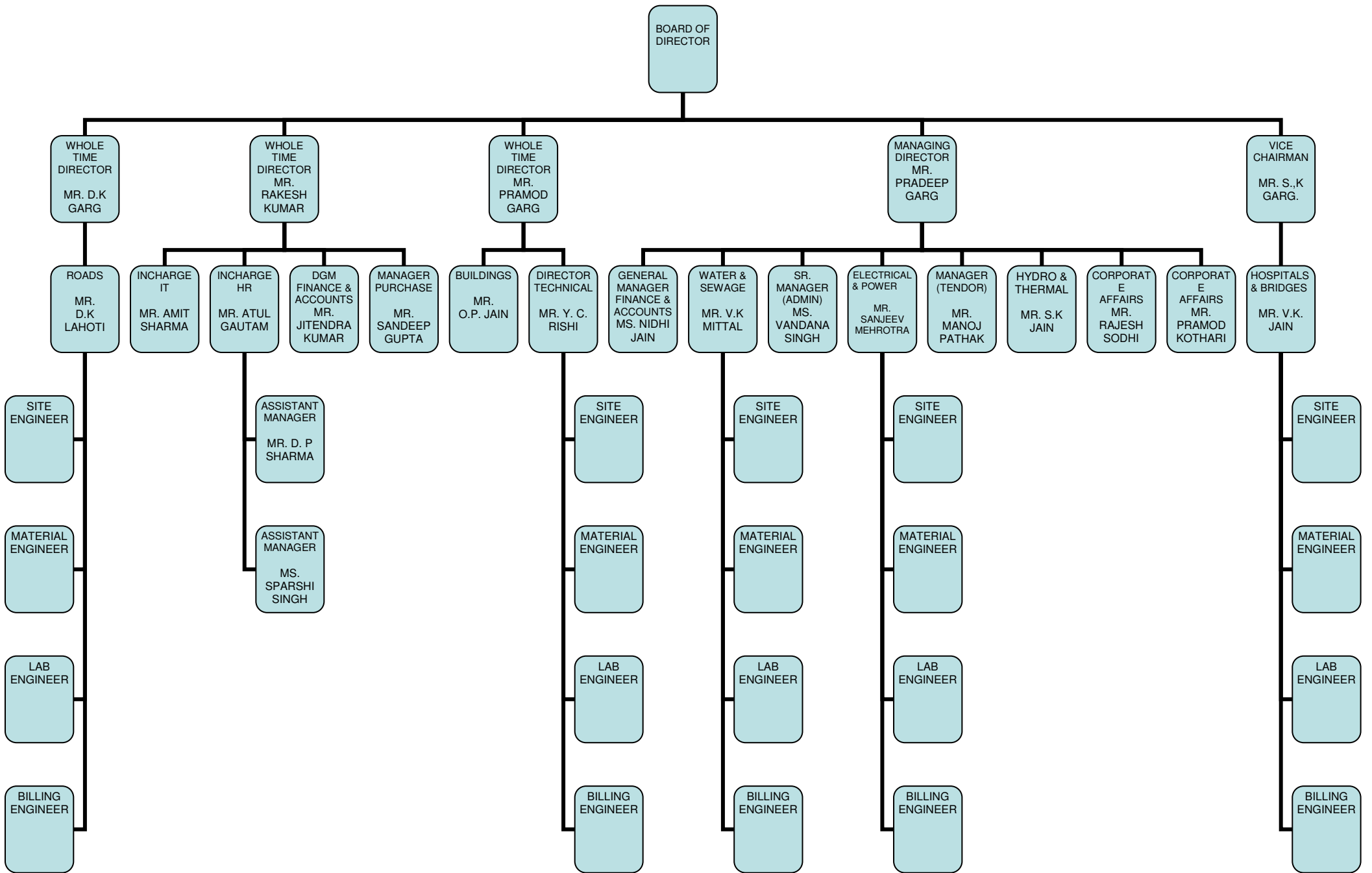
*Scope and terms of reference:* The committee shall have powers to:

1. To decide all matters relating to initial public offering and allotment of shares of our Company in consultation with the stock exchanges concerned and SEBI and also for issue of share certificates in accordance with the relevant rules and regulations;
2. To obtain outside legal or other professional advice including under rule 144 A of the Securities Act;
3. To secure the attendance of outsiders with relevant expertise, if it considers necessary;
4. To decide on the timing, pricing and all the terms and conditions of the issue of the shares for the public issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
5. To appoint and enter into arrangements with the book running lead managers, underwriters, syndicate members, brokers, escrow collection bankers, registrars, legal advisors and any other agencies or persons or intermediaries to the public issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the book running lead managers mandate letter, negotiation, finalisation and execution of the memorandum of understanding with the book running lead managers etc;
6. To finalise, settle, execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;
7. To open account with the bankers to the public issue, such accounts as are required by the regulations issued by SEBI;
8. To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
9. To do all such acts, deeds and things as may be required to dematerialize the equity shares of the company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited and such other agencies, authorities or bodies as may be required in this connection;
10. To make applications for listing of the shares in one or more stock exchange(s) for listing of the equity shares of our Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and
11. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

#### **Borrowing Powers of the Directors in our Company**

Pursuant to a resolution of the shareholders of our Company passed in the EGM dated March 19, 2010, has been authorized to borrow sums of money for the purpose of our Company upon such terms and conditions and with or without security as the Board may think fit, provided that the money or money's to be borrowed together with the money's already borrowed by our company shall not exceed, at any time, a sum of Rs. 15,000 million. Such limit shall not include temporary obtained from our Company's bankers in the ordinary course of business.

#### **Management Organisational Structure**



## Key Management Personnel

The details of our Key Management Personnel as of the date of this Draft Red Herring prospectus are as follows.

**Mr. Dharendra Kumar Lahoti (General Manager- Technical)**, 73 years, is responsible for managing the 'World Bank Project' of major maintenance of the Badaun Kasganj Road, Uttar Pradesh. He has been associated with our Company since February 2, 2006. Mr. Lahoti holds a bachelor's degree in science from the Agra University and a bachelor's degree in civil engineering from the Indian Institute of Technology, Rorkee and received training in highway engineering from Central Road Research Institute. Mr. Lahoti has more than 48 years of experience in the road construction industry. Prior to joining our Company, he was associated with the Uttar Pradesh PWD till the year 1995 where he served as an executive engineer responsible for construction of roads and bridges, and flood protection works. He worked for three years as the personal assistant to the chief engineer, Uttar Pradesh PWD and was responsible for planning and monitoring of road projects in Bareilly and Moradabad areas in Uttar Pradesh. Mr. Lahoti has been the project manager of the Uttar Pradesh Rajkiya Nirman Nigam and was responsible for construction of various buildings in Lucknow, Uttar Pradesh. The remuneration paid/ payable to him for the last Fiscal was Rs. 1.50 million.

**Mr. Sanjeev Mehrotra (General Manager, Electrical)**, 51 years, has been responsible for engineering, procurement and construction of 132KV sub station projects for the Uttar Pradesh Power Corporation, implementation of MEP systems for the ESIC hospitals, power system operation and maintenance for industrial plants and implementation of quality control systems. He has been associated with our Company since June 15, 2009. He holds a bachelor's degree in civil engineering (electrical) from the Delhi College of Engineering. Mr. Mehrotra has 27 years of experience in managing large scale power system projects. Prior to joining our Company, he has been associated with various companies including Reliance Retail Limited as the deputy general manager, the Aditya Birla Management Corporation Limited as senior manager- Central Technical Centre, Jubilant Organosys Limited as senior engineer (electricals), Howe India Private Limited as senior engineer (electricals), and with Simon Carves India Limited as a construction engineer.

Mr. Mehrotra has been certified as an Energy Auditor cum Energy Manager by the Bureau of Energy Efficiency. He has also received certification as an 'ETAP' Engineer by the Operation Technology USA, Inc. Mr. Mehrotra has been certified to work on power systems by the licensing board of the Government of Gujarat. The remuneration paid/ payable to him for the last Fiscal was Rs. 1.39 million.

**Mr. Y.C Rishi (President- Technical)**, 70 years, was responsible for the construction/ winding of the Noida-Greater Noida expressway. He has been associated with our Company since March 21, 2003. Mr. Rishi holds a bachelor's degree in civil engineering from the Birla Institute of Technology, Pilani. He has over 40 years of experience in the field of civil engineering work including contract management, planning, construction and maintenance of roads, bridges and buildings. Prior to joining our Company, he was associated with the Uttar Pradesh Public Works Department where he served as an executive engineer, superintending engineer and as the Chief Project Engineer for the Noida Export Processing Zone project at Noida for the Ministry of Commerce and Industry, GoI. Mr. Rishi has acted as a consultant in relation to urban transport with RITES Limited from November 1998 till March 15, 2003. He was involved in the consultancy project for construction of various infrastructure projects including seven flyovers in Delhi, construction of two flyovers in Ludhiana, Punjab and construction of 2.5 km long elevated road in Ludhiana, Punjab. The remuneration paid/payable to him for the last Fiscal was Rs. 0.18 million.

**Mr. Rajesh Sodhi (Company Secretary)**, 42 years, is responsible for secretarial and corporate matters of our Company. Mr. Sodhi holds a bachelor's degree in commerce from the Delhi University and is a qualified company secretary. He has been associated with our Company since March 25, 2010. He has over 18 years of experience in the legal, finance and corporate sectors. Prior to joining our Company, he was associated with Intex Technologies India Limited. The remuneration paid/payable to him for the last Fiscal was Rs. 0.02 million.

**Mr. Promod Kothari (Company Secretary)**, 39 years, is responsible for secretarial and corporate matters of our Company. Mr. Kothari holds a master's degree in commerce from the Gaharwal University, Uttarakhand. He has been associated with our Company since May 1, 2010. He has over 13 years of experience in the field of legal and corporate matters. Prior to joining our Company, he was associated with Seasons Textiles Limited. As Mr. Kothari joined our Company in May 2010, no remuneration is payable to him for the last Fiscal.

**Mr. V.K Mittal (General Manager- water supply, sewage & drainage)**, 52 years, is responsible for execution and coordination of sewerage related works. He has been associated with our Company since August 20, 2008. Mr. Mittal holds a bachelor's degree in civil engineering from BITS, Pilani, Rajasthan, and a master's degree in environmental engineering from the Delhi College of Engineering. He is a life member of the Institution of Engineers, India. He has over 35 years of experience in the field of sewer and water works. Prior to joining our Company, he was associated with the Uttar Pradesh Jal Nigam and the New Okhla Industrial Development Authority and has been responsible for the execution of various projects including the designing of the sewage treatment plant for the Medical College, Calicut, the Ganga Water Distribution system in Indrapuram, Vaishali, Uttar Pradesh, planning, designing and execution of water supply scheme for Churachandrapur town, Manipur and various other projects. The remuneration paid/payable to him for the last Fiscal was Rs.0.30 million.

**Mr. Jitendra Kumar (Deputy General Manager, Accounts)**, 37 years, is responsible for managing the accounts and finances of our Company. He has been associated with our Company since August 6, 2005. Mr. Kumar holds a bachelor's degree in commerce from the Meerut University, Uttar Pradesh and is a qualified chartered accountant. He has over 18 years of experience in the field of accountancy. Prior to joining our Company, he was associated with Electra India Limited as a senior accountant and with Valley Iron & Steel Company Limited as the accounts manager. The remuneration paid/payable to him for the last Fiscal was Rs. 0.48 million.

**Mr. Manoj Kumar Pathak (Senior Tender Manager)**, 30 years, is responsible for preparation and registration of the tender related documents and e-tendering and liaising with the state government departments of Haryana and Uttar Pradesh. He has been associated with our Company since April 5, 2007. Mr. Pathak holds a bachelor's degree in commerce from the Meerut University, Uttar Pradesh. He has over nine years of experience in the field of tender management. The remuneration paid/ payable to him for the last Fiscal was Rs. 0.34 million.

**Mr. Vinay Kumar Jain, (Project Manager- Bridge)**, 44 years, is responsible for managing the store (civil), planning and procurement of materials, maintaining records, evaluation and estimation of projects and planning of centering/ shuttering for structures as per economical designs. He has been associated with our Company since February 15, 2008. Mr. Jain holds a diploma from D. J. Polytechnic, Baraut, Meerut, Uttar Pradesh and an A.M.I.E in civil engineering. He has over 20 years of experience in the execution from foundation to superstructure of flyovers, high level river bridges, road works, construction of walls and bridges. Prior to joining our Company, he was associated with the Uttar Pradesh State Bridge Corporation as the assistant engineer (civil) and has been involved in the execution of various projects including the rail bridge over the river Ganges, Patna, Bihar, flyover and IRR junction, Bangalore, Karnataka, flyover at Safderjung, New Delhi, the head quarters of the Uttar Pradesh State Bridge Corporation, Lucknow. The remuneration paid/ payable to him for the last Fiscal was Rs. 0.60 million.

**Mr. O.P. Jain, (Project Coordinator- Building)**, 70 years, is responsible for coordinating the ESIC Medical College and hospital at Faridabad. He has been associated with our Company since December 1, 2009. Mr. Jain holds a diploma in civil engineering from the Government Polytechnic, Uttar Pradesh Technical Board, Gorakhpur. He has around 50 years of experience in the field of civil construction. Prior to joining our Company, Mr. Jain was associated with Apex Construction Company, Singh Raj Builders and Engineers, Land Craft Private Limited and Iqbal Construction Company and was involved in projects including business parks, business schools, hospitals and various housing complexes. He has also served the GoI and has worked with the PWD for the projects including the Hindon Airfield, Ghaziabad, Sonali Road Project, Nepal and the Guru Tegh Bahadur medical hospital at Shahdara, Delhi. The remuneration paid/ payable to him for the last Fiscal was Rs. 0.37 million.

**Ms. Nidhi Jain, (General Manager, Finance)**, 27 years, is responsible for finance, accounts and taxation related functions of our Company. She has been associated with our Company since December 25, 2007. Ms. Jain holds a master's degree in commerce from the Meerut University, Uttar Pradesh, and is a qualified chartered accountant. She has around four years of experience in the field of accountancy. Prior to joining our Company, Ms. Jain was associated with Pankaj Sanjay & Company, Chartered Accountants and KPMC & Associates, Chartered Accountants. The remuneration paid/ payable to her for the last Fiscal was Rs. 0.38 million.

#### **Details of Service Contracts of our Key Managerial Personnel**

Except for the terms set forth in the appointment letters, our Key Managerial Personnel have not entered into any other contractual arrangements with our Company. Details of the terms set forth in such appointment letters

are as hereinbelow:

Name	Date of Appointment	Termination/ Retirement benefits, if any
Mr. Dharendra Kumar Lahoti	February 2, 2006	Our Company shall be entitled to terminate the services upon one months notice, or one months salary in lieu thereof, or the salary for the unexpired term thereof.
Mr. Sanjeev Mehrotra	June 15, 2009	
Mr. Y.C Rishi	March 21, 2003	
Mr. Rajesh Sodhi	March 25, 2010	
Mr. Promod Kothari	May 1, 2010	
Mr. V.K Mittal	August 20, 2008	
Mr. Jitendra Kumar	August 6, 2005	
Mr. Manoj Kumar Pathak	April 5, 2007	
Mr. Vinay Kumar Jain	February 15, 2008	
Mr. O.P. Jain	December 1, 2009	
Ms. Nidhi Jain	December 25, 2007	

All the Key Managerial Personnel of our Company are on the rolls of our Company, and are officers of our Company vested with executive powers and function at a level immediately below the Board.

#### Interest of Key Management Personnel

None of our Key Management Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

#### Shareholding of the Key Management Personnel

None of our key managerial personnel hold Equity Shares in our Company.

#### Changes in our Key Management Personnel

The changes in our Key Management Personnel during the last three years are as follows:

S. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr. Ravi Shanker Verma	July 9, 2007	July 31, 2008	Resignation
2.	Ms. Nidhi Jain	December 25, 2007	-	Appointment
3.	Mr. Vinay Kumar Jain	February 15, 2008	-	Appointment
4.	Mr. V.K Mittal	August 20, 2008	-	Appointment
5.	Ms. Gurdeep Kaur	September 1, 2008	August 10, 2009	Resignation
6.	Mr. Sanjeev Mehrotra	June 15, 2009	-	Appointment
7.	Mr. Yogesh Kumar Garg	August 10, 2009	November 4, 2009	Resignation
8.	Mr. O.P Jain	December 1, 2009	-	Appointment
9.	Ms. Prachi Garg	February 1, 2010	March 15, 2010	Resignation
10.	Mr. Rajesh Sodhi	March 25, 2010	-	Appointment
11.	Mr. Pramod Kothari	May 1, 2010	-	Appointment

#### Bonus or Profit Sharing Plan for the Key Management Personnel and Directors

Except for Mr. Pradeep Kumar Garg, our Promoter and Managing Director, who is entitled to receive an annual commission of up to a maximum of 3% of the profit before tax on the financial year ending March 31, with effect from April 1, 2010, which has been authorized by a resolution of shareholders of our Company in the EGM dated April 12, 2010, there is no separate bonus or profit sharing plan for our Directors or Key Management Personnel.

#### Scheme of Employee Stock Option or Employee Stock Purchase

Our Company does not have any scheme of employee stock option or employee stock purchase.

#### Payment of Benefit to Officers of our Company (Non-Salary Related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of our Company.

**Loans taken by Directors / Key Management Personnel**

None of our Key Management Personnel or Directors have taken any loan from our Company.

**Arrangements and Understanding with Major Shareholders**

None of our Key Management Personnel or Directors have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

**Nature of Family Relationship between the Key Management Personnel**

None of our Key Management Personnel are related to each other.

**Turnover/ Remuneration of our Key Managerial Personnel**

The turnover/ remuneration of our Key Managerial Personnel is comparable to the civil construction sector.

## OUR PROMOTERS AND PROMOTER GROUP


### Our Promoters


The following are the Promoters of our Company:


1. Mr. Naresh Kumar Garg;
2. Mr. Devendra Kumar Garg;
3. Mr. Pradeep Kumar Garg; and
4. Aman Promoters Private Limited.

Currently Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg, Mr. Pradeep Kumar Garg and Aman Promoters Private Limited hold 0.46%, 0.74%, 38.48%, 9.74%, respectively, of our pre-Issue equity share capital. For details of the build-up of our Promoters' shareholding in our Company, see "Capital Structure – Notes to Capital Structure" on page 20.

The details of our Promoters who are individuals are as follows:

	Identification Particulars	Details
	Voter ID Number	UP/79/388/0960226
	Driving License Number	--
	Permanent Account Number	AIGPG8031K
	Bank Account Number	87772200064729
	Passport Number	--
	<b>Mr. Naresh Kumar Garg</b> , aged 62 years, is the Chairman of our Company. For further details, see "Our Management" on page 97.	

	Identification Particulars	Details
	Voter ID Number	FVX9421868
	Driving License Number	P-1527/NT/GB/86
	Permanent Account Number	AAAPG5432G
	Bank Account Number	003892000002109
	Passport Number	E4348617
	<b>Mr. Pradeep Kumar Garg</b> , aged 44 years, is the Managing Director of our Company. For further details, see "Our Management" on page 97.	

	Identification Particulars	Details
	Voter ID Number	--
	Driving License Number	1409003404/Gzb
	Permanent Account Number	AAPPG1575M
	Bank Account Number	87772200064675
	Passport Number	E0307919
	<b>Mr. Devendra Kumar Garg</b> , aged 57 years, is the Joint Managing Director of our Company. For further details, see "Our Management" on page 97.	

The details of our Promoters which are companies are as follows:

### Aman Promoters Private Limited ("Aman Promoters")

Aman Promoters Private Limited was incorporated on February 12, 1998 under the Companies Act. The CIN of the company is U70101DL1998PTC092225. The registered office of Aman Promoters is situated at 6, Todermal Lane, Bangali Market, New Delhi 110 001, India. The company is presently engaged in the business of purchase, sale, lease, investment in movable and immovable property.

### Shareholding Pattern

Set forth below is the shareholding pattern of Aman Promoters Private Limited as on May 31, 2010:

Name of Shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Archit Steels Private Limited	100,000	5.20

Name of Shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Mr. Arun Agarwal	20,000	1.04
Ms. Meenu Garg	1,520	0.08
Spikenard Tradex Private Limited	375,750	19.53
Friends Zarda Factory Private Limited	350,000	18.19
Bhuvan Foods Private Limited	372,000	19.33
Bhuvan Dresses Private Limited	375,000	19.49
Pradeep Sons Private Limited	329,760	17.14
<b>Total</b>	<b>1,924,030</b>	<b>100.00</b>

There has not been any change in the capital structure of Aman Promoters in the last six months prior to the filing of this Draft Red Herring Prospectus.

#### *Board of Directors*

The board of directors of Aman Promoters currently comprises of:

1. Mr. Arun Agarwal; and
2. Ms. Meenu Garg.

#### *Financial Performance*

The audited financial results of Aman Promoters for Fiscals 2009, 2008 and 2007 are set forth below:

	<i>(Rs. million, except per share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Sales and other income	0.73	1.47	0.23
Profit/ (Loss) after tax	0.06	0.53	0.08
Equity capital	19.24	19.24	15.54
Reserves and Surplus (excluding revaluation reserves)	111.22	111.16	68.11
Earnings/ (Loss) per share (diluted) (Rs.)	0.03	0.28	0.05
Book value per equity share (Rs.)	67.70	67.68	53.73

The equity shares of Aman Promoters are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have negative Net Worth.

#### *Details of Promoters of Aman Promoters Private Limited*

Aman Promoters Private Limited is promoted by Mr. Pradeep Kumar Garg.

#### *Change in management of Aman Promoters Private Limited*

There has not been any change in control or management of Aman Promoters Private Limited in the past three years.

#### **Other Undertakings and Confirmations**

Our Company undertakes that the details of the PAN, bank account numbers, CIN and the address of the relevant registrar of companies in relation to our Promoters will be submitted to the Stock Exchanges at the time of submission of the Draft Red Herring Prospectus with the Stock Exchanges.

Except as stated in “Outstanding Litigation and Material Developments – Details of past cases or proceedings in which penalties were imposed on our Company and our Group Companies by the concerned authorities” and “Outstanding Litigation and Material Developments – Pending litigations against our Group Companies” on pages 156 and 155, respectively, there are no violations of securities laws committed by our Promoters, any member of our Promoter Group or any Group Company, in the past or are currently pending against them and neither our Promoters, nor the directors of our Promoters or the persons in control of our Promoters have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in

securities under any order or direction passed by SEBI or any other authority nor have they been detained as wilful defaulters by the RBI or any other authority.

Further, none of the Promoters was or is a promoter or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the Board.

### **Disassociation by the Promoters in the last three years**

Other than as disclosed below, there are no other ventures with which the Promoters have disassociated during the three years preceding the date of filing of this Draft Red Herring Prospectus.

<b>S. No.</b>	<b>Name of the Promoter</b>	<b>Name of the disassociated company</b>	<b>Reasons for, circumstances leading to the disassociation and terms of disassociation</b>
1.	Mr. Naresh Kumar Garg	Mangalam Ceramics Limited	Mr. Naresh Kumar Garg has transferred his equity stake in the company for commercial and business reasons.
2.	Mr. Devendra Kumar Garg	D.D. Constructions Private Limited Compeer Portfolio Limited	Mr. Devendra Kumar Garg has transferred his equity stake in the companies for commercial and business reasons.
3.	Mr. Pradeep Kumar Garg	Jai Shree Radhey Land & Estates Developers Private Limited Tybros Resorts Private Limited Suvipra Infrastructure Private Limited Diksha Windsor Computers Private Limited Landcraft Developers Private Limited Elegant Infracworld Private Limited	Mr. Pradeep Kumar Garg has transferred his equity stake in the companies for commercial and business reasons.

### **Experience of the Promoters in the business of our Company**

The Promoters have an experience of over 20 years in the business of our Company. Our Promoters are assisted by a team of highly qualified professionals to manage the operations of our Company.

### **Outstanding Litigations**

There are no outstanding litigations against our Promoters.

### **Common Pursuits of our Promoters**

Our Promoters do not have any common pursuits and are not engaged in businesses similar to those carried out by our Company, except to the extent of their shareholding in our Group Companies with which our Company transacts business as stated in “Financial Statements – Statement of Related Party Disclosures” on pages F- 18.

### **Interest of Promoters in the Promotion of our Company**

Our Company is promoted by Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg, Mr. Pradeep Kumar Garg and Aman Promoters Private Limited in order to carry on its present business. Our Promoters are interested in our Company as mentioned above under “Our Promoters and Promoter Group – Common Pursuits of our Promoters” and to the extent of their shareholding in our Company and the dividend declared, if any, by our Company.

Further, none of our Directors are on the board of our Promoter, Aman Promoters Private Limited.

### **Interest of Promoters in the Property of our Company**

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company

within two years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company. Further, other than as mentioned in “Our Business”, our Promoters do not have any interest in the construction of any building or supply of any machinery.

#### **Payment of Amounts or Benefits to our Promoter or Promoter Group during the Last Two Years**

Except for Mr. Pradeep Kumar Garg, our Promoter and Managing Director, who is entitled to receive an annual commission of up to a maximum of 3% of the profit before tax on the financial year ending March 31, with effect from April 1, 2010, which has been authorized by a resolution of shareholders of our Company in the EGM dated April 12, 2010, and as stated in “Financial Statements – Statement of Related Party Disclosures”, no amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group during the last two years.

#### **Interest of Promoters in our Company Other than as Promoters**

Except as mentioned in this section and “Our Business”, “History and Corporate Structure”, “Financial Indebtedness” and “Financial Statements – Statement of Related Party Disclosures” on pages 62, 93, 142 and F-18, respectively, our Promoters do not have any interest in our Company other than as promoters.

#### **Related Party Transactions**

Except as stated in “Financial Statements – Statement of Related Party Disclosures” on page F- 18, our Company has not entered into related party transactions with our Promoters or our Group Companies.

#### **Shareholding of the Promoter Group in our Company**

Except for Ms. Meenu Garg, PKG (HUF) and Elegant Infraworld Private Limited, none of the members of our Promoter Group hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus. For further details, please see “Capital Structure” on page 19.

## OUR GROUP COMPANIES

Besides our Company and one of our Promoters, Aman Promoters Private Limited, the following are the companies, firms and ventures promoted by our Promoters:

S. No.	Names of Group Companies
1.	Aashiana Rolling Mills Limited
2.	Intec Share and Stock Brokers Limited
3.	Archit Steels Private Limited
4.	Pradeep Sons Private Limited
5.	Expert Power Control (India) Private Limited
6.	Spikenard Tradex Private Limited
7.	Bhuvan Dresses Private Limited
8.	Bhuvan Foods Private Limited
9.	Friends Zarda Factory Private Limited
10.	Mahalaxmi Associates

Unless otherwise stated, no equity shares of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

Aashiana Rolling Mills Limited and Intec Share and Stock Brokers Limited have been disclosed as the two largest Group Companies based on their turnovers of Rs. 1,370.67 million and Rs. 10.44 million, respectively, for the last audited Fiscal. However, none of the other Group Companies have any turnover, as they have not generated revenues as on the date of this Draft Red Herring Prospectus. Therefore, disclosures of the financial information for the three largest Group Companies, namely, Archit Steels Private Limited, Pradeep Sons Private Limited and Expert Power Control (India) Private Limited has been provided based on the 'gross block of assets' of such companies for the last audited Fiscal.

### Two largest Group Companies (based on their turnover for last audited Fiscal)

#### 1. Aashiana Rolling Mills Limited ("Aashiana")

Aashiana Rolling Mills Limited was incorporated on August 3, 1995 under the Companies Act as Supra Merchant Bankers Limited and received the certificate for commencement of business on August 25, 1995. The name of the company was subsequently changed to Aashiana Buildcon Limited. Further, the name of the company was changed to its present name and received a fresh certificate of incorporation on September 20, 2004. The CIN of the company is U67120DL1995PLC71415.

The registered office of Aashiana is situated at 124, Ground Floor, World Trade Center, Connaught Place, New Delhi 110 001, India. The company is presently engaged in the business of manufacture and dealership of iron and steel.

#### *Shareholding Pattern*

Set forth below is the shareholding pattern of Aashiana as on May 31, 2010:

Name of Shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Pradeep Sons Private Limited	170,000	13.30
Friends Zarda Factory Private Limited	150,000	11.73
Bhuvan Dresses Private Limited	261,900	20.49
Bhuvan Foods Private Limited	135,320	10.58
Spikenard Tradex Private Limited	488,000	38.17
Ms. Madhu Goyal	52,000	4.06
Mr. D. K. Goyal	10,000	0.78
Mr. Anshum Goyal	11,000	0.88
<b>Total</b>	<b>1,278,220</b>	<b>100.00</b>

There has not been any change in the capital structure of Aashiana in the last six months prior to the filing of this Draft Red Herring Prospectus.

### Board of Directors

The board of directors of Aashiana currently comprises of:

1. Mr. Pradeep Kumar Garg;
2. Mr. Devendra Kumar Goyal; and
3. Mr. Anshum Devendra Goyal.

### Financial Performance

The audited financial results of Aashiana for Fiscals 2009, 2008 and 2007 are set forth below:

	<i>(Rs. million, except per share data)</i>		
	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
Sales and other income	1,371.03	4.59	0.17
Profit/ (Loss) after tax	32.54	0.54	0.02
Equity capital	12.78	12.16	12.00
Reserves and Surplus (excluding revaluation reserves)	151.40	100.91	98.51
Earnings/ (Loss) per share (diluted) (Rs.)	25.45	0.45	0.02
Book value per equity share (Rs.)	128.28	92.79	91.87

The equity shares of Aashiana are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition.

## 2. Intec Share and Stock Brokers Limited (“ISSBL”)

Intec Share and Stock Brokers Limited was incorporated on October 16, 1989 under the Companies Act. The CIN of the company is U52110DL1989PLC038039. ISSBL was originally incorporated as DADU Finance and Investment Private Limited. Subsequently, the name of the company was changed to Intec Share and Stock Brokers Private Limited on December 18, 1995. Further, the name of the company was changed to Intec Share and Stock Brokers Limited and a fresh certificate of incorporation was issued on February 26, 1996.

The registered office of ISSBL is situated at SCF 75-76, Sector 15, Faridabad, Haryana. The company is presently engaged in the business of investing, buying, selling and underwriting securities issued by various companies.

### Shareholding Pattern

Set forth below is the shareholding pattern of ISSBL as on May 31, 2010:

<b>Name of Shareholder</b>	<b>Number of equity shares of Rs. 10 each</b>	<b>% of issued capital</b>
Mr. Pradeep Kumar Garg	1,052,500	35.00
Mr. Rajevee Garg	1,000	00.03
Mr. Sanjeev Goel	325,500	10.82
Ms. Ritika Goel	156,190	05.19
Mr. Vinay Mittal	1,000	00.03
Mr. Ajay Chopra	225,000	07.48
Ms. Neha Chopra	225,000	07.48
Mr. Manoj Chopra	450,000	14.96
Intec World Wide Private Limited	1,430	00.07
Pantec Devices Private Limited	193,400	06.43
Unitel Credit Private Limited	225,730	07.51
Viru Fincap Private Limited	150,150	00.04
<b>Total</b>	<b>3,007,000</b>	<b>100.00</b>

There has not been any change in the capital structure of ISSBL in the last six months prior to the filing of this Draft Red Herring Prospectus.

### Board of Directors

The board of directors of ISSBL currently comprises of:

1. Mr. Ajay Kumar Chopra;
2. Mr. Sanjeev Goel;
3. Mr. Pradeep Kumar Garg;
4. Ms. Ritika Goel; and
5. Mr. Rajeev Goel.

#### *Financial Performance*

The audited financial results of ISSBL for Fiscals 2009, 2008 and 2007 are set forth below:

	<i>(Rs. million, except per share data)</i>		
	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
Sales and other income	10.44	15.44	11.02
Profit/ (Loss) after tax	0.01	(0.04)	(0.01)
Equity capital	30.07	30.07	30.07
Reserves and Surplus (excluding revaluation reserves)	1.21	1.20	1.24
Earnings/ (Loss) per share (diluted) (Rs.)	-	(0.01)	-
Book value per equity share (Rs.)	10.40	10.40	10.41

The equity shares of ISSBL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition.

#### **Three largest Group Companies (based on the ‘gross block of assets’ of such companies for the last audited Fiscal)**

##### **3. Archit Steels Private Limited (“Archit Steels”)**

Archit Steels Private Limited was incorporated on June 1, 1995 under the Companies Act as Vak In Computers Private Limited and subsequently changed its name as Archit Steels Private Limited and received the fresh certificate of incorporation on September 3, 2004. The CIN of the company is U74899DL1995PTC069288.

The registered office of the company is situated at 124, World Trade Centre, Connaught Place, New Delhi 110001. The company is presently engaged in the business of manufacturing of mild steel, ingot, thermo mechanically treated steels and other forms of steel.

#### *Shareholding Pattern*

Set forth below is the shareholding pattern of Archit Steels as on May 31, 2010:

<b>Name of Shareholder</b>	<b>Number of equity shares of Rs. 10 each</b>	<b>% of issued capital</b>
Expert Power Control India Private Limited	100,000	5.36
Spikenard Tradex Private Limited	350,000	18.76
Friends Zarda Factory Private Limited	278,750	14.95
Bhuvan Dresses Private Limited	310,000	16.62
Bhuvan Foods Private Limited	826,350	44.31
<b>Total</b>	<b>1,865,100</b>	<b>100.00</b>

Except for allotment of 50,000 equity shares on April 5, 2010, there has not been any change in the capital structure of Archit Steels in the last six months prior to the filing of this Draft Red Herring Prospectus.

#### *Board of Directors*

The board of directors of Archit Steels currently comprises of:

1. Ms. Deepti Agarwal; and

2. Mr. Arun Agarwal.

#### *Financial Performance*

The audited financial results of Archit Steels for Fiscals 2009, 2008 and 2007 are set forth below:

*(Rs. million, except per share data)*

	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
Sales and other income	0.05	0.08	0.04
Profit/ (Loss) after tax	0.01	0.02	0.02
Equity capital	18.15	16.59	8.99
Reserves and Surplus (excluding revaluation reserves)	186.20	125.26	37.84
Earnings/ (Loss) per share (diluted) (Rs.)	0.01	0.01	0.02
Book value per equity share (Rs.)	112.49	85.44	51.98

The equity shares of Archit Steels are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition.

#### **4. Pradeep Sons Private Limited (“Pradeep Sons”)**

Pradeep Sons Private Limited was incorporated on June 18, 1995 under the Companies Act. The CIN of the company is U74899DL1995PTC069567. The registered office of Pradeep Sons is situated at 6, Todermal Lane, Bangali Market, New Delhi 110 001, India. The company is presently engaged in the business of import and export of commodities, materials and goods and acting as commission agents of all kinds of garments, gold and other articles.

#### *Shareholding Pattern*

Set forth below is the shareholding pattern of Pradeep Sons as on May 31, 2010:

<b>Name of Shareholder</b>	<b>Number of equity shares of Rs. 10 each</b>	<b>% of issued capital</b>
Ms. Madhu Aggarwal	5,000	0.12
Mr. Rakesh Kumar	100	0.00
Ms. Meenu Garg	100	0.00
Spikenard Tradex Private Limited	745,375	17.99
Friends Zarda Factory Private Limited	1,332,000	32.15
Bhuvan Dresses Private Limited	889,250	21.47
Aman Promoters Private Limited	162,500	3.92
Arhit Steels Private Limited	200,000	4.83
Bhuvan Foods Private Limited	808,360	19.52
<b>Total</b>	<b>4,142,685</b>	<b>100.00</b>

There has not been any change in the capital structure of Pradeep Sons Private Limited in the last six months prior to the filing of this Draft Red Herring Prospectus.

#### *Board of Directors*

The board of directors of Pradeep Sons currently comprises of:

1. Ms. Meenu Garg; and
2. Mr. Rakesh Kumar.

#### *Financial Performance*

The audited financial results of Pradeep Sons for Fiscals 2009, 2008 and 2007 are set forth below:

*(Rs. million, except per share data)*

	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
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	Fiscal 2009	Fiscal 2008	Fiscal 2007
Sales and other income	1.40	1.35	0.19
Profit/ (Loss) after tax	0.50	0.51	0.05
Equity capital	41.43	40.94	33.34
Reserves and Surplus (excluding revaluation reserves)	212.97	193.46	105.51
Earnings/ (Loss) per share (diluted) (Rs.)	0.12	0.12	0.01
Book value per equity share (Rs.)	61.37	57.22	41.64

The equity shares of Pradeep Sons are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition.

#### 5. Expert Power Control (India) Private Limited (“Expert Power”)

Expert Power Control (India) Private Limited was incorporated on September 6, 1995 under the Companies Act. The CIN of the company is U74899DL1995PTC072232. The registered office of Expert Power is situated at A-43, Allahabad Bank Apartments, Mayur Vihar, Delhi 110 096. The company is presently engaged in the business of import and export of electronic and energy products.

##### *Shareholding Pattern*

Set forth below is the shareholding pattern of Expert Power as on May 31, 2010:

Name of Shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Spikenard Tradex Private Limited	480,000	48.13
Friends Zarda Factory Private Limited	192,000	19.26
Bhuvan Dresses Private Limited	180,000	18.05
Bhuvan Foods Private Limited	145,210	14.56
<b>Total</b>	<b>997,210</b>	<b>100.00</b>

There has not been any change in the capital structure of Expert Power in the last six months prior to the filing of this Draft Red Herring Prospectus.

##### *Board of Directors*

The board of directors of Expert Power currently comprises of:

1. Mr. Devendra Kumar Garg; and
2. Ms. Madhu Goyal.

##### *Financial Performance*

The audited financial results of Expert Power for Fiscals 2009, 2008 and 2007 are set forth below:

	<i>(Rs. million, except per share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Sales and other income	0.04	0.06	0.04
Profit/ (Loss) after tax	0.01	0.01	0.02
Equity capital	9.97	9.96	7.06
Reserves and Surplus (excluding revaluation reserves)	76.41	75.91	35.30
Earnings/ (Loss) per share (diluted) (Rs.)	0.01	0.01	0.02
Book value per equity share (Rs.)	86.41	86.03	59.73

The equity shares of Expert Power are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition.

#### 6. Spikenard Tradex Private Limited (“Spikenard”)

Spikenard Tradex Private Limited was incorporated on June 22, 2009 under the Companies Act. The CIN of the company is U52399DL2009PTC191470. The registered office of Spikenard is situated at 6, Todermal Lane, Bengali Market, New Delhi 110 001. The company is presently engaged in the business of trading in goods and metals.

#### *Shareholding Pattern*

Set forth below is the shareholding pattern of Spikenard as on May 31, 2010:

Name of Shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Mr. Pradeep Kumar Garg	102,500	3.19
Ms. Meenu Garg	1,252,500	39.00
Mr. Archit Garg	1,602,500	49.93
PKG (HUF)	252,500	7.88
<b>Total</b>	<b>3,210,000</b>	<b>100.00</b>

There has not been any change in the capital structure of Spikenard in the last six months prior to the filing of this Draft Red Herring Prospectus.

#### *Board of Directors*

The board of directors of Spikenard currently comprises of:

1. Mr. Pradeep Kumar Garg; and
2. Mr. Rakesh Kumar.

#### **7. Bhuvan Dresses Private Limited (“Bhuvan Dresses”)**

Bhuvan Dresses Private Limited was incorporated on March 7, 2005 under the Companies Act. The CIN of the company is U18101DL2005PTC133694. The registered office of Bhuvan Dresses is situated at 124, Ground Floor, World Trade Center, Babar Road, Connaught Place, New Delhi 110 001. The company is presently engaged in the business of manufacture and distribution of men’s, women’s and childrens garments.

#### *Shareholding Pattern*

Set forth below is the shareholding pattern of Bhuvan Dresses as on May 31, 2010:

Name of Shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Mr. Pradeep Kumar Garg	562,500	17.52
Ms. Meenu Garg	1,252,500	39.02
Mr. Archit Garg	1,202,500	37.46
PKG (HUF)	192,500	6.00
<b>Total</b>	<b>3,210,000</b>	<b>100.00</b>

There has not been any change in the capital structure of Bhuvan Dresses in the last six months prior to the filing of this Draft Red Herring Prospectus.

#### *Board of Directors*

The board of directors of Bhuvan Dresses currently comprises of:

1. Mr. Pradeep Kumar Garg; and
2. Ms. Meenu Garg.

#### **8. Bhuvan Foods Private Limited (“Bhuvan Foods”)**

Bhuvan Foods Private Limited was incorporated on March 7, 2005 under the Companies Act. The CIN of the company is U15203DL2005PTC133693. The registered office of Bhuvan Foods is situated at 6, Todermal Lane,

Bangali Market, New Delhi 110 001, India. The company is presently engaged in the business of manufacturing, producing, and processing of and dealers in milk, cream, butter, ghee and such products.

#### *Shareholding Pattern*

Set forth below is the shareholding pattern of Bhuvan Foods as on May 31, 2010:

<b>Name of Shareholder</b>	<b>Number of equity shares of Rs. 10 each</b>	<b>% of issued capital</b>
Mr. Pradeep Kumar Garg	252,500	8.00
Ms. Meenu Garg	855,000	27.00
Mr. Archit Garg	2,052,500	64.95
<b>Total</b>	<b>3,160,000</b>	<b>100.00</b>

There has not been any change in the capital structure of Bhuvan Foods in the last six months prior to the filing of this Draft Red Herring Prospectus.

#### *Board of Directors*

The board of directors of Bhuvan Foods currently comprises of:

1. Ms. Meenu Garg; and
2. Mr. Rakesh Kumar.

#### **9. Friends Zarda Factory Private Limited (“Friends Zarda”)**

Friends Zarda Factory Private Limited was incorporated on September 6, 2004 under the Companies Act as Bihari Ji Edible India Private Limited. Subsequently the name of the company was changed to its present name on March 30, 2005. The CIN of the company is U15146DL2004PTC128843. The registered office of Friends Zarda is situated at 124, Ground Floor, World Trade Center, Babar Road, Connaught Place, New Delhi 110 001. The company is presently engaged in the business of manufacture and trading of certain tobacco related products.

#### *Shareholding Pattern*

Set forth below is the shareholding pattern of Friends Zarda as on May 31, 2010:

<b>Name of Shareholder</b>	<b>Number of equity shares of Rs. 10 each</b>	<b>% of issued capital</b>
Mr. Pradeep Kumar Garg	252,500	7.74
Ms. Meenu Garg	1,500,000	46.00
Mr. Archit Garg	1,253,000	38.44
Pradeep Kumar Garg (HUF)	255,000	7.82
<b>Total</b>	<b>3,260,500</b>	<b>100.00</b>

There has not been any change in the capital structure of Friends Zarda in the last six months prior to the filing of this Draft Red Herring Prospectus.

#### *Board of Directors*

The board of directors of Friends Zarda currently comprises of:

1. Mr. Pradeep Kumar Garg; and
2. Ms. Meenu Garg.

#### **10. Mahalaxmi Associates**

Mahalaxmi Associates is a sole proprietorship concern of Mr. Pradeep Kumar Garg set up in the year 2002. The firm owns the property situated at C 32, RDC Raj Nagar, Ghaziabad, Uttar Pradesh which has been given on rent to our Company. The registered office of Mahalaxmi Associates is situated at 6, Todermal Lane, Bengali Market, New Delhi 110 001.

### **Companies with negative net worth**

None of our Group Companies have negative Net Worth on date of end of the respective financial years audited and mentioned therein.

### **Other Confirmations**

#### **Interest of Group Companies in the Promotion of our Company**

None of our Group Companies are interested in the promotion of our Company.

#### **Interest of our Group Companies in the Property of our Company**

Except as stated in “Our Business” and “Financial Statements – Statement of Related Party Disclosures” on pages 62 and F- 18 respectively, none of our Group Companies have any interest in any property acquired by our Company within two years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

#### **Payment of Amount or Benefits to our Group Companies during the Last Two Years**

Except as mentioned in “Financial Statements – Statement of Related Party Disclosures” on page F- 18, no amount or benefits were paid or were intended to be paid to our Group Companies during the last two years from the date of filing of this Draft Red Herring Prospectus.

#### **Interest of Group Companies in any transaction by our Company**

Except as disclosed in “Our Business”, “History and Corporate Structure” and “Financial Statements – Statement of Related Party Disclosures” on pages 62, 93 and F- 18, respectively, our Group Companies do not have any interest in any transactions by our Company.

#### **Winding up or Sick Company and Adverse Factors**

None of our Group Companies have become a sick company within the meaning of the SICA and are not under any winding up proceedings.

#### **Defunct Company**

None of our Group Companies are defunct companies.

#### **Common Pursuits of our Group Companies and Conflict of Interest**

Our Group Companies do not carry on and do not intend to undertake activities which may be directly in conflict with our business. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details in this regard, see “Risk Factors” on page x.

#### **Related Party Transactions**

For details of the related party transactions, see “Financial Statements – Statement of Related Party Disclosures” on page F- 18.

#### **Business Interests of our Group Companies in our Company**

Further, except as disclosed in “Financial Statements – Statement of Related Party Disclosures” on page F- 18, there are no business interests of our Group Companies in our Company.

#### **Shareholding of our Group Companies in our Company**

Except Archit Steels Private Limited, Pradeep Sons Private Limited and Expert Power Control (India) Private Limited, none of our Group Companies hold any Equity Shares in our Company. For further details, see “Capital Structure” on page 19.

**Previous Public Issues by Group Companies and Promise v/s Performance**

Except as disclosed above, none of our other Group Companies have made any public issue (including any rights issue to the public) during the last three years and the equity shares of such Group Companies are not listed on any stock exchange.

**Litigation**

Our Group Companies are not involved in any litigations.

**Sales or purchases exceeding 10% in aggregate of the total sales or purchases of our Company**

Except as stated in “Financial Statements – Statement of Related Party Disclosures” on page F- 18, there are no sales or purchase between Group Companies exceeding 10% in aggregate in value the total sales or purchases of our Company.

## **DIVIDEND POLICY**

The declaration and payment of dividend will be recommended by our Board and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividend. All dividend payments are made in cash to the shareholders of our Company. Our Company has not declared any dividends since its incorporation.

## SECTION V – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### Auditors Report

The Board of Directors  
NKG Infrastructure Limited  
124, Ground Floor, World Trade Center,  
Babar Road, Connaught Place  
New Delhi – 110001

Dear Sirs,

1. We have examined the attached financial information of NKG Infrastructure Limited ('the Company'), prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus (Referred as Offer Document) being issued by the Company in connection with the Initial Public Offering ('IPO'). This financial information has been prepared in accordance with the requirements of:
  - i. Paragraph B, Part II of Schedule II to the Companies Act, 1956 ('the Act');
  - ii. The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009 notified by Securities and Exchange Board of India ('SEBI') on August 26, 2009 and amendments thereto (the "SEBI Regulations"), in pursuance of Section 11A (1) (a) of the Securities and Exchange Board of India Act, 1992
  - iii. The revised Guidance Note on reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and
  - iv. The terms of our letter of engagement with the Company requesting us to carry out work in connection with the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus (Referred as Offer Document) being issued by the company in connection with its proposed Initial public offer.

#### Financial Information as per audited financial statements:

2. We have examined the attached 'Summary Statement of Assets and Liabilities of the Company as Restated' as at 31st March 2010, 2009, 2008, 2007 & 2006 (Annexure – 1), the attached 'Summary Statement of Profits and Losses, as Restated' for the year ending 31st March 2010, 2009, 2008, 2007 & 2006 (Annexure – 2) and the attached Statement of Cash Flows as Restated for the year ending 31st March 2010, 2009, 2008, 2007 & 2006 (Annexure 3), together referred to as 'Restated Summary Statements'.
3. The Restated Summary Statements have been extracted by the management from the audited financial statements after making such adjustments and regroupings as considered appropriate. The financial statements for the year ended 31<sup>st</sup> March 2008, 31<sup>st</sup> March 2009 and 31<sup>st</sup> March 2010 are audited by us. For our examination we have placed reliance on the financial statements audited by Vipin Garg & Company (the other auditor) for the year ended 31<sup>st</sup> March 2006 and 31<sup>st</sup> March 2007.
4. We have performed such tests and procedures which in our opinion were necessary for the purpose of our examination. These procedures mainly involved comparison of the attached financial information with the Company's audited financial statements for the respective financial years and restatement, reclassification as per SEBI Regulations.
5. Based on our examination of these Restated Summary statements read in conjunction with the Accounting Policies and Notes we report that:
  - a) The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31<sup>st</sup> March 2010 (Annexure-4).
  - b) The restated profits have been arrived at after charging all expenses, including depreciation, and after making such adjustments and regroupings as in our opinion are appropriate in the year to which they are related and are subject to significant notes on accounts attached to and form part of 'Restated Summary Statements' (Annexure 5).

- c) There were no qualifications in the audit reports for the year ended 31<sup>st</sup> March 2010, 2009, 2008, 2007 and 2006, which would require adjustments in these 'Restated Summary Statements'; and
  - d) There are no-extra ordinary items, which need to be disclosed separately in the 'Restated Summary Statements'.
6. In our opinion and according to information and explanation given to us, we have found the same to be correct and same have been accordingly used in the financial information appropriately.

**Other Financial Information:**

7. We have examined the following financial information in respect of the years ended 31st March 2010, 2009, 2008, 2007 and 2006 of the Company, proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:
- 1. Statement of Accounting Ratios (Annexure 6)
  - 2. Statement of Tax Shelter (Annexure 7)
  - 3. Capitalisation Statement (Annexure 8)
  - 4. Statement of Dividend Paid (Annexure 9)
  - 5. Statement of Secured Loans (Annexure 10)
  - 6. Statement of Unsecured Loans (Annexure 11)
  - 7. Statement of age wise analysis of Sundry debtors (Annexure 12)
  - 8. Statement of Loans and Advances (Annexure 13)
  - 9. Statement of Investments (Annexure 14)
  - 10. Statement of Other Income (Annexure 15)
  - 11. Statement of Contingent Liabilities (Annexure 16)
  - 12. Statement of Related Party Disclosure (Annexure 17)
  - 13. Statement of Current Liabilities & Provisions (Annexure 18)
  - 14. Statement of Changes in Accounting Policies (Annexure 19)
8. In respect of 'Financial Information as per the audited financial statements' and other financial information contained in this report, we have relied upon the audited financial statements for the years ended 31st March 2007 and 2006 which were audited by another firm of Chartered Accountants, as referred to in paragraph 3 above. We have not carried out any audit tests or review procedures on the financial information for the above periods since we did not perform the audit and the financial report included for these years are solely based on the reports submitted by the other auditor.
9. In our opinion, the 'Financial Information as per audited financial statements' and 'Other Financial Information' mentioned above for the years ended as on 31st March 2010, 2009, 2008, 2007 and 2006 have been prepared in accordance with requirements of Paragraph B, Part II of schedule II to the Companies Act, 1956 and SEBI Regulations.
10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.
11. This report is intended solely for your information and for inclusion in the Offer Document in connection with specific Public Offer of the shares of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

For S.K. Mehta & Co.  
Chartered Accountants  
Firm Regn. No. 000478N

B.P.SAXENA  
Partner  
Membership Number- 10568

Place: New Delhi  
Date: 19<sup>th</sup> June 2010

## ANNEXURE-1

## SUMMARY STATEMENT OF ASSETS &amp; LIABILITIES, AS RESTATED

(Rs. In Million)

Sr. No	Particulars	As At 31st March				
		2006	2007	2008	2009	2010
<b>A</b>	<b>Fixed Assets</b>					
	Gross Block	112.65	169.95	409.71	603.36	1,136.38
	Less: Depreciation	5.96	15.13	31.11	66.90	126.04
	Net Block	106.69	154.82	378.60	536.46	1,010.34
	<b>Total (A)</b>	<b>106.69</b>	<b>154.82</b>	<b>378.60</b>	<b>536.46</b>	<b>1,010.34</b>
<b>B</b>	<b>Investments</b>	-	3.51	40.06	-	-
<b>C</b>	<b>Current Assets, Loans &amp; Advances</b>					
	Inventories	34.62	107.33	424.16	1,238.74	2,989.29
	Sundry Debtors	67.03	392.72	752.51	1,136.38	973.91
	Cash and Bank Balances	38.15	71.89	206.38	511.28	746.71
	Other Current Assets	-	-	3.39	3.62	15.85
	Loans and Advances	18.53	35.33	108.91	309.32	697.50
	<b>Total (C)</b>	<b>158.33</b>	<b>607.27</b>	<b>1,495.35</b>	<b>3,199.34</b>	<b>5,423.26</b>
<b>D</b>	<b>Total Assets (A+B+C)</b>	<b>265.02</b>	<b>765.60</b>	<b>1,914.01</b>	<b>3,735.80</b>	<b>6,433.60</b>
<b>E</b>	<b>Liabilities and Provisions</b>					
	Secured Loans	67.43	228.33	727.23	1,239.76	1,691.90
	Unsecured Loans	-	15.60	9.11	24.14	1.49
	Current Liabilities & Provisions					
	- Current Liabilities	39.12	194.41	267.86	752.66	2,377.81
	- Provisions	0.49	0.87	1.84	2.99	4.89
	- Deferred Tax Liability	4.86	6.80	12.59	22.10	45.32
	<b>Total (E)</b>	<b>111.90</b>	<b>446.01</b>	<b>1,018.63</b>	<b>2,041.65</b>	<b>4,121.41</b>
<b>F</b>	<b>Net Worth ( D-E )</b>	<b>153.12</b>	<b>319.59</b>	<b>895.38</b>	<b>1,694.15</b>	<b>2,312.19</b>
	Represented by:					
	Equity Share Capital	67.78	75.52	103.77	124.09	126.16
	Reserves & Surplus					
	(a) Share Premium	54.00	123.66	502.41	1,060.61	1,162.04
	(b) Surplus as per Profit & Loss Account	31.34	120.41	289.21	509.45	1,023.99
	<b>Net Worth</b>	<b>153.12</b>	<b>319.59</b>	<b>895.38</b>	<b>1,694.15</b>	<b>2,312.19</b>

## ANNEXURE – 2

## SUMMARY STATEMENT OF PROFIT &amp; LOSS, AS RESTATED

(Rs. In Million)

	Particulars	For the Year Ended 31st March				
		2006	2007	2008	2009	2010
<b>A</b>	<b>Income</b>					
	Contract Revenue	911.00	1,875.42	3,546.68	5,418.31	10,258.12
	Other Income	1.35	2.61	6.72	14.77	30.31
	Increase / (Decrease) in stock	22.03	72.71	316.83	814.57	1,750.56
	<b>Total Income</b>	<b>934.38</b>	<b>1,950.74</b>	<b>3,870.23</b>	<b>6,247.65</b>	<b>12,038.99</b>
<b>B</b>	<b>Expenditure</b>					
	Construction Expenses	877.33	1,764.79	3,495.47	5,612.10	10,458.40
	Staff Cost	4.38	20.40	29.35	62.72	191.38
	Operating & Administrative Expenses	10.70	18.80	45.92	118.15	251.74
	Interest & Financial Charges	8.71	21.43	52.01	118.17	297.82
	Depreciation	2.48	9.17	15.98	35.90	59.39
	<b>Total Expenditure</b>	<b>903.60</b>	<b>1,834.59</b>	<b>3,638.73</b>	<b>5,947.04</b>	<b>11,258.73</b>
<b>C</b>	<b>Profit before Tax</b>	<b>30.78</b>	<b>116.15</b>	<b>231.50</b>	<b>300.61</b>	<b>780.26</b>
	Provision for Taxation					
	- Current Tax	4.10	24.93	56.50	70.00	242.50
	- Deferred Tax	3.81	1.94	5.78	9.51	23.22
	- Fringe benefit Tax	0.08	0.21	0.42	0.86	-
<b>D</b>	<b>Profit after Tax</b>	<b>22.79</b>	<b>89.07</b>	<b>168.80</b>	<b>220.24</b>	<b>514.54</b>
	Add :Profit b/f from last year	8.55	31.34	120.41	289.21	509.45
	Profit available for appropriation	31.34	120.41	289.21	509.45	1,023.99
	Transfer to General Reserve	-	-	-	-	-
	<b>Balance transferred to Balance Sheet</b>	<b>31.34</b>	<b>120.41</b>	<b>289.21</b>	<b>509.45</b>	<b>1,023.99</b>

## ANNEXURE – 3

## STATEMENT OF CASH FLOW, AS RESTATED

For the Year Ended 31st March

(Rs. In Million)

S. No.	Particulars	2006	2007	2008	2009	2010
<b>(A)</b>	<b>CASH FLOW STATEMENT FROM OPERATING ACTIVITIES</b>					
	Net Profit Before Taxation	30.78	116.15	231.50	300.61	780.26
	Adjustments for :-					
	Depreciation	2.48	9.17	15.98	35.90	59.39
	Interest Paid	2.19	12.43	41.50	92.56	235.27
	(Gain)/Loss on sale of Fixed Assets	-	(0.10)	-	-	0.02
	(Gain)/Loss on sale of Investment	(0.66)	(0.34)	-	-	-
	Interest Income	(0.69)	(2.17)	(6.33)	(14.75)	(28.41)
	<b>Operating Profit Before Working Capital Changes</b>	<b>34.10</b>	<b>135.14</b>	<b>282.65</b>	<b>414.32</b>	<b>1,046.53</b>
	Adjustments for :-					
	<b>Current Assets</b>					
	Change in Debtors	56.21	325.69	359.79	383.87	(162.47)
	Change in Inventories	22.03	72.71	316.83	814.58	1,750.55
	Change in Loans & Advances	(11.93)	6.42	69.97	158.02	388.58
	<b>Increase/(decrease) in Current Assets</b>	<b>66.31</b>	<b>404.82</b>	<b>746.59</b>	<b>1,356.47</b>	<b>1,976.66</b>
	<b>Current Liabilities &amp; Provisions</b>					
	<b>Increase/(decrease) in Current Liabilities &amp; Provisions</b>	<b>29.86</b>	<b>155.68</b>	<b>74.42</b>	<b>485.97</b>	<b>1,611.51</b>
	<b>Net Increase/(Decrease) in Working Capital</b>	<b>36.45</b>	<b>249.14</b>	<b>672.17</b>	<b>870.50</b>	<b>365.15</b>
	<b>Cash Generated from Operations</b>	<b>(2.35)</b>	<b>(114.00)</b>	<b>(389.52)</b>	<b>(456.18)</b>	<b>681.38</b>
	Direct Taxes Paid	8.71	35.52	60.79	113.23	242.11
	<b>Total Cash Flow from Operation (A)</b>	<b>(11.06)</b>	<b>(149.52)</b>	<b>(450.31)</b>	<b>(569.41)</b>	<b>439.27</b>
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
	Purchase of Fixed Assets	92.30	59.70	239.76	194.62	533.86
	Disposal of Fixed Assets	-	(2.49)	-	(0.84)	(0.58)
	Interest Received	(0.69)	(2.17)	(3.20)	(14.51)	(16.18)
	Purchase / (Sale) of Investments	(25.53)	3.17	36.55	(40.06)	-
	<b>Net Cash Used in Investing Activities (B)</b>	<b>66.08</b>	<b>58.21</b>	<b>273.11</b>	<b>139.21</b>	<b>517.10</b>
<b>(C)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
	<b>Proceeds from issue of Share Capital</b>					
	(a) Share Capital	7.78	7.74	28.25	20.32	2.07
	(b) Share Premium	54.00	69.66	378.75	558.20	101.43
	<b>Proceeds from Borrowings</b>	<b>42.17</b>	<b>176.50</b>	<b>492.41</b>	<b>527.56</b>	<b>429.49</b>
	Interest Paid	(2.19)	(12.43)	(41.50)	(92.56)	(219.73)
	<b>Net Cash From Financing Activities (C)</b>	<b>101.76</b>	<b>241.47</b>	<b>857.91</b>	<b>1,013.52</b>	<b>313.26</b>
<b>(D)</b>	<b>Net Increase/ Decrease in Cash &amp; Cash Equivalents (A-B+C)</b>	<b>24.62</b>	<b>33.74</b>	<b>134.49</b>	<b>304.90</b>	<b>235.43</b>
	Opening Balance of Cash & Cash Equivalents	13.53	38.15	71.89	206.38	511.28
	<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>38.15</b>	<b>71.89</b>	<b>206.38</b>	<b>511.28</b>	<b>746.71</b>
	Cash in hand	0.03	2.96	1.75	1.60	2.13
	<b>Balance with Banks</b>					
	In Current Account/ Cheques in hand	1.01	3.11	1.65	174.59	3.65
	In Fixed Deposits	37.11	65.82	202.98	335.09	740.94

## ANNEXURE – 4

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

#### (A) ACCOUNTING POLICIES

##### 1. Basis of Preparation:

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with the generally accepted accounting principles, Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

##### 2. Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.

##### 3. Revenue Recognition:

- a) Contract revenue is recognized using the percentage completion method on the basis of physical measurement of work actually completed on the balance sheet date.
- b) Interest income is recognized on the time basis determined by the amount outstanding and rates applicable.

##### 4. Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefit of ownership of the leased items are considered as operating lease. Operating lease payments are recognized as an expense in the profit and loss account on straight line basis over lease term.

##### 5. Fixed Assets:

Fixed assets are valued at historical cost less accumulated depreciation. The cost of fixed assets comprises of purchase price and all other attributable cost of bringing the assets to working condition.

##### 6. Depreciation on Fixed Assets:

The company has provided depreciation on fixed assets on straight line method on pro-rata basis at the rates provided in 'Schedule XIV' of the Companies Act, 1956.

##### 7. Inventories:

- a) Raw material and stores are valued at lower of cost or net realizable value. The cost is arrived at by first in first out method.
- b) Work in progress is valued on percentage completion method at the rates provided in the contracts reduced by estimated percentage towards expected profit.

##### 8. Current Tax and Deferred Tax:

Tax expense for the period, comprising Current Tax and Deferred Tax is included in determining the Net Profit/(Loss) for the year.

- a) Provision for Current Income Tax is made on the basis of assessable income as per Income Tax Act, 1961.
- b) Deferred Tax resulting from "timing differences" between taxable income and accounting income is determined by using the tax rates and the tax laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are carried forward to

the extent it is reasonably/ virtually certain that future taxable profit will be available against which such deferred tax assets can be realized.

9. **Retirement Benefits:**

Company's contribution to Provident fund is provided at actual. Liability for gratuity and leave encashment has been provided on the basis of actuarial valuation at the year-end.

10. **Borrowing Cost:**

Borrowing cost that is attributable to acquisition or construction of qualifying assets is capitalized as part of cost of such assets. Qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to revenue.

11. **Provisions, Contingent Liabilities and Contingent Assets:**

- a) Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:
- i. The company has a present obligation as a result of a past event;
  - ii. A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - iii. The amount of the obligation can be reliably estimated.
- b) Contingent liability is disclosed in case of:
- i. A present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
  - ii. A possible obligation, unless the probability of outflow in settlement is remote.
- c) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.
- d) Contingent assets are neither recognized nor disclosed in the financial statements.

12. **Impairment of Assets:**

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount, is provided in the books of account.

**ANNEXURE - 5**

**(B NOTES TO ACCOUNTS:**

**A. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS**

1. Adjustment / regroupings

Impact of Restatement:

<b>(Rs. In Million)</b>						
<b>S. No.</b>	<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March</b>				
		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
1	PAT (As per Audited Accounts)	19.60	89.15	170.72	220.24	514.71
2	<b>Adjustments</b>					
	- ROC Expenses earlier adjusted in Reserves & Surplus (Net of Tax)	(0.20)	-	-	-	-
	- Impact of Provision for Retirement Benefits not made earlier (Net of Tax)	(0.32)	(0.25)	0.58	-	-
	- Adjustment of Prior period figures relating to Tax	3.71	0.17	(2.50)	-	(0.17)
3	<b>Profit After Tax (As Re-stated)</b>	<b>22.79</b>	<b>89.07</b>	<b>168.80</b>	<b>220.24</b>	<b>514.54</b>

- a. Adjustments of Prior period figures represent adjustments in respect of Income Tax which was necessitated by circumstances, which though related to previous years are determined in current period.
- b. Fee paid to Registrar of Companies in connection with increase of authorized share capital were adjusted in Reserve & Surplus account in the financial statement. The same have been treated as operating expense in the restated statement of Profit & Loss Account.
- c. The Company adopted the practice of accounting of retirement benefits payable to employees on cash basis upto 31/03/2007. Accordingly, the financial statements have been re-stated to include therein the impact of provision of retirement benefits.
- d. Fixed Deposits lying as margin money with banks were shown as security deposits in the financial statements for the years 2005-06 and 2006-07, which has been restated as cash and bank balance.

**B. OTHER SIGNIFICANT NOTES**

**1. Contingent Liabilities (not provided for) in respect of**

PARTICULARS	(Rs. In Million)				
	AS AT 31 <sup>ST</sup> MARCH				
	2006	2007	2008	2009	2010
Bank Guarantees issued by Banks	157.66	293.24	588.01	1,534.21	3,848.12
Letter of Credit given by Banks	-	-	-	205.91	109.96
Corporate Guarantee given to Bank for other Parties	-	250.00	130.00	130.00	-
Income Tax demand	-	-	-	5.09	-
<b>Total</b>	<b>157.66</b>	<b>543.24</b>	<b>718.01</b>	<b>1,875.21</b>	<b>3,958.08</b>

**2. Segment Reporting:**

The company is engaged in business of construction, which is considered to be the only reportable business segment, as per Accounting Standard 17 on "Segment Reporting." The company is operating only in India and there is no other geographical segment.

3. Financial data for Joint Venture Companies are not received by the Company. Disclosures required in respect of Joint Venture Companies as per requirement of Accounting Standard 27 "Financial Reporting of interest in Joint Ventures" are not provided.
4. Sales Tax / VAT deducted by the customers from the payments are recognized as expenses. Liability/refund if any will be recognized in the year of assessment.
5. In the opinion of the Board, all the current assets, loans and advances are realizable at the value at which they are stated in the balance sheet. The provision for all known liabilities is adequate and not in excess/ short of the amount considered reasonable & necessary.
6. Payment to Auditors

(Excluding Service Tax)

Particulars	(Rs. in million)				
	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2006	2007	2008	2009	2010
Audit Fee	0.01	0.01	0.20	0.35	0.60
Tax Audit Fee	-	-	0.10	0.10	0.15
In other capacity	-	-	0.10	-	-

7. Employee Remuneration and Benefits includes remuneration paid to managing director and other directors amounting to Rs.39.40 millions, Rs.9.35 millions, Rs.4.62 millions, Rs.1.97 millions and Rs.0.72 millions for the years 2010, 2009, 2008, 2007 and 2006 respectively.
8. Contract expenses include cost of materials provided by the customers.
9. Mobilization advances received from customers are segregated for recovery within 12 months and others based on expected turnover in subsequent years for such contracts.

**ANNEXURE – 6**

**STATEMENT OF ACCOUNTING RATIOS, AS RESTATED**

**(Rs. In Million)**

PARTICULARS	AS AT 31st MARCH				
	2006	2007	2008	2009	2010
Earnings Per Share (Rs.)					
-Basic	0.52	1.98	3.70	4.56	10.24
-Diluted	0.52	1.98	3.70	4.56	10.24
No. of Shares outstanding (In Million)	6.78	7.55	10.38	12.41	12.62
Weighted no. of Shares outstanding during the year (In Million)					
-for Basic Earnings Per Share*	43.94	44.99	45.59	48.33	50.26
Net Asset Value (Rs. In Millions)	153.12	319.59	895.38	1694.15	2312.19
Net Asset Value Per Share (Rs.)	22.59	42.32	86.29	136.53	183.28
Return on Net Worth (%)	14.88	27.87	18.85	13.00	22.25

**Note\***: On 4th June 2010 the Company has allotted 3 Bonus Shares against 1 Equity Share. The Calculation of basic earnings per share has been adjusted for all periods presenting bonus shares issued in accordance with the requirements of AS-20"Earnings Per Share" issued by the ICAI.

**FORMULAE:**

$$\text{Earnings Per Share (Rs.) (Basic / Diluted)} = \frac{\text{Profit/(Loss) after Tax and before extra ordinary items}}{\text{Weighted average number of equity shares outstanding during the Year}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Profit/(Loss) after Tax and before extra ordinary items}}{\text{Net Worth after adjustment of miscellaneous expenditure to the extent not written off and before Revaluation Reserve}}$$

$$\text{Net Asset Value Per Share (Rs.)} = \frac{\text{Net Worth after adjustment of miscellaneous expenditure to the extent not written off and before Revaluation Reserve}}{\text{Number of equity shares outstanding at the end of the Year}}$$

$$\text{Net Worth} = \text{Equity Share Capital (+) Share Application Money pending Allotment (+) Securities Premium Account (+/-) Surplus (Deficit) in Profit and}$$

$$\text{Loss A/c (-) Miscellaneous Expenditure (to the extent not written off)}$$

## ANNEXURE – 7

## STATEMENT OF TAX SHELTER, AS RESTATED

PARTICULARS	(Rs. In Million)				
	For the Year Ended 31st March				
	2006	2007	2008	2009	2010
<b>Effective Rate of Income Tax</b>	<b>33.66%</b>	<b>33.66%</b>	<b>33.99%</b>	<b>33.99%</b>	<b>33.99%</b>
Profit before tax	30.78	116.15	231.50	300.61	780.26
<b>Tax at notional rates</b>	<b>10.36</b>	<b>39.10</b>	<b>78.69</b>	<b>102.18</b>	<b>265.21</b>
A. Permanent Differences					
<b>Amount disallowable under Income Tax Act</b>	-	-	-	-	-
<b>Deduction u/s 80 I A</b>	7.28	36.33	48.26	66.70	-
Total Permanent Difference (A)	7.28	36.33	48.26	66.70	-
B. Timing Differences					
<b>Difference between depreciation as per books &amp; depreciation as per Income Tax Act</b>	11.81	6.14	17.98	29.13	68.70
<b>Expenditure Allowable in Income Tax on Payment basis</b>	(0.49)	(0.38)	(0.97)	(1.16)	(1.89)
Total Timing Difference (B)	11.32	5.76	17.01	27.97	66.81
Total Difference (A + B)	<b>18.60</b>	<b>42.09</b>	<b>65.27</b>	<b>94.67</b>	<b>66.81</b>
Tax Saving there on	6.26	14.17	22.19	32.18	22.71
Total Current Tax Due	4.10	24.93	56.50	70.00	242.50

## ANNEXURE-8

## CAPITALIZATION STATEMENT, AS RESTATED

Particulars	(Rs. In Million)	
	Pre Issue As at March 31, 2010	Post Issue *
<b>Debt:</b>		
Short Term Debt	1,488.14	
Long Term Debt	205.25	
<b>Shareholders' Funds</b>		
Equity Share Capital	126.16	
Reserves & Surplus	2,186.03	
<b>Total Shareholders' Funds (Equity)</b>	<b>2,312.19</b>	
<b>Long Term Debt / Equity Ratio</b>	0.09	

## Notes:

- 1) Short Term debts represent debts which are due within 12 months from 31<sup>st</sup> March, 2010
- 2) Long Term debts represent debts other than short term debts as defined in (1) above.
- 3) On 4th June 2010 the Company has allotted 3 Bonus Shares against 1 Equity Share out of the accumulated profits. As a result Equity Share Capital stands at Rs. 504.62 million as of date.

\*Post issue will be calculated on the completion of book building process.

## ANNEXURE -9

## STATEMENT OF DIVIDEND PAID

(Rs in Million)

PARTICULARS	YEAR ENDED 31 <sup>ST</sup> MARCH				
	2006	2007	2008	2009	2010
Dividend Paid	Nil	Nil	Nil	Nil	Nil

## ANNEXURE – 10

## STATEMENT OF SECURED LOANS, AS RESTATED

(Rs. In Million)

Sr. No	Particular of Loans	As At 31st March				
		2006	2007	2008	2009	2010
<b>1</b>	<b>Term Loans</b>					
<b>A</b>	<b>From Banks</b>					
	ABN Amro Bank	-	-	-	26.58	17.32
	Development Credit Bank	-	-	3.30	2.17	0.91
	ICICI Bank	2.78	4.40	40.87	28.11	10.30
	Centurion Bank	31.72	41.10	24.03	5.60	0.67
	Kotak Mahindra Bank	-	7.95	18.27	15.39	29.69
	HDFC Bank	-	-	-	22.19	33.59
	INDUSIND Bank	-	-	-	-	9.13
	Others	0.67	-	-	-	-
	<b>Total</b>	<b>35.17</b>	<b>53.45</b>	<b>86.47</b>	<b>100.04</b>	<b>101.61</b>
<b>B</b>	<b>Others</b>					
	Reliance Capital Ltd.	-	-	110.93	137.41	399.51
	<b>Total (A+B)</b>	<b>35.17</b>	<b>53.45</b>	<b>197.40</b>	<b>237.45</b>	<b>501.12</b>
<b>2</b>	<b>Working Capital Loans</b>					
	Syndicate Bank	32.26	174.88	130.58	267.72	43.16
	Union Bank of India	-	-	-	243.83	247.06
	State Bank of India	-	-	399.25	363.91	395.66
	Axis Bank	-	-	-	126.85	241.09
	Yes Bank	-	-	-	-	75.00
	ICICI Bank	-	-	-	-	90.26
	Corporation Bank	-	-	-	-	98.55
	<b>Total:-</b>	<b>32.26</b>	<b>174.88</b>	<b>529.83</b>	<b>1,002.31</b>	<b>1,190.78</b>
	<b>Total Secured Loans (1+2)</b>	<b>67.43</b>	<b>228.33</b>	<b>727.23</b>	<b>1,239.76</b>	<b>1,691.90</b>

Note: Refer Annexure 10 - A with regard to terms of Secured Loans outstanding as on 31st March 2010

**Annexure - 10 A**

**Annexure to Secured Loans as at 31st March 2010**

**1. TERM LOANS (Other Than Taken from Banks)**

<b>Name of Institution</b>	<b>Nature of Loan</b>	<b>Sanctioned Amount</b>	<b>Outstanding Amount</b>	<b>Rate of Interest</b>	<b>Repayment Terms</b>	<b>Securities Offered</b>
		<b>(Rs.In Million)</b>	<b>(Rs.In Million)</b>	<b>(%)</b>	<b>(In Months)</b>	
Reliance Capital Limited	Loan against Machinery	1.16	0.97	11.91	23	Mobile Crane
Reliance Capital Limited	Loan against Machinery	14.65	4.14	9.00	35	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	0.60	0.19	9.52	35	Atlas
Reliance Capital Limited	Loan against Machinery	2.25	1.33	13.01	23	Batching Plant
Reliance Capital Limited	Loan against Machinery	1.72	0.87	13.91	23	Bull Machine
Reliance Capital Limited	Loan against Machinery	1.88	1.40	10.41	35	Hydra crane
Reliance Capital Limited	Loan against Machinery	1.87	0.64	8.84	35	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	1.87	0.70	8.75	35	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	1.00	0.34	8.84	35	Wet Mix Plant
Reliance Capital Limited	Loan against Machinery	1.00	0.37	8.75	35	Wet Mix Plant
Reliance Capital Limited	Loan against Machinery	1.29	1.24	10.76	23	Wet Mix Plant
Reliance Capital Limited	Loan against Machinery	3.42	0.96	8.54	35	Excavator
Reliance Capital Limited	Loan against Machinery	3.42	0.96	8.54	35	Excavator
Reliance Capital Limited	Loan against Machinery	3.42	0.96	8.54	35	Excavator
Reliance Capital Limited	Loan against Machinery	1.28	0.65	14.30	23	Generator Set
Reliance Capital Limited	Loan against Machinery	1.60	0.50	9.51	35	Generator Set
Reliance Capital Limited	Loan against Machinery	1.10	0.35	9.52	35	Generator Set
Reliance Capital Limited	Loan against Machinery	0.60	0.19	9.51	35	Generator Set
Reliance Capital Limited	Loan against Machinery	4.80	1.35	8.54	35	Motor Grader
Reliance Capital Limited	Loan against Machinery	4.80	1.64	8.58	35	Motor Grader
Reliance Capital Limited	Loan against Machinery	1.66	0.61	7.93	35	Greaves Concreat Pump
Reliance Capital Limited	Loan against Machinery	1.66	0.56	8.01	35	Greaves Concreat Pump
Reliance Capital Limited	Loan against Machinery	9.90	5.86	13.01	23	Sensore Paver
Reliance Capital Limited	Loan against Machinery	14.03	8.31	13.02	23	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	1.50	0.47	9.51	35	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	1.87	0.82	11.30	35	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	1.30	0.45	8.83	35	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	1.92	0.98	13.84	23	Hot Mix Plant
Reliance Capital Limited	Loan against Machinery	0.93	0.63	11.51	34	Hydra crane
Reliance Capital Limited	Loan against Machinery	0.93	0.63	11.51	34	Hydra crane
Reliance Capital Limited	Loan against Machinery	33.71	33.71	10.01	35	Hydraulic Drilling Machine
Reliance Capital Limited	Loan against Machinery	0.92	0.31	8.24	35	Hydrolic Mobile Crane
Reliance Capital Limited	Loan against Machinery	1.49	0.76	14.30	23	Generator Set
Reliance Capital Limited	Loan against Machinery	1.28	0.40	9.51	35	Generator Set
Reliance Capital Limited	Loan against Machinery	0.87	0.84	10.76	23	Generator Set
Reliance Capital Limited	Loan against Machinery	1.95	1.48	11.26	23	Generator Set
Reliance Capital Limited	Loan against Machinery	0.63	0.48	11.25	23	Generator Set
Reliance Capital Limited	Loan against Machinery	7.00	2.39	8.44	35	JCB
Reliance Capital Limited	Loan against Machinery	3.30	1.04	9.51	35	Laxmi Crusher
Reliance Capital Limited	Loan against Machinery	2.00	2.00	8.61	23	Tandom Roller
Reliance Capital Limited	Loan against Machinery	2.75	0.94	8.84	35	Loder
Reliance Capital Limited	Loan against Machinery	2.33	0.72	8.53	35	Loder
Reliance Capital Limited	Loan against Machinery	2.33	0.72	8.53	35	Loder
Reliance Capital Limited	Loan against Machinery	2.33	0.72	8.53	35	Loder
Reliance Capital Limited	Loan against Machinery	1.71	1.16	8.57	34	Mobile Compactor
Reliance Capital Limited	Loan against Machinery	1.71	1.16	8.57	34	Mobile Compactor
Reliance Capital Limited	Loan against Machinery	1.71	1.16	8.57	34	Mobile Compactor
Reliance Capital Limited	Loan against Machinery	1.62	1.09	8.57	34	Mobile Compactor
Reliance Capital Limited	Loan against Machinery	1.62	1.09	8.57	34	Mobile Compactor
Reliance Capital Limited	Loan against Machinery	5.33	1.50	8.54	35	Motor Grader

Name of Institution	Nature of Loan	Sanctioned Amount	Outstanding Amount	Rate of Interest	Repayment Terms	Securities Offered
		(Rs.In Million)	(Rs.In Million)	(%)	(In Months)	
Reliance Capital Limited	Loan against Machinery	5.33	1.50	8.54	35	Motor Grader
Reliance Capital Limited	Loan against Machinery	1.22	0.93	11.26	23	Bitumin Presuredister
Reliance Capital Limited	Loan against Machinery	1.40	0.83	13.02	23	RMC Plant
Reliance Capital Limited	Loan against Machinery	1.55	1.18	11.26	23	Concrete Pump
Reliance Capital Limited	Loan against Machinery	3.01	0.85	9.00	35	Sensore Paver
Reliance Capital Limited	Loan against Machinery	2.75	0.94	8.84	35	Sensore Paver
Reliance Capital Limited	Loan against Machinery	3.01	0.85	9.00	35	Sensore Paver
Reliance Capital Limited	Loan against Machinery	1.68	0.56	6.38	35	Soil Compector
Reliance Capital Limited	Loan against Machinery	3.75	2.82	13.01	35	Concrete Pump
Reliance Capital Limited	Loan against Machinery	3.87	1.30	6.38	35	Tandom Roller
Reliance Capital Limited	Loan against Machinery	1.68	0.46	6.68	35	Tandom Roller
Reliance Capital Limited	Loan against Machinery	1.68	0.46	6.68	35	Tandom Roller
Reliance Capital Limited	Loan against Machinery	0.70	0.33	11.58	35	Transit Mixture
Reliance Capital Limited	Loan against Machinery	1.82	0.57	9.51	35	Tata 207
Reliance Capital Limited	Loan against Machinery	10.79	7.51	13.80	35	Tata Hywa Truck
Reliance Capital Limited	Loan against Machinery	21.58	15.05	13.57	35	Tata Hywa Truck
Reliance Capital Limited	Loan against Machinery	5.87	4.23	13.50	35	Tata Hywa Truck
Reliance Capital Limited	Loan against Machinery	2.44	1.68	13.79	34	Til Loder
Reliance Capital Limited	Loan against Machinery	15.79	5.39	8.58	35	Tipper
Reliance Capital Limited	Loan against Machinery	1.56	0.79	13.88	35	Hawland Tractor
Reliance Capital Limited	Loan against Machinery	0.70	0.33	11.58	35	Transit Mixture
Reliance Capital Limited	Loan against Machinery	1.30	0.61	11.85	35	Transit Mixture
Reliance Capital Limited	Loan against Machinery	1.22	0.92	13.03	35	Transit Mixture
Reliance Capital Limited	Loan against Machinery	6.21	5.47	10.76	23	Transit Mixture
Reliance Capital Limited	Loan against Machinery	7.20	6.92	11.01	23	Transit Mixture
Reliance Capital Limited	Loan against Machinery	2.63	1.98	13.01	35	Truck Chasis
Reliance Capital Limited	Loan against Machinery	13.23	9.94	13.02	35	Tata Hywa Truck
Reliance Capital Limited	Loan against Machinery	9.96	7.49	13.01	35	Wirgen Sensore Paver
Reliance Capital Limited	Loan against Machinery	1.46	0.68	11.40	35	WMM Plant
Reliance Capital Limited	Loan against Machinery	0.82	0.39	11.41	35	WMM Plant
Reliance Capital Limited	Loan against Machinery	1.30	0.61	11.85	35	Transit Mixture
Reliance Capital Limited	Loan against Machinery	45.00	23.20	12.50	12	Capital Loan
Reliance Capital Limited	Loan against Machinery	200.00	200.00	11.76	23	Capital Loan
<b>Grand Total</b>			<b>399.51</b>			

## 2. TERM LOANS (Taken from Banks)

Name of Bank	Nature of Loan	Sanctioned Amount	Outstanding Amount	Rate of Interest	Repayment Terms	Securities Offered
		(Rs. In Million)	(Rs. In Million)	(%)	(In Months)	
ABN-AMRO Bank	Loan against Machinery	1.38	0.61	11.75	35	WM Paver
ABN-AMRO Bank	Loan against Machinery	1.34	0.90	12.15	35	Concrete Pump
ABN-AMRO Bank	Loan against Machinery	6.77	4.53	12.15	35	Moter Grader
ABN-AMRO Bank	Loan against Machinery	1.58	0.69	11.05	35	Concrete Pump
ABN-AMRO Bank	Loan against Machinery	1.95	1.30	12.15	35	RMC Plant
ABN-AMRO Bank	Loan against Machinery	1.95	1.30	12.15	35	RMC Plant
ABN-AMRO Bank	Loan against Machinery	2.01	0.89	11.76	35	Transit Mixture
ABN-AMRO Bank	Loan against Machinery	2.01	0.89	11.76	35	Transit Mixture
ABN-AMRO Bank	Loan against Machinery	1.93	1.25	14.52	35	Transit Mixture
ABN-AMRO Bank	Loan against Machinery	1.93	1.25	14.52	35	Transit Mixture
ABN-AMRO Bank	Loan against Machinery	1.93	1.25	14.52	35	Transit Mixture
ABN-AMRO Bank	Loan against Machinery	1.93	1.25	14.52	35	Transit Mixture
ABN-AMRO Bank	Loan against Machinery	1.93	1.25	14.52	35	Transit Mixture
ABN-AMRO Bank	Loan against Machinery	1.38	0.61	11.75	35	WM Paver
ABN-AMRO Bank	Loan against Machinery	1.38	0.61	11.75	35	WM Paver
Centurian Bank	Loan against Machinery	1.35	0.34	8.58	35	Concrete Pump
Centurian Bank	Loan against Machinery	1.50	0.10	12.84	35	Concrete Pump

Name of Bank	Nature of Loan	Sanctioned Amount	Outstanding Amount	Rate of Interest	Repayment Terms	Securities Offered
		(Rs. In Million)	(Rs. In Million)	(%)	(In Months)	
Centurian Bank	Loan against Machinery	0.38	0.10	10.50	35	Generator Set
Centurian Bank	Loan against Machinery	1.95	0.13	11.48	35	V T Roller
DCB Bank	Loan against Machinery	1.16	0.30	10.48	35	WM - Paver
DCB Bank	Loan against Machinery	2.41	0.62	10.48	35	WM - Plant
HDFC Bank Ltd	Loan against Machinery	0.97	0.18	11.99	23	Batching Plant
HDFC Bank Ltd	Loan against Machinery	0.97	0.18	11.99	23	Batching Plant
HDFC Bank Ltd	Car - Loan	0.46	0.34	13.76	36	Car - Balero
HDFC Bank Ltd	Car - Loan	0.46	0.34	13.76	36	Car - Balero
HDFC Bank Ltd	Car - Loan	0.29	0.21	13.76	36	Car - Indica
HDFC Bank Ltd	Loan against Machinery	1.03	0.54	10.72	35	Mobile Crane
HDFC Bank Ltd	Loan against Machinery	1.60	0.78	7.86	35	Hydrolic Mobtle Compector
HDFC Bank Ltd	Loan against Machinery	1.60	0.78	7.86	35	Hydrolic Mobtle Compector
HDFC Bank Ltd	Loan against Machinery	1.60	0.78	7.86	35	Hydrolic Mobtle Compector
HDFC Bank Ltd	Loan against Machinery	1.60	0.78	7.86	35	Hydrolic Mobtle Compector
HDFC Bank Ltd	Loan against Machinery	2.80	2.31	11.26	35	Hydrolic Mobtle Crane
HDFC Bank Ltd	Loan against Machinery	0.20	0.14	12.75	23	Generator Set
HDFC Bank Ltd	Loan against Machinery	0.20	0.14	12.75	23	Generator Set
HDFC Bank Ltd	Loan against Machinery	0.48	0.31	14.50	35	Generator Set
HDFC Bank Ltd	Loan against Machinery	1.49	1.00	12.43	35	JCB
HDFC Bank Ltd	Loan against Machinery	1.49	1.00	12.43	35	JCB
HDFC Bank Ltd	Loan against Machinery	1.49	1.00	12.43	35	JCB
HDFC Bank Ltd	Loan against Machinery	4.48	3.70	11.06	35	JCB
HDFC Bank Ltd	Loan against Machinery	4.50	4.53	9.25	35	JCB
HDFC Bank Ltd	Loan against Machinery	1.49	1.00	12.43	35	JCB
HDFC Bank Ltd	Loan against Machinery	1.49	1.00	12.43	35	JCB
HDFC Bank Ltd	Loan against Machinery	1.49	1.00	12.43	35	JCB
HDFC Bank Ltd	Loan against Machinery	1.49	1.19	11.09	35	JCB
HDFC Bank Ltd	Loan against Machinery	1.49	1.19	11.09	35	JCB
HDFC Bank Ltd	Loan against Machinery	5.68	4.68	11.09	35	Batching Plant
HDFC Bank Ltd	Loan against Machinery	2.94	2.42	11.36	35	Concrete Pump
HDFC Bank Ltd	Loan against Machinery	1.66	0.71	7.83	35	Soil Compector
HDFC Bank Ltd	Loan against Machinery	1.66	0.71	7.83	35	Soil Compector
HDFC Bank Ltd	Loan against Machinery	1.50	0.64	14.50	23	WMM Plant
ICICI Bank	Car - Loan	4.00	1.71	6.95	35	Car - BMW
ICICI Bank	Car - Loan	0.43	0.10	11.00	35	Car - Balero
ICICI Bank	Car - Loan	0.53	0.29	12.08	35	Car - Balero
ICICI Bank	Car - Loan	4.00	1.71	6.95	35	Car - BMW
ICICI Bank	Car - Loan	0.45	0.42	12.74	36	Car - Balero
ICICI Bank	Car - Loan	0.36	0.08	10.77	35	Car - Indica
ICICI Bank	Car - Loan	0.36	0.08	10.77	35	Car - Indica
ICICI Bank	Car - Loan	0.33	0.09	10.77	35	Car - Indica
ICICI Bank	Car - Loan	0.85	0.85	10.00	36	Car - Innova
ICICI Bank	Car - Loan	1.70	0.74	10.33	35	Car - Pajero
ICICI Bank	Car - Loan	0.65	0.13	11.26	35	Car - Scorpio
ICICI Bank	Car - Loan	0.78	0.32	10.77	35	Car - Scorpio
ICICI Bank	Car - Loan	0.35	0.16	10.38	35	Car - UVA
ICICI Bank	Car - Loan	0.67	0.02	13.07	35	Car - Verna
ICICI Bank	Car - Loan	1.05	0.94	10.24	36	Car - Cruze LTZ
ICICI Bank	Loan against Machinery	8.37	1.57	7.99	29	Tata Hywa
ICICI Bank	Car - Loan	0.30	0.24	14.75	36	Tata Indica Vista
ICICI Bank	Car - Loan	0.30	0.26	9.62	35	Tata Indica Vista
ICICI Bank	Car - Loan	0.30	0.26	9.62	35	Tata Indica Vista
ICICI Bank	Car - Loan	0.78	0.32	10.77	35	Car -Tata Safari
Indusind Bank	Loan against Machinery	0.94	0.70	10.88	35	Hydra Crane
Indusind Bank	Loan against Machinery	0.94	0.70	10.88	35	Hydra Crane

Name of Bank	Nature of Loan	Sanctioned Amount	Outstanding Amount	Rate of Interest	Repayment Terms	Securities Offered
		(Rs. In Million)	(Rs. In Million)	(%)	(In Months)	
Indusind Bank	Loan against Machinery	10.29	7.73	13.25	35	Tata Hywa
Kotak Mahindra Bank	Loan against Machinery	1.68	1.32	6.61	35	T V Roller
Kotak Mahindra Bank	Loan against Machinery	3.24	1.91	15.51	35	RMC Plant
Kotak Mahindra Bank	Loan against Machinery	1.30	1.01	12.46	35	Concrete Pump
Kotak Mahindra Bank	Loan against Machinery	1.39	0.82	15.56	35	Concrete Pump
Kotak Mahindra Bank	Loan against Machinery	1.39	0.82	15.56	35	Concrete Pump
Kotak Mahindra Bank	Loan against Machinery	1.39	0.82	15.56	35	Concrete Pump
Kotak Mahindra Bank	Loan against Machinery	0.94	0.75	9.14	35	Hydra Crane
Kotak Mahindra Bank	Loan against Machinery	0.40	0.32	11.50	35	Mini Batching Plant
Kotak Mahindra Bank	Loan against Machinery	1.49	1.16	12.02	35	JCB
Kotak Mahindra Bank	Loan against Machinery	6.68	5.33	10.96	35	Motor Grader
Kotak Mahindra Bank	Loan against Machinery	6.68	5.33	10.92	35	Motor Grader
Kotak Mahindra Bank	Loan against Machinery	1.30	1.01	12.51	35	Tata - 207
Kotak Mahindra Bank	Loan against Machinery	2.64	2.05	12.50	35	Tata - Chasis
Kotak Mahindra Bank	Loan against Machinery	0.45	0.36	11.68	35	Tower Light
Kotak Mahindra Bank	Loan against Machinery	1.20	0.31	10.52	35	Unisteel Paver
Kotak Mahindra Bank	Loan against Machinery	1.40	1.09	12.46	35	Batching Plant
Kotak Mahindra Bank	Loan against Machinery	1.22	0.95	12.46	35	Concrete Mixture Machine
Kotak Mahindra Bank	Loan against Machinery	0.30	0.16	13.85	23	Generator Set
Kotak Mahindra Bank	Loan against Machinery	0.30	0.16	13.85	23	Generator Set
Kotak Mahindra Bank	Loan against Machinery	0.30	0.16	13.85	23	Generator Set
Kotak Mahindra Bank	Loan against Machinery	0.30	0.16	13.85	23	Generator Set
Kotak Mahindra Bank	Loan against Machinery	0.37	0.29	12.47	35	Generator Set
Kotak Mahindra Bank	Loan against Machinery	6.00	1.69	8.92	35	JCB
Kotak Mahindra Bank	Loan against Machinery	2.25	0.50	9.91	35	RMC Plant
Kotak Mahindra Bank	Loan against Machinery	0.29	0.07	10.72	35	RMC Plant
Kotak Mahindra Bank	Loan against Machinery	1.46	0.36	8.05	35	T V Roller
Kotak Mahindra Bank	Loan against Machinery	1.68	0.42	8.08	35	T V Roller
Kotak Mahindra Bank	Loan against Machinery	1.46	0.36	8.08	35	T V Roller
<b>Grand Total</b>		-	<b>101.61</b>			

#### WORKING CAPITAL LOANS (Taken from Banks)

Working Capital		LIMIT	OUTSTANDING AMOUNT	RATE OF INTEREST	
		(Rs in Million)			
Syndicate Bank	Cash Credit	200.00	43.16	13.50%	Secured by way of pari-passu first charge on the current assets and moveable fixed assets excluding those specifically charged to other bankers, equitable mortgage of immovable properties in the name of directors/ relatives/ associate companies and by way of guarantees of directors/ relatives/associate companies.
Union Bank of India	Cash Credit	250.00	247.06	12.25%	-do-
State Bank of India	Cash Credit	600.00	395.66	12.00%	-do-
Axis Bank	Cash Credit	250.00	241.09	11.75%	-do-
Yes Bank	Cash Credit	75.00	75.00	12.00%	-do-
ICICI Bank	Cash Credit	100.00	90.26	12.00%	-do-
Corporation Bank	Cash Credit	100.00	98.55	12.00%	-do-
<b>Total</b>			<b>1,190.78</b>		

ANNEXURE – 11

STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rs. In Million)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
	2006	2007	2008	2009	2010
From Promoters, Promoter Group & Group Companies of Promoters	-	-	-	17.08	-
Term Loan From Banks and Financial Institution	-	15.60	9.11	7.06	1.49
<b>Total</b>	-	<b>15.60</b>	<b>9.11</b>	<b>24.14</b>	<b>1.49</b>

Terms for Unsecured Loans outstanding as on 31st March 2010 are given as under:

Name of Bank	Nature of loan	Sanctioned Amount (Rs. In Million)	Outstanding Amount (Rs. In Million)	Rate of Interest ( % )	Repayment Tenure (in Months)
Kotak Mahindra Bank Ltd.	Business Loan	10.00	1.49	15.82	24
<b>Total</b>			<b>1.49</b>		

ANNEXURE – 12

STATEMENT OF SUNDRY DEBTORS (AGE-WISE ANALYSIS), AS RESTATED

(Rs. in Million)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
	2006	2007	2008	2009	2010
<u>Unsecured, Considered Good</u>					
- Debts Outstanding for more than six months	-	1.00	11.06	1.62	1.62
- Other Debts	67.03	391.72	741.45	1,134.76	972.29
<b>Total Debts</b>	<b>67.03</b>	<b>392.72</b>	<b>752.51</b>	<b>1,136.38</b>	<b>973.91</b>
Sundry debtors including and related to Directors/ Promoters/ Issuer	NIL	NIL	NIL	NIL	NIL

ANNEXURE – 13

STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rs. in Million)

Particulars	AS AT 31 <sup>ST</sup> MARCH				
	2006	2007	2008	2009	2010
<b>LOANS &amp; ADVANCES</b>					
Advances to Suppliers, Contractors & Others	4.50	10.53	12.41	36.29	80.70
Prepaid Insurance	1.89	0.14	6.64	22.48	47.08
Security Deposits	3.02	4.74	66.26	179.72	495.81
Others	-	0.25	2.56	7.42	11.06
Advance Tax (net of provisions)	9.12	19.67	21.04	63.41	62.85
<b>TOTAL</b>	<b>18.53</b>	<b>35.33</b>	<b>108.91</b>	<b>309.32</b>	<b>697.50</b>
Loans & Advances including and related to Directors/ Promoters/ Issuer	NIL	NIL	NIL	NIL	NIL

ANNEXURE – 14

DETAILS OF INVESTMENTS, AS RESTATED

		(Rs. in Million)				
PARTICULARS		AS AT 31st MARCH				
		2006	2007	2008	2009	2010
A.	<b>Investments in shares</b>					
	<b>In Unquoted Shares</b>					
1	<b>Shares in Subsidiary Companies</b>					
-	Tybro's Resorts Pvt. Ltd.	-	0.01	0.51	-	-
-	SuVIPRA Infrastructure Pvt. Ltd.	-	-	0.50	-	-
2	<b>Shares in Other Companies</b>					
-	Vashishtha Builders Pvt. Ltd	-	3.50	-	-	-
3	<b>Share Application Money with</b>					
-	Land Craft Developers Pvt.Ltd.	-	-	0.05	-	-
-	Balaji Land Craft Pvt. Ltd.	-	-	1.50	-	-
-	SuVIPRA Infrastructure Pvt. Ltd.	-	-	37.50	-	-
	<b>TOTAL</b>	-	<b>3.51</b>	<b>40.06</b>	-	-

ANNEXURE – 15

SUMMARY OF OTHER INCOME, AS RESTATED

		(Rs. in Million)				
PARTICULARS		FOR THE YEAR ENDED 31st MARCH				
		2006	2007	2008	2009	2010
Interest	Recurring	0.69	2.17	6.33	14.75	28.41
Profit on sale of Shares	Non-recurring	0.66	0.34	-	-	-
Profit on Sale of Fixed Assets	Non-recurring	-	0.10	-	-	-
Share of Profit from Joint Venture Operations	Recurring	-	-	-	-	1.50
Others	Non-recurring	-	-	0.39	0.02	0.40
<b>Total</b>		<b>1.35</b>	<b>2.61</b>	<b>6.72</b>	<b>14.77</b>	<b>30.31</b>

ANNEXURE – 16

STATEMENT OF CONTINGENT LIABILITY, AS RESTATED

		(Rs. in Million)				
PARTICULARS		AS AT 31st MARCH				
		2006	2007	2008	2009	2010
Bank Guarantees given by Bank		157.66	293.24	588.01	1,534.21	3,848.12
LC given by Bank		-	-	-	205.91	109.96
Corporate Guarantee given to Bank for other Parties		-	250.00	130.00	130.00	-
Income Tax demand		-	-	-	5.09	-
<b>Total</b>		<b>157.66</b>	<b>543.24</b>	<b>718.01</b>	<b>1,875.21</b>	<b>3,958.08</b>

## ANNEXURE – 17

### Statement of Related Party Disclosures

Information on Related Party Disclosures as per Accounting Standard (AS-18) on Related Party Disclosures is given below:

**A. List of related parties with whom transactions have taken place during the year ended 31st March 2010**

Key Management Personnel

- 1) Mr. Naresh Kumar Garg
- 2) Mr. Surendra Garg (w.e.f. 1.12.2009)
- 3) Mr. Devendra Kumar Garg
- 4) Mr. Pradeep Kumar Garg
- 5) Mr. Pramod Garg
- 6) Mr. Rakesh Kumar
- 7) Mr. Y.C. Rishi

Relative of Key Management Personnel

- 1) Mrs. Suman Agarwal
- 2) Mrs. Meenu Garg
- 3) Mrs. Shashi Garg
- 4) Mrs. Nisha Rani

Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

- 1) Aashiana Rolling Mills Ltd.
- 2) Archit Steels Pvt. Ltd.
- 3) Aman Promotors Pvt. Ltd.
- 4) D. D. Construction Pvt. Ltd.
- 5) Expert Power System India Ltd
- 6) Mahalaxmi Associates (Prop.)

Nature of Transactions	(Rs. in Million)			
	Key Management Personnel	Relatives of Key Management Personnel	Entities in which Key Management Personnel have significant influence	Subsidiary Companies
Share Capital raised including Share Premium	-	-	-	-
Loan / Advances :				
Paid during the year	22.90	16.00	7.50	-
Received during the year	9.82	12.00	7.50	-
Closing Balance Payable / (Receivable)	-	-	-	-

Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel	Entities in which Key Management Personnel have significant influence	Subsidiary Companies
Purchases /Contract/Other Charges	0.15	-	1,986.08	-
Contract Revenue	4.49	4.74	11.91	-
Remuneration	39.40	1.46	-	-
Rent	0.06	-	0.72	-
Investment made during the year	-	-	-	-
Investment sold during the year	-	-	-	-
Corporate Guarantee Issued	-	-	-	-

**B. List of related parties with whom transactions have taken place during the year ended 31st March 2009**

Subsidiary Company

- 1) Suvipra Infrastructure Pvt.Ltd.(Upto25.03.2009)
- 2) Tybros Resorts Pvt. Ltd. (Upto 23.03.2009)

Key Management Personnel

- 1) Mr. Naresh Kumar Garg
- 2) Mr. Devendra Kumar Garg
- 3) Mr. Pradeep Kumar Garg
- 4) Mr. Rakesh Kumar
- 5) Mr. Y.C. Rishi

Relative of Key Management Personnel

- 1) Mr. Pramod Garg
- 2) Mrs. Suman Agarwal
- 3) Mrs. Meenu Garg
- 4) Mrs. Shashi Garg
- 5) Mrs. Dayawati Garg

Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

- 1) Aashiana Rolling Mills Ltd.
- 2) Archit Steels Pvt. Ltd.
- 3) Aman Promotors Pvt. Ltd.
- 4) D. D. Construction Pvt. Ltd.
- 5) Expert Power Control India Pvt. Ltd
- 6) Mahalaxmi Associates (Proprietor)
- 7) Pradeep Sons Pvt. Ltd

- 8) Gannayak Fintech Services Pvt. Ltd
- 9) Expert Power System India Ltd
- 10) Intec Share & Stock Brokers Ltd.
- 11) Mahalaxmi Associates (Partnership)
- 12) Jai Shree Growth Fund Pvt. Ltd
- 13) Amsoft Builders (P) Ltd.
- 14) Sea Shell Ceramics India P. Ltd
- 15) Rainbow Chinaware Ltd.

(Rs. in Million)

Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel	Entities in which Key Management Personnel have significant influence	Subsidiary Companies
Share Capital raised including Share Premium	-	-	578.53	-
Loan / Advances :				
Paid during the year	7.13	-	138.07	-
Received during the year	20.21	4.00	138.23	-
Closing Balance Payable / (Receivable)	13.08	4.00	0.16	
Purchases/Contract/Other Charges	-	-	477.25	-
Contract Revenue	-	-	-	-
Remuneration	9.35	1.52	-	-
Rent	-	-	0.72	-
Investment made during the year	-	-	-	-
Investment sold during the year	-	-	-	0.50
Corporate Guarantee Issued	-	-	130.00	-

**C. List of related parties with whom transactions have taken place during the year ended 31st March 2008**

Subsidiary Company

- 1) Suvipra Infrastructure Pvt. Ltd.
- 2) Tybros Resorts Pvt. Ltd

Key Management Personnel

- 1) Mr. Naresh Kumar Garg
- 2) Mr. Devendra Kumar Garg
- 3) Mr. Pradeep Kumar Garg
- 4) Mr. Rakesh Kumar
- 5) Mr. Y.C. Rishi
- 6) Mr. Anurag Garg (upto 09.06.2007)

Relative of Key Management Personnel

- 1) Mr. Pramod Garg

- 2) Mrs. Suman Agarwal
- 3) Mrs. Meenu Garg
- 4) Mrs. Dayawati Garg

Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

- 1) Aashiana Rolling Mills Ltd.
- 2) Archit Steels Pvt. Ltd.
- 3) Aman Promotors Pvt. Ltd.
- 4) D. D. Construction Pvt. Ltd.
- 5) Expert Power Control India Pvt. Ltd
- 6) Mahalaxmi Associates (Proprietor)
- 7) Pradeep Sons Pvt. Ltd
- 8) Gannayak Fintech Services Pvt. Ltd
- 9) Intec Share & Stock Brokers Ltd
- 10) Mahalaxmi Associates (Partnership)
- 11) Jai Shree Growth Fund Pvt. Ltd

**(Rs. in Million)**

Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel	Entities in which Key Management Personnel have significant influence	Subsidiary Companies
Share Capital raised including Share Premium	13.50	112.50	393.50	-
Loan / Advances :				
Paid during the year	9.38	4.47	76.74	-
Received during the year	9.38	4.47	76.74	-
Closing Balance Payable/ (Receivable)	-	-	-	-
Purchases/Contract/Other Charges	0.18	-	287.17	5.00
Contract Revenue	-	-	20.55	-
Remuneration	4.62	1.02	-	-
Rent	-	0.72	0.08	-
Investment made during the year	-	-	-	38.50
Investment sold during the year	-	-	-	-
Corporate Guarantee Issued	-	-	130.00	-

**D. List of related parties with whom transactions have taken place during the year ended 31st March 2007**

Key Management Personnel

- 1) Mr. Naresh Kumar Garg
- 2) Mr. Devendra Kumar Garg
- 3) Mr. Pradeep Kumar Garg
- 4) Mr. Rakesh Kumar

5) Mr. Anurag Garg

Relative of Key Management Personnel

1) Mrs. Suman Agarwal

2) Mrs. Meenu Garg

3) Mr. Pramod Garg

Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

1) Aashiana Rolling Mills Ltd.

2) Archit Steels Pvt. Ltd.

3) Aman Promotors Pvt. Ltd.

4) D. D. Construction Pvt. Ltd.

5) Expert Power Control India Pvt. Ltd

6) Pradeep Sons Pvt. Ltd.

7) Gannayak Fintech Services Pvt. Ltd.

(Rs. in Million)

Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel	Entities in which Key Management Personnel have significant influence	Subsidiary Companies
Share Capital raised including Share Premium	-	-	67.90	-
Loan / Advances :				
Paid during the year	-	-	92.93	-
Received during the year	-	-	92.93	-
Closing Balance Payable / (Receivable)	-	-	-	-
Purchases / Contract / Other Charges	-	-	-	-
Contract Revenue	-	-	169.95	-
Remuneration	1.97	1.02	-	-
Rent	-	-	-	-
Investment made during the year	-	-	30.00	-
Investment sold during the year	-	-	-	-
Corporate Guarantee Issued	-	-	130.00	-

**Note:**

Disclosure is given with regard to years ended 31<sup>st</sup> March 2010, 31<sup>st</sup> March 2009, 31<sup>st</sup> March 2008 and 31<sup>st</sup> March 2007 as Accounting Standard – 18 is applicable for the first time for the Company in the Financial Year 2006-2007.

**ANNEXURE – 18**

**STATEMENT OF CURRENT LIABILITIES & PROVISIONS AS RESTATED**

(Rs. In Million)

	PARTICULARS	AS AT 31st MARCH				
		2006	2007	2008	2009	2010
<b>A</b>	<b>CURRENT LIABILITIES</b>					
	Trade Creditors	38.34	5.68	32.82	202.34	453.86
	Expenses Payable	0.01	0.10	2.96	2.94	13.00
	Advance from clients against work & Mobilisation/ Pl. & Mach.	-	184.90	221.64	544.03	1,870.54
	Statutory dues payable	0.77	2.03	10.44	1.52	21.45
	Security Deposit deducted from suppliers	-	-	-	0.92	3.42
	Interest accrued but not due	-	1.52	-	0.91	15.54
	FBT Payable	-	0.18	-	-	-
	<b>TOTAL</b>	<b>39.12</b>	<b>194.41</b>	<b>267.86</b>	<b>752.66</b>	<b>2,377.81</b>
<b>B</b>	<b>PROVISIONS</b>					
	Provision for Employees Benefits	0.49	0.87	1.84	2.99	4.89
	<b>TOTAL</b>	<b>0.49</b>	<b>0.87</b>	<b>1.84</b>	<b>2.99</b>	<b>4.89</b>

**ANNEXURE – 19**

**Statement of Changes in Accounting Policies**

During the Year ended 31/03/2008, a change was made in the accounting policy regarding retirement benefits payable to employees: - Upto Financial Year 2006-07 the Company was having practice of accounting of retirement benefits payable to employees on payment basis. During the Financial Year 2007-08, the Company has changed its accounting policy to account for retirement benefits on accrual basis.

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

*The following discussion is based on and should be read in conjunction with our financial statements for and each of the Fiscals 2006, 2007, 2008, 2009 and 2010, including the schedules, annexure and notes thereto and the reports thereon. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations, as described in the report of our Auditors, which is included in this Draft Red Herring Prospectus in "Financial Statements" on page F- 1. These restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including IFRS.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this document, particularly in "Risk Factors" and "Our Business" on pages x and 62, respectively.*

### Overview

Our Company is a construction company in India, with expertise in the execution and construction of infrastructure projects, primarily including roads and bridges, and civil construction projects, including residential and commercial buildings, hospitals and medical colleges, and executing projects relating to electric transmission and distribution infrastructure, civil works for hydro projects, and sewer and water works. We are currently executing our projects in the states of Uttar Pradesh, NCT of Delhi, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa and Himachal Pradesh. Drawing from our experience of having successfully completed numerous projects, valued cumulatively at Rs. 22,009.53 million, as at March 31, 2010, since Fiscal 2006, we believe that we have acquired significant capability in the execution of EPC contracts.

We bid for projects both on a standalone basis as well as through project specific joint ventures. Our major clients in the public and private sector include the PWDs of Uttar Pradesh, Haryana and Uttarakhand, the Madhya Pradesh State Road Development Corporation, the NHAI, the National Buildings Construction Corporation Limited, the Noida Development Authority, the Lucknow Development Authority, Ghaziabad Development Authority, the Airport Authority of India, Employees' State Insurance Corporation (New Delhi), Monad Edukational Society, RCC Developers Private Limited, A.P. Goyal Charitable Trust and Nagarjuna Construction Company Infrastructure Holdings Limited.

Certain major projects successfully concluded by us since our inception, include:

- Widening of the Noida-Greater Noida Highway from 0.000 Km to 20.127 Km, Noida, Uttar Pradesh, pursuant to a contract granted by the Project Engineer, Noida;
- Strengthening of the Raj Nagar Zonal Road, under the 'Raj Nagar Scheme', Ghaziabad, Uttar Pradesh, pursuant to a contract granted by the Ghaziabad Development Authority, Ghaziabad, Uttar Pradesh;
- Renewal work in relation to the semi-dense bituminous concrete ("SDBC") road stretch from Kath Godam Bhowali-Mornala, Uttarakhand, from Km. 52 to Km. 69.15 and 69.16 Km. to Km. 85.56, pursuant to a contract awarded by PWD, Nainital, Uttarakhand;
- Rehabilitation works under Package No. UPSPR/RMC - 49 of the road stretch from Meerut to Garhmukteshwar, Uttar Pradesh, pursuant to a contract granted by the PWD, Meerut, Uttar Pradesh;
- Construction of roads and undertaking certain site development works in Haryana, pursuant to a contract awarded by Era Infra Limited;
- Strengthening of the road stretch on Road No. 6 from Flex Crossing to NH-24 in Sector 62, Noida, Uttar Pradesh, pursuant to a contract granted by Project Engineer, Noida;

- Rehabilitation works under the 'Phase II Rehabilitation' scheme on SH-33 from Badaun to Kasganj (Km. 101.800 to 159.000), Uttar Pradesh, pursuant to a contract granted by the PWD, Etah, Uttar Pradesh;
- Construction works at the Chatrapati Shivaji International Airport, Mumbai, Maharashtra, pursuant to contract granted by Larsen & Toubro Limited;
- Construction of bridge on river Dabka at Ramnagar, Uttarakhand, pursuant to a contract granted by the PWD, Ramnagar, Uttarakhand; and
- Augmentation and improvement of the power supply through the underground system in Sector-18, Noida, Uttar Pradesh, pursuant to a contract granted by the Project Engineer, Noida.

Currently, we are executing 83 projects, of which 1 project is being executed with our JV partner. As of March 31, 2010, the total value of our order book was Rs. 29,581.31 million, which comprises of unbilled/ unfinished portions of our ongoing projects, for which we have received orders but are yet to commence construction, and the value of our share in joint ventures. While our order book is indicative of the projects that we will execute in the future and of the revenues that may be generated from such projects, the orders in our order book may not fructify as they are subject to cancellation and modifications by our clients. For risks associated with our order book, see "Risk Factors – Information relating to our order book may not be representative of our future results" on page xi.

Our order book from the various segments of our business activities, as of March 31, 2010 may be summarized as under:

<i>(Rs. million)</i>		
Segment of business activity	Amount	Percentage of the total value of order book (%)
Roads (executed on a standalone basis)	4,985.76	16.86
Roads (executed through a joint venture)	73.50	0.25
Bridges	993.10	3.36
Buildings, hospitals and medical colleges	18,233.71	61.64
Electric transmission and distribution infrastructure	2,406.19	8.13
Civil works for hydro projects	987.80	3.34
Sewer and Water works	1,829.11	6.18
Airport works	72.14	0.24
<b>Total</b>	<b>29,581.31</b>	<b>100.00</b>

As of May 31, 2010, we had 1,456 employees, of which 412 employees comprise of civil engineers. We own a large fleet of sophisticated construction equipments, including crushers, excavators, cranes, hot mix batching plants, RMC batching plants, piling rings and pavers (nine meters). Our asset base, as on March 31, 2010, was Rs. 1,010.34 million.

We have been conferred ISO 9001:2008 by British Certifications Inc in relation to 'construction of roads, bridges, buildings and other civil related activities', which is valid till May 20, 2013. For further details in relation to the said certification, see "Government and Other Approvals" on page 158. We have also been conferred, the designation of a 'Grade A' contractor by the state government of Uttar Pradesh and certain other local bodies.

In Fiscal 2010, our total income was Rs. 12,038.99 million, and we earned a net profit after tax of Rs. 514.54 million. Our revenues have grown at a CAGR of 83.42% for the period Fiscal 2007 to Fiscal 2010 and our net profit after tax has grown at a CAGR of 79.43% over the same period.

### **Principal Factors Affecting Our Results of Operations**

*The following discussion of factors affecting our results of operations relates to the principal factors that we believe will affect the results of our operations. For details in relation to factors affecting our results of operations and not mentioned herein, see "Forward-Looking Statements" and "Risk Factors" on pages ix and x, respectively.*

#### ***Performance of the civil construction sector***

We focus principally on projects in the construction sector. The government's focus on and sustained increase in budgetary allocation for infrastructure and the development of a structured and comprehensive infrastructure policy that encourages greater private sector participation as well as increased funding by international and multilateral development financial institutions in infrastructure projects in India have resulted in, and are expected to result in, the development of large infrastructure projects in India. Our ability to benefit from such investments proposed in construction projects in the medium and long term will be key to our results of operations. Further, any change in government policy with respect to its focus or development of infrastructure projects in India could have a material adverse effect on our financial condition and results of operations.

#### ***Cost of raw materials, labour and other inputs***

The cost of raw materials, fuel, labour and other inputs constitute a significant part of our operating expenses. Our construction operations require various construction raw materials including steel, bitumen, aggregate, cement, pipes and electrical goods. Fuel costs for operating our construction and other equipment also constitute a significant part of our operating expenses. Additionally, we typically use third-party transportation providers for the supply of most of our raw materials. Transportation strikes by, for example, members of various Indian truckers, unions and various legal or regulatory restrictions placed on transportation providers have had in the past, and could have in the future, an adverse effect on our receipt of supplies. Further, transportation costs have been steadily increasing, and the prices of raw materials themselves can fluctuate. If we are unable to procure the requisite quantities of raw materials in time and at commercially acceptable prices, the performance of our business and results of operations may be adversely affected. Unanticipated increases in the price of raw materials, fuel costs, labour or other inputs not taken into account in our bid and delays in performing parts of the contract can have compounding effects by increasing the costs of performing other parts of the contract. These risks generally inherent to the construction industry may result in our profits being different from those originally estimated and may result in us experiencing reduced profitability or losses on projects.

#### ***Collection of receivables from our clients***

We, at times, encounter delays in the collection of receivables from our clients, including government owned, controlled or funded entities. The period for payments and receivables from clients are generally set at 75 days from the date of raising of our invoices. Our operations involve significant working capital requirements and delayed collection of receivables could adversely affect our liquidity and results of operations. In addition, we may be subject to additional regulatory or other forms of scrutiny associated with commercial transactions with government owned, controlled or funded entities. Such projects will involve us taking on the long-term risk that the client may default on its payments to us. There can be no assurance that any such development would not adversely affect our business.

#### ***Our ability to meet our capital requirements***

Construction business is typically capital intensive, requiring high levels of equity and debt financing. Our business also requires a significant amount of working capital. We grant our large customers credit terms, according to our current credit policy. Our working capital requirements may increase if credit period against sales is increased or there is a requirement to pay higher price for raw material or to pay excessive advances for procurement of raw materials. We may provide performance guarantees in favour of some of our customers to secure obligations under our contracts. In addition, letters of credit are often required to satisfy payment obligations to suppliers. Further, we are required to submit bank guarantees in relation to projects or awards granted by governmental agencies. Separately, performance guarantees ranging from 5% to 10% of the bond value and 'advance guarantees' ranging from 5% to 15% of the bond values, are also required to be provided by us in relation to such awards. All of these factors may result in increases in our short-term borrowings. In the event we are required to repay any working capital facilities upon receipt of a demand from any lender, we may be unable to satisfy our working capital requirements.

The ability of our Company to continue to arrange for financing on commercially acceptable terms is dependent on numerous factors, including general economic and capital market conditions, availability of credit from banks and financial institutions, investor confidence and other factors which may be outside the control of our Company. There can be no assurance that our Company will be able to arrange the required financing in the future. Also, we may not be able to raise future debt at the same cost as our existing debt and on similar terms and conditions. If we are unable to provide sufficient collateral to secure letters of credit or performance guarantees, our ability to enter into new sale contracts or obtain adequate supplies could be limited.

### ***Concentration of our operations in certain selected regions of India***

Our operations and clients are currently concentrated in certain selected regions in the states of Uttar Pradesh, NCT of Delhi, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa and Himachal Pradesh. We are, thus, exposed to certain operational risks emanating therefrom. Should there be a regional slowdown in construction activity or economic activity in these regions or any developments that make construction and infrastructure projects economically less beneficial, the growth of our business, our financial condition and results of operations in the future could be affected. In addition, our business is dependent on construction projects in these states being undertaken or awarded by governmental authorities. Any change in governmental policies, caused due to change in the political scenario in such regions or otherwise, that result in a slowdown in the development of construction and infrastructure projects or a decrease in the participation of the private sector in such projects may affect on our business prospects, financial condition and results of operations.

### ***Competition***

We operate in a very competitive environment and compete against various construction companies, both in the Indian and the international arena. Our competition depends on various factors, such as the type of project, contract value, potential margins, the complexity, location of the project and risks relating to revenue generation. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards. To bid for some higher value contracts, we sometimes seek to form joint ventures, technical or financial, with other experienced and qualified companies and entities.

### **Critical Accounting Policies**

Our financial statements are prepared under the 'historical-cost' convention on the 'accrual basis' of accounting and in accordance with the Indian GAAP and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006, as amended, to the extent applicable as adopted consistently by our Company. For a full description of our significant accounting policies adopted in the preparation of the Financial Statements, see "Financial Statements – Annexure 4" on page F- 6.

- ***Basis of Preparation***

The financial statements are prepared on an accrual basis of accounting under the 'historical cost convention' in accordance with the Indian GAAP, accounting standards issued by the ICAI and relevant provisions of the Companies Act.

- ***Use of Estimates***

The preparation of financial statements, in conformity with the Indian GAAP, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized during the period in which the results materialize.

- ***Revenue Recognition***

- a) Contract revenue is recognized using the 'percentage-completion' method on the basis of physical measurement of work actually completed on the balance sheet date; and
- b) Interest income is recognized on time basis determined by the amount outstanding and rates applicable.

- ***Fixed Assets***

Fixed assets are valued at historical cost less accumulated depreciation. The cost of fixed assets comprises of purchase price and all other attributable cost of bringing the assets to working condition.

- ***Depreciation on fixed assets***

Our Company has provided depreciation on fixed assets, on the basis of the 'straight-line' method on a *pro-rata* basis at the rates provided in Schedule XIV of the Companies Act.

- ***Inventories***

- a) Raw material and stores are valued at lower of cost or net realizable value. The cost is arrived at by 'first-in-first-out' method; and
- b) Work-in-progress is valued on a 'percentage-completion' method at the rates provided in the contracts, reduced by the estimated percentage towards expected profit.

- ***Retirement Benefits***

Our Company's contribution to provident fund is provided on an actual basis. Liability for gratuity and leave encashment has been provided on the basis of actuarial valuation at the end of the relevant Fiscal.

- ***Borrowing Cost***

Borrowing cost that is attributable to acquisition or construction of qualifying assets is capitalized as part of the cost of such assets. Qualifying assets is one that necessarily takes a substantial period to get ready for its intended use. Other borrowing costs are charged to revenue.

- ***Provisions, Contingent Liabilities and Contingent Assets***

- a) Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:
  - i. Our Company has a present obligation as a result of a past event;
  - ii. A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - iii. The amount of the obligation can be reliably estimated.
- b) Contingent liability is disclosed in case of the following:
  - i. A present obligation, arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
  - ii. A possible obligation, unless the probability of outflow in settlement is remote.
- c) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.
- d) Contingent assets are neither recognized nor disclosed in the financial statements.

- ***Impairment of Assets***

At each of the dates of the balance sheet, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an 'impairment loss', being the amount by which the carrying amount of an asset exceeds its recoverable amount, is provided in the books of account.

Our Company's significant accounting policies are set forth in Annexure 4 to its financial information included in "Financial Statements" beginning on page F- 1.

### **Changes in Accounting Policies in the last three years**

Prior to Fiscal 2008, our Company accounted for retirement benefits payable to its employees on a 'payment' basis. However, during Fiscal 2008, our Company changed its accounting policy in this regard, to account for such retirement benefits on an 'accrual' basis.

### **Overview of our Results of Operations**

As a result of the various factors discussed above that affect our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the Fiscals 2007, 2008 and 2009 and 2010, as derived from our restated financial statements:

(Rs. million)

Particulars	Fiscal 2007		Fiscal 2008		Fiscal 2009		Fiscal 2010	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
<b>Income (A)</b>								
Contract Revenue	1,875.42	96.14	3,546.68	91.64	5,418.31	86.73	10,258.12	85.21
Other Income	2.61	0.13	6.72	0.17	14.77	0.24	30.31	0.25
Increase / (Decrease) in stock	72.71	3.73	316.83	8.19	814.57	13.03	1,750.56	14.54
<b>Total Income</b>	<b>1,950.74</b>	<b>100.00</b>	<b>3,870.23</b>	<b>100.00</b>	<b>6,247.65</b>	<b>100.00</b>	<b>12,038.99</b>	<b>100.00</b>
<b>Expenditure (B)</b>								
Construction Expenses	1,764.79	90.47	3,495.47	90.32	5,612.10	89.83	10,458.40	86.87
Staff Cost	20.40	1.05	29.35	0.76	62.72	1.00	191.38	1.59
Operating and administrative expenses	18.80	0.96	45.92	1.19	118.15	1.89	251.74	2.09
Interest and financial charges	21.43	1.10	52.01	1.34	118.17	1.89	297.82	2.48
Depreciation	9.17	0.47	15.98	0.41	35.90	0.58	59.39	0.49
<b>Total Expenditure</b>	<b>1,834.59</b>	<b>94.05</b>	<b>3,638.73</b>	<b>94.02</b>	<b>5,947.04</b>	<b>95.19</b>	<b>11,258.73</b>	<b>93.52</b>
<b>Total Profit before Tax (C)</b>	<b>116.15</b>	<b>5.95</b>	<b>231.50</b>	<b>5.98</b>	<b>300.61</b>	<b>4.81</b>	<b>780.26</b>	<b>6.48</b>
Provision for Taxation	27.08	1.39	62.70	1.62	80.37	1.29	265.72	2.21
- Current Tax	24.93	1.28	56.50	1.46	70.00	1.12	242.50	2.02
- Deferred Tax	1.94	0.10	5.78	0.15	9.51	0.16	23.22	0.19
- Fringe benefit Tax	0.21	0.01	0.42	0.01	0.86	0.01	0.00	0.00
<b>Total Profit after Tax (D)</b>	<b>89.07</b>	<b>4.56</b>	<b>168.80</b>	<b>4.36</b>	<b>220.24</b>	<b>3.52</b>	<b>514.54</b>	<b>4.28</b>
Add: Profit brought forward from last year	31.34	1.61	120.41	3.11	289.21	4.63	509.45	4.23
<b>Profit available for appropriation</b>	<b>120.41</b>	<b>6.17</b>	<b>289.21</b>	<b>7.47</b>	<b>509.45</b>	<b>8.15</b>	<b>1023.99</b>	<b>8.51</b>
<b>Balance transferred to our Balance Sheet</b>	<b>120.41</b>	<b>6.17</b>	<b>289.21</b>	<b>7.47</b>	<b>509.45</b>	<b>8.15</b>	<b>1023.99</b>	<b>8.51</b>

### Components of Income and Expenditure

The following descriptions set forth information with respect to key components of our financial statements:

#### Income

Our income primarily comprises of income from contract revenue, other income and increase or decrease in stock, details of which are provided herein below.

##### *Income from contract revenue*

We earn revenue primarily by providing engineering, procurement and construction services to our clients, in various segments including residential and commercial buildings, hospitals and medical colleges, and projects relating to electric transmission and distribution infrastructure electricity supply systems, hydro turbine power works, civil works for hydro projects, and sewer and water works. Contract revenue constituted 85.21% of our total income for Fiscal 2010. Our contract revenue is recognized using the 'percentage completion' method on the basis of physical measurement of work actually completed on the balance sheet date.

##### *Other Income*

Our other income comprises (i) interests earned from bank deposits and advances received; (ii) profit from sale of shares; (iii) profit from sale of fixed assets; (iv) profits from operations of our joint ventures; and (vi) other miscellaneous income.

##### *Increase or decrease in stock*

Adjustments due to increase or decrease in stock are incorporated towards our total income and reflect the difference in inventory levels between two accounting periods.

#### Expenditure

Our expenses primarily comprise of construction expenses, staff costs, operating and administrative expenses, interest and financial charges, and depreciation.

#### *Construction expenses*

Our construction expenses include: (i) purchase of raw materials and consumables such as steel, bitumen, aggregate, and cement, pipes and electrical goods; (ii) input freight; (iii) machinery hire charges; (iv) survey charges; (v) material testing charges; (vi) water charges; (vii) royalty payments; and (viii) payments to sub-contractors. Construction expenses constituted 86.87% of our total income for Fiscal 2010.

#### *Staff Cost*

Staff expenses consist of (i) salaries, wages and bonus; (ii) contribution to provident funds and gratuity; and (iii) staff welfare expenses.

#### *Operating and administrative expenses*

Our operating expenses include (i) labour charges; (ii) payments to consultants for review of technical documents; (iii) electricity charges; (iv) transport and material handling charges; and (v) rates and taxes on account of works contracts. Further, material administrative expenses include (i) office stationary and other expenses; (ii) rent, rates, taxes and insurance premiums; (iii) office and miscellaneous expenses; (iv) fuel and maintenance expenses for vehicles used by our employees; and (v) legal and professional fees.

#### *Interest and financial charges*

Interest and financial charges comprise (i) interest on loans; (ii) financial charges, such as loan processing and prepayment fees, and (iii) bank charges, such as bank guarantee commission charges, bank service charges and letter-of-credit charges.

#### *Depreciation*

Adjustments due to depreciation include depreciation on plant and machinery, vehicles, furniture and fixtures, computers, office equipment and other fixed assets.

### **Comparison of our Results of Operations**

#### ***Fiscal 2010 compared to Fiscal 2009***

##### ***Income***

##### ***Contract Revenue***

In Fiscal 2010, our income from contract revenue increased by 89.32% to Rs. 10,258.12 million from Rs. 5,418.31 million in Fiscal 2009. This increase was primarily due to an increase in the number of contracts executed by our Company. The contracts that principally contributed to the increase in our contract revenue were relating to (a) upgradation, rehabilitation and strengthening of Package 8 – Hoshangabad (Budhni) – Nasrullaganj – Khategaon, Madhya Pradesh (b) construction of the university campus at Hapur, Uttar Pradesh, (c) widening and strengthening of Laharpur Road (Km. 0.00 to Km. 25.00) in Sitapur, Uttar Pradesh, (e) balance work of the construction of a segment of the Lucknow-bypass connecting NH-25 and NH-28 via NH-56, passing through Lucknow, Uttar Pradesh and (d) construction works at the Chatrapati Shivaji International Airport, Mumbai, Maharashtra.

##### ***Other Income***

In Fiscal 2010, our other income increased by 105.21% to Rs. 30.31 million from Rs. 14.77 million in Fiscal 2009. This was primarily due to increase in the interest earned on fixed deposits and higher income earned from the operations of our joint venture.

##### ***Increase or decrease in stock***

In Fiscal 2010, our stock increased by 114.91% to Rs. 1,750.56 million from Rs. 814.57 million in Fiscal 2009. This was primarily due to an increase in our certified work-in-progress.

### ***Expenditure***

#### ***Construction expenses***

In Fiscal 2010, our construction expenses increased by 86.35% to Rs. 10,458.40 million from Rs. 5,612.10 million in Fiscal 2009. This was due to an increase in the number of contracts executed by our Company and an increase in the cost of raw materials, including, cement, steel, and petroleum products. As a percentage of our total income, our construction expenses decreased to 86.87% in Fiscal 2010 from 89.83% in Fiscal 2009. This was primarily due to increased efficiency of scale in our operations.

#### ***Staff Cost***

Our staff costs have increased by 205.13% to Rs. 191.38 million in Fiscal 2010 from Rs. 62.72 million in Fiscal 2009. This was primarily due to an increase in our employee strength from 615 as of March 31, 2009 to 1,456 as of March 31, 2010 which was on account of growth in our business. As a percentage to our total income, staff cost has increased in Fiscal 2010 to 1.59% from 1.00% in Fiscal 2009, primarily due to increase in wages or benefits made available to the employees by our Company during the said period.

#### ***Operating and administrative expenses***

Our operating and administrative expenses have increased by 113.07% to Rs. 251.74 million in Fiscal 2010 from Rs. 118.15 million in Fiscal 2009 due to an increase in the scale of operations undertaken by the Company. As a percentage to our total income, operating and administrative expenses increased in Fiscal 2010 to 2.09% from 1.89% in Fiscal 2009. This was primarily due to increase in contract labour charges, payments to consultants for review of technical documents and royalty payments.

#### ***Interest and financial charges***

Our interest and financial charges have increased by 152.03% to Rs. 297.82 million in Fiscal 2010 from Rs. 118.17 million in Fiscal 2009. This was primarily due to an increase in the issuance of new bank guarantees and increased utilization of our working capital borrowings.

#### ***Depreciation***

Our expenses towards depreciation have increased by 65.43% to Rs. 59.39 million in Fiscal 2010 from Rs. 35.90 million in Fiscal 2009. This was primarily due to an increase in capital expenditure on plant and machinery, equipment, and vehicles.

### ***Profit before Tax***

Primarily for the reasons discussed above, our profit before tax has increased by 159.56% to Rs. 780.26 million in Fiscal 2010 from Rs. 300.61 million in Fiscal 2009.

### ***Provision for Taxes***

Our total taxes increased by 230.62% to Rs. 265.72 million in Fiscal 2010 from Rs. 80.37 million in Fiscal 2009. This was primarily due to an increase in the total income, resulting in increased profits.

### ***Profit after Tax***

Primarily for the reasons discussed above, our profit after tax, increased to Rs. 514.54 million in Fiscal 2010 from Rs. 220.24 million in Fiscal 2009, being an increase of 133.63%.

### ***Fiscal 2009 compared to Fiscal 2008***

#### ***Income***

### *Contract Revenue*

In Fiscal 2009, our income from contract revenue increased by 52.77% to Rs. 5,418.31 million from Rs. 3,546.68 million in Fiscal 2008. This increase was primarily due to an increase in the number of contracts executed by our Company during the said period. The contracts that principally contributed to our revenue were relating to the (a) improvement of Almora-Bageshwar road stretch, Uttarakhand, (b) upgradation, rehabilitation and strengthening of SH -22, Package 8 – Hoshangabad (Budhni) – Nasrullaganj – Khategaon, Madhya Pradesh, (c) electrification in Sectors 1, 5 and 6 under Gomti Nagar Extension Scheme, Lucknow, Uttar Pradesh, (d) supply of material, erection, testing and commissioning of a new 11 KV lines alongwith pole mounting distribution sub-stations with DTs of 100/63/25/16 KVA capacity for providing HVDS on high loss feeders in Hisar Circle, Haryana, (e) construction works at Chatrapati Shivaji International Airport, Mumbai, Maharashtra.

### *Other Income*

In Fiscal 2009, our other income increased by 119.80% to Rs. 14.77 million from Rs. 6.72 million in Fiscal 2008. This was primarily due to increase in the interest earned on fixed deposits.

### *Increase or decrease in stock*

In Fiscal 2009, our stock increased by 157.10% to Rs. 814.57 million from Rs. 316.83 million in Fiscal 2008. This was primarily due to an increase in our certified work-in-progress.

### **Expenditure**

#### *Construction expenses*

In Fiscal 2009, our construction expenses increased by 60.55% to Rs. 5,612.10 million from Rs. 3,495.47 million in Fiscal 2008. This was due to an increase in the number of contracts executed by our Company and an increase in the cost of raw materials, including, cement, steel, and petroleum products. As a percentage of our total income, our construction expenses marginally decreased to 89.83% in Fiscal 2009 from 90.32% in Fiscal 2008.

#### *Staff Cost*

Our staff costs increased by 113.70% in Fiscal 2009 to Rs. 62.72 million from Rs. 29.35 million in Fiscal 2008. This was primarily due to an increase in our employee strength from 376 as of March 31, 2008 to 615 as of March 31, 2009. As a percentage to our total income, staff cost increased in Fiscal 2009 to 1.00% from 0.76% in Fiscal 2008.

#### *Operating and administrative expenses*

Our operating and administrative expenses increased by 157.30% to Rs. 118.15 million in Fiscal 2009 from Rs. 45.92 million in Fiscal 2008 due to an increase in the scale of operations undertaken by the Company. As a percentage to our total income, operating and administrative expenses increased in Fiscal 2009 to 1.89% from 1.19% in Fiscal 2008.

#### *Interest and financial charges*

Our interest and financial charges increased by 127.21% to Rs. 118.17 million in Fiscal 2009 from Rs. 52.01 million in Fiscal 2008. This was primarily due to an increase in the issuance of new bank guarantees and increased utilization of our working capital borrowings.

#### *Depreciation*

Our expenses towards depreciation increased by 124.66% to Rs. 35.90 million in Fiscal 2009 from Rs. 15.98 million in Fiscal 2008. This was primarily due to an increase in capital expenditure on plant and machinery, equipment, and vehicles.

### **Profit before Tax**

Primarily for the reasons discussed above, our profit before tax increased by 29.85% to Rs. 300.61 million in Fiscal 2009 from Rs. 231.50 million in Fiscal 2008.

#### ***Provision for Taxes***

Our total taxes increased by 28.18% in Fiscal 2009 to Rs. 80.37 million from Rs. 62.70 million in Fiscal 2008. This was primarily due to an increase in the total income, resulting in increased profits.

#### ***Profit after Tax***

Primarily for the reasons discussed above, our profit after tax, increased to Rs. 220.24 million from Rs. 168.80 million in Fiscal 2008, being an increase of 30.47%.

#### ***Fiscal 2008 compared to Fiscal 2007***

##### ***Income***

###### ***Contract Revenue***

In Fiscal 2008, our income from contract revenue increased by 89.11% to Rs. 3,546.68 million from Rs. 1,875.42 million in Fiscal 2007. The contracts that contributed to our revenue were relating to the (a) rehabilitation works under 'Phase II' scheme, Meerut, Garhmukteshwer, Uttar Pradesh, (b) improvement and repair of internal motor road of New Tehri, from the Tehri Dam barrier to Pipaldali Motor Road, Uttarakhand, (c) widening and strengthening of Naurangapur – Jasmor, Mirzapur, Uttar Pradesh, and (d) construction of bridge on river Dabka at Ramnagar, Uttarakhand.

###### ***Other Income***

In Fiscal 2008, our other income increased by 157.47% to Rs. 6.72 million from Rs. 2.61 million in Fiscal 2007. This was primarily due to increase in interest earned on fixed deposits.

###### ***Increase or decrease in stock***

In Fiscal 2008, our stock increased by 335.74% to Rs. 316.83 million from Rs. 72.71 million in Fiscal 2007. This was primarily due to an increase in our certified work-in-progress.

##### ***Expenditure***

###### ***Construction expenses***

In Fiscal 2008, our construction expenses increased by 98.07% to Rs. 3,495.47 million from Rs. 1,764.79 million in Fiscal 2007. This was primarily due to an increase in the number of contracts executed by our Company and an increase in the cost of raw materials, including, cement, steel, and petroleum products. As a percentage of our total income, our construction expenses marginally decreased to 90.32% in Fiscal 2008 from 90.47% in Fiscal 2007.

###### ***Staff Cost***

Our staff costs increased by 43.87% to Rs. 29.35 million in Fiscal 2008 from Rs. 20.40 million in Fiscal 2007. This was primarily due to an increase in our employee strength from 190 as of March 31, 2007 to 376 as of March 31, 2008. As a percentage to our total income, staff cost decreased in Fiscal 2008 to 0.76% from 1.05% in Fiscal 2007.

###### ***Operating and administrative expenses***

Our operating and administrative expenses increased by 144.26% to Rs. 45.92 million in Fiscal 2008 from Rs. 18.80 million in Fiscal 2007 due to an increase in the scale of operations undertaken by the Company. As a percentage to our total income, operating and administrative expenses increased in Fiscal 2008 to 1.19% from 0.96% in Fiscal 2007.

### *Interest and financial charges*

Our interest and financial charges increased by 142.70% to Rs. 52.01 million in Fiscal 2008 from Rs. 21.43 million in Fiscal 2007. This was primarily due to an increase in the issuance of new bank guarantees and increased utilization of our working capital borrowings.

### *Depreciation*

Our depreciation increased by 74.26% to Rs. 15.98 million in Fiscal 2008 from Rs. 9.17 million in Fiscal 2007. This was primarily due to an increase in capital expenditure on plant and machinery, equipment, and vehicles.

### *Profit before Tax*

Primarily for the reasons discussed above, our profit before tax has increased by 99.31% to Rs. 231.50 million in Fiscal 2008 from Rs. 116.15 million in Fiscal 2007.

### *Provision for Taxes*

Our total taxes increased by 131.57% to Rs. 62.70 million from Rs. 27.08 million in Fiscal 2007. This was primarily due to an increase in the total income, resulting in increased profits.

### *Profit after Tax*

Primarily for the reasons discussed above, our profit after tax, increased to Rs. 168.80 million from Rs. 89.07 million in Fiscal 2007, being an increase of 89.51%.

### **Liquidity and Capital Resources**

We operate in a capital-intensive industry and have historically financed capital expenditures through a combination of equity and borrowings from commercial banks and financial institutions. Our liquidity requirements relate to servicing our debt and funding our working capital requirements. We currently hold our cash and cash equivalents in Indian Rupees.

Our short-term liquidity requirements relate to servicing our debt and funding working capital requirements. Sources of short-term liquidity include cash balances and short term funding from banks and financial institutions.

As at March 31, 2010, we had cash and cash equivalents of Rs. 746.71 million. To date we have funded our growth principally from proceeds from equity and bank borrowings. Our principal uses of cash have been, and are expected to continue to be capital expenditure towards purchase of our equipment and funding of our working capital requirements. It may be noted that our order book as on March 31, 2010 is Rs. 29,581.31 million. For further details, see "Our Business" on page 62.

The following table presents our cash flow data for the periods indicated:

### **Cash Flow Data**

The following table sets forth certain information about our cash flows for the periods indicated.

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Cash Inflow/(Outflow) from operating activities	(149.52)	(450.31)	(569.41)	439.27
Cash Inflow/(Outflow) from investing activities	(58.21)	(273.11)	(139.21)	(517.10)
Cash Inflow/(Outflow) from financing activities	241.47	857.91	1,013.52	313.26
Net changes in cash and cash equivalents	33.74	134.49	304.90	235.43
<b>Cash and Cash Equivalent (Closing Balance)</b>	<b>71.89</b>	<b>206.38</b>	<b>511.28</b>	<b>746.71</b>

(Rs. million)

## **Net Cash from Operating Activities**

Our operating profit before working capital changes was Rs. 1,046.53 million in Fiscal 2010. Our net profit before taxation and after adjustments for depreciation, interest payments, gains/ losses from sale of fixed assets and gains/ losses from sale of investments, was Rs. 780.26 million in the said Fiscal. Our net cash from operating activities reflects non-cash/non-operating items of depreciation of Rs. 59.39 million, interest income of Rs. 28.41 million, interest expenses of Rs. 235.27 million, and loss from sale of fixed assets of Rs. 0.02 million. Changes in current assets and liabilities that had a current year cash flow impact comprised mainly of a decrease of our debtors of Rs. 162.47 million, increase in our inventories and increase of our loans and advances of Rs. 1,750.55 million and Rs. 388.58 million, respectively. Further, the operating cash flows decreased by Rs. 242.11 million on account of taxes paid during the year. Thus the cash inflow generated due to operating activities was Rs. 439.27 million.

Our operating profit before working capital changes was Rs. 414.32 million in Fiscal 2009. Our net profit before taxation and after adjustments for depreciation, interest payments, gains/ losses from sale of fixed assets and gains/ losses from sale of investments, was Rs. 300.61 million in the said Fiscal. Our net cash from operating activities reflects non-cash/non-operating items of depreciation of Rs. 35.90 million, interest income of Rs. 14.75 million and interest expenses of Rs. 92.56 million. Changes in current assets and liabilities that had a current year cash flow impact comprised mainly of an increase of our debtors of Rs. 383.87 million, increase in our inventories and increase of our loans and advances of Rs. 814.58 million and Rs. 158.02 million, respectively. Further, the operating cash flows decreased by Rs. 113.23 million on account of taxes paid during the year. Thus the cash outflow generated due to operating activities was Rs. 569.41 million.

Our operating profit before working capital changes was Rs. 282.65 million in Fiscal 2008. Our net profit before taxation and after adjustments for depreciation, interest payments, gains/ losses from sale of fixed assets and gains/ losses from sale of investments, was Rs. 231.50 million in the said Fiscal. Our net cash from operating activities reflects non-cash/ non-operating items of depreciation of Rs. 15.98 million, interest income of Rs. 6.33 million and interest expenses of Rs. 41.50 million. Changes in current assets and liabilities that had a current year cash flow impact were comprised mainly of a increase of our debtors of Rs. 359.79 million, increase in our inventories and increase of our loans and advances of Rs. 316.83 millions and Rs. 69.97 million. Further, the operating cash flows decreased by Rs. 60.79 million on account of taxes paid during the year. Thus the cash outflow generated due to operating activities was Rs. 450.31 million.

Our operating profit before working capital changes was Rs. 135.14 million in Fiscal 2007. Our net profit before taxation and after adjustments for depreciation, interest payments, gains/ losses from sale of fixed assets and gains/ losses from sale of investments, was Rs. 116.15 million in the said Fiscal. Our net cash from operating activities reflects non-cash/ non-operating items of depreciation of Rs. 9.17 million, interest income of Rs. 2.17 million, interest expenses of Rs. 12.43 million, gains from sale of fixed assets of Rs. 0.10 million and gains from sale of investments of Rs. 0.34 million. Changes in current assets and liabilities that had a current year cash flow impact were comprised mainly of a increase of our debtors of Rs. 325.69 million, increase in our inventories and increase of our loans and advances of Rs. 72.71 million and Rs. 6.42 million, respectively. Further, the operating cash flows decreased by Rs. 35.52 million on account of taxes paid during the year. Thus the cash outflow generated due to operating activities was Rs. 149.52 million.

## **Net Cash from Investing Activities**

Our net cash used in investing activities was Rs. 517.10 million in Fiscal 2010. This reflected expenditure towards purchase on fixed assets of Rs. 533.86 million, disposal of fixed assets of Rs. 0.58 million and income from the interest received of Rs. 16.18 million during the year.

Our net cash used in investing activities was Rs. 139.21 million in Fiscal 2009. This reflected expenditure towards purchase of fixed assets of Rs. 194.62 million, disposal of fixed assets of Rs. 0.84 million, income from interest received of Rs. 14.51 million and sale of investments of Rs. 40.06 million.

Our net cash used in investing activities was Rs. 273.11 million in Fiscal 2008. This reflected expenditure towards purchase of fixed assets of Rs. 239.76 million, income from interest received of Rs. 3.20 million and purchase of investments of Rs. 36.55 million.

Our net cash used in investing activities was Rs. 58.21 million in Fiscal 2007. This reflected expenditure towards purchase of fixed assets of Rs. 59.70 million, disposal of fixed assets of Rs. 2.49 million, income from

interest received of Rs. 2.17 million and purchase of investments of Rs. 3.17 million.

### Net Cash from Financing Activities

Our net cash generated from financing activities was Rs. 313.26 million in Fiscal 2010. We raised Rs. 2.07 million of proceeds from issue of our share capital, including proceedings towards our share premium of Rs. 101.43 million. Further, the said net cash from our financial activities was also attributable to an increase in our borrowings of Rs. 429.49 million and our interest payments of Rs. 219.73 million.

Our net cash from financing activities was Rs. 1,013.52 million in Fiscal 2009. This was primarily due to the proceeds from the issue of share capital of Rs. 20.32 million and an increase in our share premium of Rs. 558.20 million. Further, we witnessed an increase in our borrowings of Rs. 527.56 million and our interest payments of Rs. 92.56 million.

Our net cash from financing activities was Rs. 857.91 million in Fiscal 2008. This was primarily due to the proceeds from the issue of our share capital of Rs. 28.25 million and an increase in our share premium of Rs. 378.75 million. Further, we witnessed an increase in our borrowings of Rs. 492.41 million and our interest payments of Rs. 41.50 million.

Our net cash from financing activities was Rs. 241.47 million in Fiscal 2007. This was primarily due to proceeds from the issue of our share capital of Rs. 7.74 million and an increase in our share premium of Rs. 69.66 million. Further, we witnessed an increase in our borrowings of Rs. 176.50 million and our interest payments of Rs. 12.43 million.

### Capital Expenditure

We have substantial investment in construction infrastructure and will be required to make investments in construction infrastructure on a recurring basis, including for purchase of required machinery and equipment. In Fiscal 2010, we have invested Rs. 533.86 million towards purchasing fixed assets.

### Certain Balance Sheet Items

Set forth below is a table of our selected balance sheet data as on Fiscals 2007, 2009, 2008 and 2007:

Particulars	(Rs. million)			
	As in Fiscal			
	2007	2008	2009	2010
<b>Fixed Assets (Net)</b>	154.82	378.60	536.46	1,010.34
<b>Investments</b>	3.51	40.06	0.00	0.00
<b>Current Assets, Loans and Advances</b>	607.27	1,495.35	3,199.34	5,423.26
<b>Liabilities and Provisions</b>	446.01	1,018.63	2,041.65	4,121.41
<b>Net Worth</b>	319.59	895.38	1,694.15	2,312.19

#### Fixed Assets

Our fixed assets consist of building, plant and machinery, earthmoving machine, furniture and fixtures, vehicles, computer, machinery equipment and instruments, office equipment and temporary building. In general, our fixed assets have been increasing gradually as we procure additional construction related assets. We have also imported machinery through third parties for execution of some contracts. Our total fixed assets after depreciation were Rs. 1,010.34 million as on March 31, 2010.

#### Investments

Generally, our investments are primarily in the equity share capital of other companies. Currently we have no investments.

#### Current Assets, Loans and Advances

Our current assets, loans and advances as on March 31, 2010 was Rs. 5,423.26 million. This primarily constitutes inventory, sundry debtors, cash and bank balances, other current assets, loans and advances. Our inventory as on March 31, 2010 was Rs. 2,989.29 million. Our receivables from sundry debtors as on March 31,

2010 were Rs. 973.91 million. Our cash and bank balances as on March 31, 2010 was Rs. 746.71 million, and our loans and advances amounted to Rs. 697.50 million in the said period.

#### *Net worth*

Our net worth, as on March 31, 2010 was Rs. 2,312.19 million represented by an equity share capital of Rs. 126.16 million, and reserves and surplus of Rs. 2,186.03 million. Our reserves and surplus, as on March 31, 2010 comprised of share premium of Rs. 1,162.04 million and surplus, as per our profit and loss statement, of Rs. 1,023.99 million.

#### **Borrowings**

As of March 31, 2010, we had total borrowings of Rs. 1,693.39 million. The following table shows our borrowings as of March 31, 2010:

	Fiscal 2010 (Rs. million)
<b>Secured Loans</b>	
From banks	1,292.39
From financial institutions	399.51
From others	0
Interest accrued and due	0
<b>Sub Total</b>	1,691.90
<b>Unsecured Loans</b>	1.49
From Shareholders	0
<b>Sub Total</b>	1.49
<b>Total borrowings</b>	<b>1,693.39</b>

For further details regarding our indebtedness as on May 31, 2010, see “Financial Indebtedness” on page 142.

#### **Contractual Obligations, Commitments and Off-Balance Sheet Arrangements**

The following table summarizes our contractual obligations and commitments to make future payments as of March 31, 2010 and the effect that such obligations and commitments are expected to have on liquidity and cash flow in future periods:

	As of March 31, 2010				
	Total	Within 1 Year	Second Year	Third to Fifth Year	After Five Years
	<i>(Rs. million)</i>				
Long-term Loans	205.25	0.00	185.10	20.15	0.00
Short-term Loans	1,488.14	1,488.14	0.00	0.00	0.00
Other Capital Commitments	0.00	0.00	0.00	0.00	0.00
<b>Total Contractual Obligations</b>	<b>1,693.39</b>	<b>1,488.14</b>	<b>185.10</b>	<b>20.15</b>	<b>0.00</b>

#### *Off balance sheet arrangements*

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships that would have been established for the purposes of facilitating off-balance sheet transactions.

#### **Related Party Transactions**

For details in relation to the related party transactions, see “Financial Statements– Statement of Related Party disclosures” on page F- 18.

#### **Significant Developments after March 31, 2010, that may affect our future Results of Operations**

No circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect, the revenues and profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate and foreign exchange rates of financial instruments. We are exposed to various types of market risks, in the normal course of business. For instance, we are exposed to market interest rates and exchange rate movements on receivables. We currently do not have any derivative transactions for the purpose of minimizing our exposure to interest rate and foreign exchange risks, however, as our business grows, we may consider entering into such arrangements. The following discussion and analysis, which constitute “forward-looking statements” that involve risk and uncertainties, summarize our exposure to different market risks.

### *Interest Rate Risk*

We are subject to market risks due to fluctuations in interest rates and refinancing of debt. We do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements. Any increase in interest expense due to factors beyond our control, such as governmental, monetary and tax policies and domestic and international economic and political conditions, may affect on our business prospects, financial condition and results of operations. In addition, an increase in interest rate may adversely affect our ability to service long-term debt and to finance expansion of our manufacturing capacity, all of which in turn may adversely affect our results of operations.

### *Liquidity and Cash Management Risk*

We may be required to incur substantial cash outflow to increase our inventories to meet production output and an increase in advances to suppliers to secure raw materials. Consequently, we require stricter cash management, timely collection of our receivables and payment of advances to our suppliers. At the same time, we need to reduce costs associated with carrying excess inventory. Any deficiency related to treasury and cash flow planning may have a material adverse effect on our cash flows and consequently, our business and results of operations.

## Effect of Restatement

Our restated financial information for the Fiscal 2010 and the Fiscals 2009, 2008, 2007 and 2006 have been presented in compliance with Paragraph B(1) of Part II of Schedule II to the Companies Act, Indian GAAP and the SEBI Regulations. The effect of such restatement is that our financial statements included in this Draft Red Herring Prospectus have been restated to conform to methods used in preparing our latest financial statements, as well as to conform to any changes in accounting policies and estimates. The principal adjustments to our financial statements, including on account of changes in accounting policies and estimates, are described below.

The summary of results of restatements made in the audited accounts for the respective years and its impact on our profits/ (losses) is set forth below.

### *Summary Statement of Adjustments*

	<i>(Rs. million)</i>			
Particulars	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
<b>Profit After Tax (as per audited accounts)</b>	<b>89.15</b>	<b>170.72</b>	<b>220.24</b>	<b>514.71</b>
<b>Adjustments on account of:</b>				
I) RoC Expenses earlier adjusted in Reserves and Surplus (net of taxes)	0.00	0.00	0.00	0.00
II) Impact of provision for retirement benefits not made earlier (net of taxes)	(0.25)	0.58	0	0
III) Adjustment of prior period figures relating to taxes	0.17	(2.50)	0	(0.17)
<b>Profit after tax (as restated)</b>	<b>89.07</b>	<b>168.80</b>	<b>220.24</b>	<b>514.54</b>

### *Unusual or Infrequent Events or Transactions*

To our knowledge there have been no events or transactions that may be described as “unusual” or “infrequent” that may have taken place during the last three years, except as disclosed in this Draft Red Herring Prospectus.

### *Future Relationship between Costs and Income*

Other than as described in this section and “Risk Factors” and “Our Business” pages x and 62, respectively, to our knowledge, there are no known factors which will materially impact the future relationship between our operations and revenues.

#### ***Significant Regulatory Changes***

Except as described in “Regulations and Policies” on page 83, there have been no significant regulatory changes that could affect our income from continuing operations.

#### ***Known trends or uncertainties***

Except as described in this Draft Red Herring Prospectus in general, “Risk Factors” on page x and this section in particular, to the best of our knowledge and belief, there are no known trends or uncertainties that have or had or are expected to have any material adverse impact on our revenues or income from continuing operations.

#### ***New products or business segments***

There are currently no publicly announced new products or business segments. For further details on our business strategy, see “Our Business – Our Business Strategy” on page 64.

#### ***Dependence on a few clients***

We depend majorly on contracts awarded to us by governmental agencies. As of March 31, 2010, 82.26% of our order book comprised of awards granted to us by governmental agencies.

#### ***Total Turnover of Each Major Industry Segment***

We are currently operating in only one industry segment. We report industry segments under our financial statements prepared in accordance with Indian GAAP. For further details, see “Financial Statements” on page F- 1.

#### ***Competitive Conditions***

We operate in a competitive environment. For further details, see the discussions of our competition in “Risk Factors” and “Our Business” on pages x and 62, respectively.

#### ***Seasonality of Business***

Certain segments of our business operations, including those pertaining to execution of construction of roads, bridges and flyovers, are affected by seasonal factors, which may require the evacuation of personnel, suspension or curtailment of operations, result in damage to construction sites or delays in the delivery of materials. In particular, the monsoon season in the second quarter of each Fiscal Year may restrict our ability to carry on activities related to our projects and fully utilize our resources.

## FINANCIAL INDEBTEDNESS

Our Company's significant outstanding secured borrowings (fund based) amounted to Rs. 1,772.10 million as of May 31, 2010. Set forth below is a brief description of certain significant terms of the financing arrangements with our lenders.

### A. Secured borrowings as of May 31, 2010

Set forth below is a brief summary of our Company's secured borrowings from banks and financial institutions as of May 31, 2010 together with a brief description of certain significant terms of such financing arrangements.

#### I. Equipment Loans

Our Company has entered into certain secured debt facility agreements with Reliance Capital Limited, HDFC Bank Limited, Centurion Bank of Punjab Limited (currently, HDFC Bank Limited), Kotak Mahindra Bank, ICICI Bank Limited, IndusInd Bank Limited, Development Credit Bank Limited and the Royal Bank of Scotland, for the purpose of purchasing certain equipments including D.G. sets, other generator sets and commercial vehicles. Pursuant to the said agreements, our Company is required to hypothecate, by way of first charge, to the respective lenders, the vehicles/ assets being purchased by our Company, consequent to the respective facilities.

Under the terms of such debt facilities, our Company is subject to certain restrictive covenants. For instance, our Company shall not during the tenure of the respective facility, without the prior written consent of the respective lenders:

- Utilise the facility for any purpose other than for the purpose for which it is granted;
- Sell, transfer, assign, mortgage, pledge, charge or encumber the hypothecated asset, in any manner;
- Create any charge, lien, hypothecation or encumbrance over its undertaking or any part thereof in favour of any bank or financial institution;
- Permanently remove, dispose off or part with the hypothecated asset;
- Make any material alterations or additions to the hypothecated asset;
- Entered into any agreement or arrangement with any person, institution or government body for the use, occupation or disposal of the hypothecated asset;
- Stand surety for any third person or guarantee the repayment of any loan or overdraft or the purchase price of any asset; and
- Make any change in the constitution, management or existing ownership or control of the share capital of our Company.

A brief description of the abovementioned facilities availed from various lenders, have been provided hereinbelow:

Name of lender	Aggregate facility (Rs. million)	Aggregate amount outstanding as on May 31, 2010* (Rs. million)	Range of interest rates (% p.a., unless otherwise specified)	Range of repayment schedules
Reliance Capital Limited	612.27	421.07	6.36 to 13.57	23 to 35 equal monthly installments from the respective dates of first disbursement
HDFC Bank Limited	48.62	33.76	7.86 to 12.43	35 equal monthly installments from the respective dates of first disbursement
Centurion Bank of Punjab Limited	3.30	0.33	7.20 to 13.50	22 to 35 equal monthly installments from the respective dates of first disbursement
Kotak Mahindra Bank	49.52	26.01	5.65 to 6.06	35 equal monthly installments from the respective dates of first disbursement
The Royal Bank of Scotland	29.43	15.66	11.05 to 14.52	35 equal monthly installments from the respective dates of first disbursement

Name of lender	Aggregate facility (Rs. million)	Aggregate amount outstanding as on May 31, 2010 (Rs. million)*	Range of interest rates (% p.a., unless otherwise specified)	Range of repayment schedules
ICICI Bank Limited	27.78	10.55	6.95 to 14.75	29 to 36 equal monthly installments from the respective dates of first disbursement
IndusInd Bank Limited	12.17	8.48	10.88 to 13.24	35 equal monthly installments from the respective dates of first disbursement.
Development Credit Bank Limited	3.57	0.69	10.50	35 equal monthly installments from the date of first disbursement

\* As confirmed by the respective lenders in their statements.

## II. Working Capital debt facilities (fund and non-fund based)

Our Company has availed certain fund and non-fund based working capital debt facilities from certain lender, significant details of which have been provided hereinbelow:

Name of the lender	Loan Documentation	Facility	Amount outstanding as on May 31, 2010*	Interest Rate	Security	Repayment schedule
ICICI Bank Limited	Credit Arrangement Letter dated March 12, 2010; and Master Facility Agreement dated March 12, 2010	<b>Fund based facility:</b>	Rs. 80 million	<b>Cash Credit facility:</b> The interest rate stipulated by the lender shall be 4.25% p.a below the sum of I-BAR and the 'Cash Credit Risk Premium' prevailing on each day, plus applicable interest tax.  I-BAR as on date is at 15.75% p.a, the 'Cash Credit Risk Premium' is 0.5% p.a and the applicable rate of interest as on date is 12% p.a.  The interest is payable on a monthly basis.  <b>Working Capital Demand Loan facility:</b> The rate of interest of each drawal shall be stipulated by the lender at the time of disbursement of each drawal on the basis of the repayment schedule for the	<ul style="list-style-type: none"> <li>• First <i>pari passu</i> charge on our Company's entire stock of raw materials, semi-finished and finished goods, consumable stores and spares situated at the present and future premise of our Company and such other movables including book debts, outstanding monies, receivables, both present and future.</li> <li>• First <i>pari passu</i> charge on the movable fixed assets of our Company, both present and future, except those specifically charged to other banks/ financial institutions.</li> <li>• Equitable mortgage over residential/ commercial premises valued at Rs. 559.8 million to be shaed on <i>pari passu</i> basis among the consortium banks.</li> <li>• Unconditional and</li> </ul>	<p>For the <b>Working Capital Demand Loan facility</b>, individual drawdown can be of varying maturities, subject to a minimum tenor of 10 days for each tranche. The maximum tenor of each tranche should be 180 days or the limit validity period (12 months), whichever is less.</p> <p>The principal amount of each tranche to be repaid as bullet payment on the maturity date.</p> <p>Minimum of Rs. 5 million per drawdown/ tranche, will be subject to a written notice.</p>
		<b>Non Fund based facility:</b>	Rs. 1,001.69 million			

Name of the lender	Loan Documentation	Facility	Amount outstanding as on May 31, 2010*	Interest Rate	Security	Repayment schedule
				drawal plus applicable interest tax.  In case of foreign currency loans, the facility will carry such mark up over the LIBOR, as advised by the lender at the time of confirmation of drawal.  The interest is payable on a monthly basis, on the last day of each month.	irrevocable personal guarantees of Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg, Mr. Pradeep Kumar Garg and Mr. Rakesh Kumar Agarwal.	
State Bank of India	Agreement of Loan dated October 29, 2007; and  Supplemental Agreement of loan for increase in the overall limit dated September 3, 2009.	<b>Fund based facility:</b> • Cash Credit facility: Rs. 600 million  <b>Non Fund based facility:</b>  Bank Guarantee: Rs. 1,400 million, for the purpose of financial/ performance guarantees covering disputed liabilities;  Letters of Credit: Rs. 200 million (within Bank Guarantee) for the purpose of import/ purchase of raw materials.	Rs. 591.19 million  Bank Guarantee: Rs. 1,293.87 million  Letter of Credit: Rs. 89.14 million	0.25% above the SBAR, i.e. 12% p.a at monthly rests.  --	The security for the Fund and Non Fund based facilities shall be as follows:  • First pari passu charge on the entire current assets of our Company including raw materials, SIP, goods in transit, stores/ spares/ consumables, book debts etc;  • Pledge of fixed deposits in the name of Promoter or relatives or associate concern of our Company/ equitable mortgage of immovable property, to the extent of 11.50% of the proposed exposure (Rs. 230 million), including the following properties: (a) Plot No. E-179, Kavi Nagar Industrial Area, Ghaziabad, Uttar Pradesh; and (b) Cinema plot no. A-05, Raj Nagar District Centre, Raj Nagar, Ghaziabad, Uttar Pradesh;  • Corporate Guarantees of Jai Shree Radhey Land	--

Name of the lender	Loan Documentation	Facility	Amount outstanding as on May 31, 2010*	Interest Rate	Security	Repayment schedule
					<p>&amp; Estate Developers (Private) Limited, to the extent of the property mortgaged; and</p> <ul style="list-style-type: none"> <li>• Personal Guarantees of Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg, Mr. Pradeep Kumar Garg and Mr. Rakesh Kumar Agarwal.</li> </ul> <p>The security for the Bank Guarantee of Rs. 1,400 million shall also include a counter guarantee of our Company.</p>	
Union Bank of India	<p>Sanction Letter for credit limit dated February 7, 2009;</p> <p>Letter modifying the sanction terms dated February 24, 2009; and</p> <p>Composite Hypothecation Deed dated March 6, 2009.</p>	Cash credit of Rs. 250 million	Rs. 182.92 million	BPLR + 0.50%,	<ul style="list-style-type: none"> <li>• Hypothecation of stocks representing stocks in process, consumable stores, spares and book debts on pari passu basis.</li> <li>• Equitable mortgage of residential building no. G-112, Kavi Nagar, Ghaziabad, Uttar Pradesh in the name of Mr. Devendra Kumar Garg.</li> <li>• Additional collateral security equivalent to 15% of the total exposure, i.e. Rs. 37.5 million before release of limits;</li> <li>• Personal Guarantees of Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg, Mr. Pradeep Kumar Garg, Mr. Rakesh Kumar Agarwal, Mr. Anurag Garg and Ms. Nisha Rani;</li> <li>• Corporate Guarantees of Aman Promoters Private Limited, Supra Industries Private</li> </ul>	--



Name of the lender	Loan Documentation	Facility	Amount outstanding as on May 31, 2010*	Interest Rate	Security	Repayment schedule
	Omnibus Counter Guarantee dated December 3, 2008 from our Company.					
Corporation Bank	Sanction letter for credit facilities dated August 22, 2009;  Guarantee Agreements dated September 7, 2009 between our Company and Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg, Mr. Pradeep Kumar Garg, Mr. Rakesh Kumar and Aman Promoters Private Limited (the “Guarantors”); and  Common Deed of Hypothecation dated August 25, 2009.	<b>Fund based facility:</b>  Cash Credit facility: Rs. 100 million  <b>Non Fund based facility:</b>  Import/ Inland Letter of Credit cum Bank Guarantee: Rs. 500 million;  Forward Sale Contract (Derivative Products Limit): Rs. 100 million	Rs. 87.2 million  Rs. 428.3 million  Letter of Credit: Rs. 70 million	12% p.a	<ul style="list-style-type: none"> <li>• First <i>pari passu</i> charge on the entire current assets of our Company including entire stock-in-trade and book debts;</li> <li>• Equitable mortgage of leasehold residential plot no. 86, Block B, Sector 44, Noida, District Gautam Budh Nagar, Uttar Pradesh held in the name of Aman Promoters Private Limited admeasuring 450.89 sq.mts.</li> </ul>	Running account repayable on demand subject to annual renewal.

Name of the lender	Loan Documentation	Facility	Amount outstanding as on May 31, 2010*	Interest Rate	Security	Repayment schedule
Axis Bank Limited	Link cum Supplementary Document dated April 20, 2010; Sanction Letter dated February 25, 2010; Modified Sanction Letter dated April 19, 2010.	<p><b>Fund based facility:</b></p> <p>Cash Credit facility: Rs. 250 million</p> <p><b>Non Fund based facility:</b></p> <p>Bank Guarantee: Rs. 1,600 million</p> <p>Letter of Credit facility (as a sub limit of the Bank Guarantee): Rs. 400 million</p>	<p>Cash Credit: Rs. 239.34 million</p> <p>Bank Guarantee: Rs. 888.43 million</p> <p>Letter of Credit: Rs. 396.63 million</p>	3,00% below the banks prime lending rate, payable at monthly intervals.	<p>The security for the Fund and Non Fund based facilities shall be as follows:</p> <p><b>Primary:</b></p> <ul style="list-style-type: none"> <li>• <i>Pari passu</i> first charge by way of hypothecation of current assets of our Company;</li> </ul> <p><b>Collateral:</b></p> <ul style="list-style-type: none"> <li>• <i>Pari passu</i> first charge by way of hypothecation of movable fixed assets of our Company, excluding those specifically charged to other banks under equipment finance;</li> <li>• Extension of equitable mortgage by way of exclusive charge on land and building belonging to Mr. Pradeep Kumar Garg, located at KG-35, Kavi Nagar, Ghaziabad, Uttar Pradesh</li> <li>• Extension of equitable mortgage by way of exclusive charge on immovable property, land (admeasuring 2 bigha 8 biswas and 6 biswansi) comprised in Khatta No. 119, Khasra No. 576 Min., situated at village Chhajarsi</li> </ul>	--

Name of the lender	Loan Documentation	Facility	Amount outstanding as on May 31, 2010*	Interest Rate	Security	Repayment schedule
					<p>Kulechnagar, Pargana-Dassana, Tehsil-Hapur, Distt-Hapur, Ghaziabad, Uttar Pradesh belonging to M/s Mangalam Ceramics Limited;</p> <ul style="list-style-type: none"> <li>• Extension of equitable mortgage by way of exclusive charge on immovable property belonging to Ms. Nisha Rani located at land admeasuring 500 sq. yds, Scheme no. IV, KG-III, situated at Kavi Nagar, Ghaziabad, Uttar Pradesh;</li> <li>• Collateral of 5% by way of equitable mortgage on property or cash collateral to secure additional enhanced limit;</li> <li>• Personal Guarantee of Mr. Pradeep Kumar Garg, Mr. Naresh Kumar Garg and Mr. Devendra Kumar Garg.</li> </ul> <p>The security for the Bank Guarantee shall also include a counter guarantee of our Company.</p> <p>The security for the Letter of Credit shall also include the goods procured under the Letter of Credit.</p>	
Oriental Bank of Commerce	Sanction Letter dated September 12, 2007;  Modified sanction letter dated March 26, 2009;  Counter Guarantee Agreement dated September	Inland Guarantee (Performance/ Financial): Rs. 100 million  Letter of Credit (Sublimit of Bank Guarantee): Rs. 20 million  The overall	Rs. 2 million	--	<ul style="list-style-type: none"> <li>• Equitable mortgage of the factory, land and building at Chaprola, Gautam Budh Nagar, Uttar Pradesh admeasuring 6,952.83 sq. mts. in the name of M/s Sea Shell Ceramics Private Limited;</li> </ul>	--

Name of the lender	Loan Documentation	Facility	Amount outstanding as on May 31, 2010*	Interest Rate	Security	Repayment schedule
	13, 2007.	exposure of the Bank Guarantee and the Letter of Credit shall be limited to Rs. 100 million.			<ul style="list-style-type: none"> <li>Personal guarantee of Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg and Mr. Pradeep Kumar Garg; and</li> <li>Corporate Guarantee of Sea Shell Ceramics Private Limited, Expert Power Control India Private Limited, Aman Promoters Private Limited and Pradeep Sons Private Limited.</li> <li>In relation to the Bank Guarantee, our Company shall provide a counter guarantee.</li> </ul>	
Yes Bank	Sanctioned letter dated March 17, 2009; and  Working Capital Facility Agreement dated August 11, 2009.	Bank Guarantee (Performance): Rs. 150 million  Cash Credit/ Working Capital Demand Loan: Rs. 75 million (sublimit of the Bank Guarantee)	Rs. 75 million	The prime lending rate of the lender – 4%	<ul style="list-style-type: none"> <li><i>Pari passu</i> charge on the current assets;</li> <li>Personal Guarantees of Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg, Mr. Pradeep Kumar Garg and Mr. Rakesh Kumar Agarwal;</li> <li>Equitable mortgage of property with maximum value of upto 10% of total facility amount.</li> </ul>	--

\* As confirmed by the respective lenders in their statements.

### **Significant terms and restrictive covenants**

Under the terms of the above mentioned working capital debt facilities, our Company is subject to certain special conditions and restrictive covenants as listed below:

**I.** Our Company cannot, without the prior consent of the lenders, undertake, *inter alia*, any of the following:

- a. Effect a change in its capital structure;
- b. Formulate any scheme of merger, amalgamation, consolidation or reconstruction;
- c. Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the fund flow statement submitted to the lender;
- d. Invest by way of share capital in, or lend or advance funds to, or place deposits with any concern (including group companies) otherwise than in the usual course of business;

- e. Undertake guarantee obligations on behalf of any company, firm or person (including group companies);
- f. Permit any transfer of the controlling interest or undertake any drastic change in its management set up;
- g. Undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
- h. Enter into borrowing arrangements, either secured or unsecured, with any other bank or financial institution except as indicated in the fund flow statement submitted to the lender;
- i. Declare or pay any dividends for any year arising out of the profits relating to that year or previous years;
- j. Sell, assign, mortgage or dispose off any of the fixed assets charged to the lenders;
- k. Create any charge, lien, hypothecation or encumbrance over its undertaking or any part thereof in favour of any bank or financial institution;
- l. Enter into any contractual obligation of a long term nature or affecting our Company financially or to a significant extent;
- m. Change the practise with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc;
- n. pay any commission to its Promoters, Directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any other obligation undertaken for or by the lenders;
- o. Change its financial year-end from the date it has currently adopted;
- p. Withdraw or divert or misuse the funds and assets invested in or brought into the business as capital, deposits or otherwise;
- q. Change the shareholding of such shareholders of our Company who are its directors at present and the principal shareholders and promoters of our Company;
- r. Induct a person who is a director on the board of a company which has been identified as a wilful defaulter and that in case such a person is found to be on our Board, our Company would be required to take expeditious and effective steps for removal of the person from the Board.

**II.** There are certain special conditions under the facility agreements, which are described below:

- In relation to the facility from the *ICICI Bank Limited*, the following special conditions have been laid down by the lender:
  1. The Company shall provide an undertaking that it shall not enter into real estate projects.
  2. The Company is required to take prior approval of ICICI Bank if its total investments in its group companies/ subsidiaries or any other company exceeds Rs. 50 million.
  3. The Company shall enter into a consortium banking arrangement by June 30, 2010.
  4. The security mentioned above shall be created till April 30, 2010.

Further, in relation to the non-fund based facility of ICICI Bank, it has been stipulated that the financial guarantee shall be restricted at 25% of the total bank guarantee limit. The bank guarantee also shall not be for the purpose of BOT projects.
- In relation to the facility from the *Syndicate Bank*, the following special conditions have been laid down by the lender:
  - a. The goods/ machinery for which payment has been made by the lender shall not be moved to any other place; and
  - b. the facility shall be applied and utilized by our Company in the ordinary course of business and only for the purpose for which the same have been granted and for any misutilization, the lender shall have the right to recall and recover the entire loan amount besides proceeding against our Company for misutilization.
- In relation to the facility from the *Union Bank of India*, in the event of the occurrence of certain events including *inter alia* default in payment by our Company, winding up of our Company, insolvency petition being filed against our Company, ceasing or threatening to cease carrying on the business of our Company, the entire loan/ advance under the credit facility shall become payable and the lender shall be at liberty to recall the entire credit facility and to realise the security created.

Further to the facility agreements, all the lenders have consented to this Issue.

**B. Unsecured borrowings as of May 31, 2010**

Our Company had availed an unsecured facility of Rs. 10.00 million from Kotak Mahindra Bank of which Rs. 0.50 million was outstanding as on May 31, 2010.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices against our Company, our Directors, our Promoters and Group Companies or ventures with which our Promoters were associated in the past. Except as stated in this section and specifically, in “Outstanding Litigation and Material Developments – Details of past cases or proceedings in which penalties were imposed on our Company and our Group Companies by the concerned authorities” and “Outstanding Litigation and Material Developments – Pending litigations against our Group Companies” on pages 156 and 155, respectively, there are no defaults including non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits issued by our Company, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company except as stated below. Except in the case of Intec Shares and Stock Brokers Limited, one of our Group Companies, and as disclosed in “Outstanding Litigation and Material Developments – Details of past cases or proceedings in which penalties were imposed on our Company and our Group Companies by the concerned authorities” and “Outstanding Litigation and Material Developments – Pending litigations against our Group Companies” on pages 156 and 155, respectively, no disciplinary action has been taken by SEBI or any stock exchange against our Company, our Directors, our Promoters, Group Companies or ventures with which our Promoters were associated in the past.

Neither our Company nor our Promoters or Group Companies have been declared as wilful defaulters by the RBI, or any other authority other than as disclosed below and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them or any person or entity connected with them. Further, except as disclosed in this section, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company, our Promoters, Group Companies or any person or entity connected with them. Except as stated in this section, none of the Group Companies had faced/ is facing any litigations/ defaults/ over dues or labour problems/ closure etc.

#### I. Contingent liabilities not provided for:

Our contingent liabilities not provided for as of for Fiscal 2010 (as disclosed in the notes to our restated financial statements) are as follows:


Particulars	(Rs. million)
	As on March 31, 2010
Bank guarantees issued by banks	3,848.12
Letter of credit given by banks	109.96
Corporate guarantee given to bank for other parties	-
Income tax demand	-
<b>Total</b>	<b>3,958.08</b>

#### II. Outstanding Litigations involving our Company

##### A. Pending legal proceedings against our Company

1. Our Company was awarded a contract dated February 15, 2000 in relation to work of ‘rehabilitation and bank strengthening of W.J.C Main Branch’. An agreement dated March 7, 2000 was executed with the Executive Engineer, Construction Division, Haryana Irrigation Department, Karnal, which was alleged to have been improperly terminated by the authorities. Our Company filed an application before the arbitral tribunal aggrieved by such termination. The tribunal passed an award in favour of our Company on April 19, 2005 ordering the Haryana Irrigation Department to pay our Company a sum of Rs. 2.65 million with interest. The Government of Haryana through the Haryana Irrigation Department filed an objection

petition on August 30, 2005 against the said order before the Court of the Additional District Judge, Karnal. The matter is presently pending and the next date of hearing shall be intimated by the court in due course.

2. Pursuant to a letter dated July 19, 2008, the Trade Mark Registry, New Delhi, has stated that the registration of the “” logo by the Trade Mark Registry, New Delhi in Classes 37 and 42 on July 27, 2007 is open to objections on relative grounds of refusal under section 11 of the Trademarks Act, 1999, as a similar trademark is already on record of the register for the same or similar goods or services. Our Company was asked to submit our responses or submissions in relation to the same. The matter is currently pending and the next date of hearing shall be intimated in due course. For further details, see “Government and other Approvals” and “Risk Factors” on pages 158 and x, respectively.

**B. Pending litigation and legal notices by our Company**

1. Our Company filed a claim dated February 21, 2004 before the Hon’ble Arbitrators, Mr. A.B. Shukla and Mr. I.D.Singhal in Lucknow against the state of Uttar Pradesh through the Superintending Engineer, Bareilly and Executive Engineer, Lok Nirman Vibhaag, Ghaziabad, Uttar Pradesh in connection with the construction of Kali Nadi Bridge and approaches in 60 kms. of the National Highway-24 against a contract bond dated January 16, 1997. Our Company has alleged that the refund of security deposit had been refused by the respondents on the ground that such deposit was not payable in terms of the conditions of the contract. Our Company states that they have suffered losses due to breach of contract including loss of professional profit as a result of exclusion of certain items including labour and material which had to be provided for by the respondents and in relation to payment of stamp duty. The Company has claimed refund of Rs. 6.70 lakhs with interest of 24%, balance amount totalling Rs. 1,860,860 with interest of 24% and Rs. 2,920,800 and Rs. 150,000 as claim for the costs of the arbitration. The matter is currently pending and the next date of hearing is July 24, 2010.
2. Our Company filed a claim dated May 20, 2005 before the Hon’ble Arbitrators, Mr. V.K. Mathur and the Chief Engineer (West Zone), Meerut against the state of Uttar Pradesh and others through the Superintending Engineer, Bulandshahr and the Executive Engineer, Bulandshahr in connection with the rescinding of the construction of link roads and culverts in Bulandshahr district against the contract bond dated May 17, 2002. Our Company has claimed breach of contract on the part of the respondents and has claimed Rs. 562,500 with interest of 24% for compensation for staff and labour salary, refund of amount of Rs. 3,944,378 for professional profits, Rs. 92,692 with interest of 24% for delay in payment of the bills, refund of amount of Rs. 83,858, Rs. 167,426 as illegal deductions, Rs. 20,600 with interest of 24% for refund of excess roller charges and Rs. 600,000 as the costs of the arbitration and such other costs. The matter is currently pending and the next date of hearing shall be intimated in due course.
3. Our Company filed a claim dated May 20, 2005 before the Hon’ble Arbitrators, Mr. V.K. Mathur and the Chief Engineer, Meerut against the state of Uttar Pradesh and others through the Superintending Engineer, Bulandshahr and Executive Engineer, Bulandshahr in connection with the rescinding of the construction of link roads and culverts in Bulandshahr District against the contract bond dated May 18, 2002. Our Company has claimed breach of contract on the part of the respondents and has claimed Rs. 75,000 with interest of 24% as contingent expenses, Rs. 125,000 with interest of 24% as compensation for loss of labour, Rs. 325,000 with interest of 24% for loss of rental charges, Rs. 50,000 with interest of 24% for loss of minimum staff, Rs. 2,388,227 for non-execution of certain items, Rs. 39,800 with interest of 24% for refund of stamp duty, Rs. 2,500,000 for compensation for extra expenses, Rs. 500,000 as losses for the advances, Rs. 982,500 as refund for the security deposit paid, Rs. 106,916 as compensation for illegal deductions from the bills and Rs. 656,160 as the costs of the arbitration and such other costs. The matter is currently pending and the next date of hearing shall be intimated in due course.
4. Our Company, in a letter dated July 28, 2009, to the Superintendent Engineer, World Bank Project Circle, (UPSRP), PWD Meerut has alleged that the employer, World Bank Project

(Roads), Uttar Pradesh Public Works Department has not paid the legitimate dues for the works executed as per the provisions of the contract bond dated July 27, 2005. A notice under the contract bond has also been sent to the employer pursuant to the abovementioned letter wherein it has been stated that non-payment of the amounts due would be grounds for initiating a dispute which would then be decided by the Superintendent Engineer. Our Company has claimed an amount of Rs. 162,000 which is due and is required to be refunded by the employer.

5. Our Company was awarded a contract dated April 19, 1997 for performance of certain work of filling, cutting, construction of minor ridges and other civil works on the railway line between Ghaziabad and Hapur, Uttar Pradesh. Our Company has alleged that such contract was improperly terminated by the Northern Railway Department, GoI and aggrieved by such termination of contract, our Company filed an application before an arbitral tribunal for payment of the interest amount. The tribunal passed an award in favour of our Company on February 11, 2002 ordering the Railway Department to pay a sum of Rs. 1.35 million with interest at the rate of 12% per annum with effect from March 10, 1998 upto the date of such award. An application under section 34 of the Arbitration and Conciliation Act, 1996 (O.M.P. No. 327/2008) dated July 7, 2002 was filed against our Company by Union of India, through the General Manager, Baroda House Northern Railways before the High Court of Delhi, New Delhi for setting aside of the arbitral award of Rs. 13,58,571 dated February 11, 2002 granted to our Company. The court, pursuant to its order dated March 19, 2008 dismissed the objections. The respondents further objected to the award and filed an appeal (FAO(OS) 257/2008) before the High Court of Delhi, which was dismissed by the court by an order dated May 26, 2008. The Railway Department, filed a Special Leave Petition (11574/08) dated September 11, 2008 before the Supreme Court of India against the order of the High Court of Delhi to stay further operations, which was subsequently withdrawn. The interim application is currently pending and the next date of hearing shall be intimated by the court in due course.

### **III. Pending litigations against our Group Companies**

There are no outstanding litigations, defaults involving, inter alia, violation of statutory regulations or allegations of criminal offence, economic offences, civil/criminal cases towards tax liabilities or past penalties, against our Group Companies. Further, except as stated hereinbelow and otherwise stated in this section, no disciplinary action has been taken by SEBI or the Stock Exchanges against our Group Companies.

1. SEBI had, pursuant to its letter dated October 16, 2006 issued notices to one of our Group Companies, Intec Shares and Stock Brokers Limited (“ISSBL”), Mansukh Securities & Finance Limited, a broking firm, Monalisha Securities Private Limited (“Monalisha”), a sub-broker of ISSBL and Classic Investments, a client of ISSBL, in relation to creation of artificial volumes and price irregularities in the trading of the shares of Videocon Industries Limited (“VIL”) and NRB Bearings Limited (“NRB”). This letter was issued by SEBI pursuant to an investigation by SEBI based on the inputs from NSE, in relation to the scrips of VIL and NRB during the period May 1, 2004 to June 15, 2004. ISSBL and Monalisha, pursuant to letters dated November 15, 2006 and December 15, 2006, respectively, responded to the said letter issued by SEBI, denying the allegations stated therein.

Pursuant to notices dated April 4, 2007, January 29, 2010 and February 17, 2010, Monalisha was summoned for personal hearings before SEBI. However, as Monalisha failed to appear before SEBI, as summoned in such letters, SEBI, pursuant to its letter dated March 5, 2010 issued to ISSBL, ordered ISSBL to serve the said notices to Monalisha in its capacity as the sub-broker of ISSBL.

ISSBL was separately summoned for personal hearings before SEBI pursuant to a notice dated January 28, 2010. ISSBL, pursuant to a letter dated February 12, 2010 intimated SEBI of its desire to avail the consent process and accordingly file a consent application. Consequent to SEBI agreeing to such request by its letter dated February 16, 2010, ISSBL filed consent applications before SEBI pursuant to letters dated February 27, 2010 and March 3, 2010. Thereafter, pursuant to a letter dated April 27, 2010 issued by SEBI, the concerned personnel

of ISSBL was asked to personally appear before SEBI on May 6, 2010 so as to arrive at mutually agreed consent terms.

The abovementioned matters are currently pending and the orders of SEBI in this regard are awaited.

2. SEBI had, pursuant to an order dated July 27, 2007 against one Mr. Pankaj Gupta, a dealer and client of ISSBL, stated that ISSBL alongwith Mansukh Securities & Finance Limited, a broking firm, were jointly involved in manipulation of the price movement and trading of the scrips of VIL during the period January 14, 2004 to February 26, 2004. ISSBL was previously issued a show cause notice dated August 31, 2005 in this regard. However, the operating provisions of the said order was directed at Mr. Pankaj Gupta who was restrained from accessing the securities markets for a period of six years. Neither ISSBL nor Mansukh Securities & Finance Limited, the said broking firm, were subjected to any adverse orders.

Subsequently, SEBI issued a letter dated January 28, 2010 to ISSBL intimating that, in relation to trading of the scrips of VIL during January 14, 2004 to February 26, 2004, a letter dated January 3, 2008 had been previously issued to ISSBL intimating the procedures for arriving at settlement terms. Further the said letter dated January 28, 2010 stated that since ISSBL had not responded to the letter dated January 3, 2008, it could be presumed that it was not interested in such settlements at that period of time.

As stated in the said letter dated January 28, 2010 and pursuant to the provisions of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, as amended, ISSBL was granted an opportunity to submit additional written representations or other submissions within 15 days of the receipt of the letter. Further, ISSBL was asked to show cause as to why appropriate actions should not be initiated against it for violations alleged in the abovementioned notice dated August 31, 2005.

The matter is currently pending and further orders of SEBI in this regard are awaited.

#### **IV. Details of past cases or proceedings in which penalties were imposed on our Company and our Group Companies by the concerned authorities**

1. Our Company witnessed search and seizure operations by the income tax authorities on November 6, 2009, under the applicable provisions of the IT Act. During the said operations, certain of our goods, including bunch of loose papers and computer hardware were seized for further scrutiny by the income tax authorities. Besides certain follow-up correspondences, our Company has not received any further summons or notices requiring us to respond.
2. Our Company and certain individuals, Mr. Naresh Kumar Garg, Mr. Devendra Kumar Garg and Mr. Puneet Garg had moved a joint application (Company Petition No.16/144/2005-CLB) before the Company Law Board, Northern Region Bench, New Delhi under section 621A of Companies Act for compounding of offences under section 383A of the Companies Act. The offence was in relation to the non-appointment of a whole-time company secretary for certain periods of time. The Company Law Board, pursuant to an order dated June 19, 2006, allowed for the offences to be compounded on payment of Rs. 20,000 by our Company and Rs. 5,000 by each of the individuals.
3. SEBI, pursuant to an order dated August 25, 2003, ordered that the certificate of registration of ISSBL, be suspended for a period of four months. The said order was to come into force on the expiry of three weeks from the date of the said order. SEBI had ordered an inspection of the books of accounts and other records of our Company. During the inspection, certain violations were observed including delay in making payments to clients, non collection of margins, non segregation of client's funds and own funds, cash transactions instead of cheque transactions and indulgence in off market transactions and cross deals. The SAT stayed the operation of the said order by eight weeks pursuant to an interim order dated September 15, 2003. Subsequently on the expiry of eight weeks, the SAT ordered the parties to maintain *status quo*. An appeal (no. 112/2003) was initiated against the impugned order dated August

25, 2003 before the SAT and the SAT modified the order of SEBI to that of a warning, pursuant to its order dated December 16, 2004.

4. SEBI suspended the registration of ISSBL as a stock broker from September 15, 2009 till March 14, 2010 due to the failure of ISSBL to pay the registration fee due. Pursuant to an order dated September 15, 2009, the proceedings were dismissed as the registration fee was subsequently paid by the company.

**V. Proceedings initiated against our Company for economic offences**

There are no proceedings initiated against our Company for any economic offences.

**VI. Adverse findings against our Company as regards compliance with the securities laws**

There are no adverse findings against our Company as regards compliance with the securities laws.

**VII. Outstanding dues to small scale undertaking(s) or any other creditors**

There are no outstanding dues above Rs. 0.1 million owed to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

**VIII. Outstanding Litigation against other companies whose outcome could have an adverse effect on our Company**

There are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company.

**IX. Outstanding Litigation involving our Directors**

Except as stated below, there are no outstanding litigations, defaults involving, inter alia, violation of statutory regulations or allegations of criminal offence, economic offences, civil/criminal cases towards tax liabilities or past penalties, against or by our Directors. Further, no disciplinary action has been taken by SEBI or the Stock Exchanges against our Directors.

Mr. Satish Chand has filed a case (No. 3/2004) against the Municipal Commissioner and our Director, Mr. Rakesh Kumar before the Court of the Chief Judicial Magistrate, Bulandshahr, Uttar Pradesh, in respect of certain ancestral property situated at Bulandshahr valued at Rs. 500,000. The case has been filed to seek restoration of the name of the applicant in the Register of House Tax. The matter is currently pending and the next date of hearing is July 16, 2010.

**X. Outstanding Litigation/Proceedings against our Promoters**

There are no outstanding litigations, defaults involving, inter alia, violation of statutory regulations or allegations of criminal offence, economic offences, civil/criminal cases towards tax liabilities or past penalties, involving our Promoters. Further, no disciplinary action has been taken by SEBI or the Stock Exchanges against our Promoters. Except as stated in this section, there are no pending litigations, defaults in respect to entities and ventures with which our Promoters were associated in the past.

**XI. Material Developments since the last balance sheet date**

In the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or its ability to pay its material liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see “Regulations and Policies” on page 83.

### A. *Approvals in relation to our Company’s incorporation*

1. Certificate of incorporation dated November 16, 1989 granted to our Company by the RoC.

### B. *Approvals related to this Issue*

1. In-principle approval from the NSE dated [●];
2. In-principle approval from the BSE dated [●];
3. Our Board has, pursuant to its resolutions dated June 4, 2010, authorised this Issue; and
4. The shareholders of our Company have, pursuant to their resolution dated June 5, 2010 authorised this Issue.

### C. *Business and Project Approvals*

We require various approvals for us to carry on our business in various states in India. Some of our business related approvals may expire in the ordinary course of business and applications for renewal of these approvals are submitted in compliance with applicable law. Our Company has received the following significant approvals pertaining to its business and projects:

#### (i) **Business approvals and certifications**

S. No.	Approval Granted	Authority	Reference / Registration Number	Date Granted	Validity
1.	Registration of the premises situated at C 32 RDC, Raj Nagar, Ghaziabad, Uttar Pradesh under the Uttar Pradesh Shops and Establishment Act, 1962	Chief Inspector of Shops, Ghaziabad, Uttar Pradesh	1/2071K	July 21, 2007	March 31, 2012
2.	ISO 9001:2008 certification granted to the ‘quality management system’ of our Company which is applicable to the construction of roads, bridges, buildings and other civil related activities.	Chief Executive Officer, British Certifications Inc.	P-BCI/Q/J/1196	May 21, 2010	May 20, 2013

#### (ii) **Project Related Approvals**

Our Company conducts its business activities in the states of Uttar Pradesh, NCT of Delhi, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa and Himachal Pradesh.

S. No.	Approval Granted	Authority	Reference / Registration Number	Date Granted	Validity
<b>A. Madhya Pradesh</b>					
1.	Consent under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for stone	Regional Officer, M.P. Pollution Control Board,	332/RO/MPP CB/BPL/2010	January 23, 2010	October 7, 2009 till October 6, 2010

S. No.	Approval Granted	Authority	Reference / Registration Number	Date Granted	Validity
	crushing and production capacity of 200 TP/ hr.	Bhopal			
2.	Consent under section 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”) for stone crushing and production capacity of 200 TP/ hr.	Regional Officer, M.P. Pollution Control Board, Bhopal	331/RO/MPP CB/BPL/2010	January 23, 2010	October 7, 2009 till October 6, 2010
3.	Consent for discharge of industrial and other effluents into natural water courses under the Water Act for RMC with production capacity of 30 cubic metre/ hr., hot mix plant with production capacity of 128 TP/ hr. and ‘Wet Mix Macadam’ with production capacity of 200 TP/ hr.	Regional Officer, M.P. Pollution Control Board, Bhopal	RO/BHOPAL/2010/MPPCB/Water	--	October 7, 2009 till October 6, 2010
4.	Consent for discharge of industrial and other effluents into natural water courses under the Water Act for stone crushing with production capacity of 200 TP/ hr.	Regional Officer, M.P. Pollution Control Board, Bhopal	RO/BHOPAL/2010/MPPCB/Water	--	October 7, 2009 till October 6, 2010
5.	License for storage of 20 KL petroleum in tanks in the licensed premises in connection with pump outfit for fueling motor conveyance	Joint Chief Controller of Explosives, Petroleum and Explosives Safety Organisation, GoI	P/CC/MP/14/4 985 (P206453)	March 18, 2008 (renewed on November 26, 2009)	December 31, 2010
6.	License for running 62.5 KV diesel generator set at two sites at Tehsil Nassrulaganj, District Sihora	Chief Engineer (Electricity Safety) and Chief Electricity Inspector, Madhya Pradesh	N-3/2488/K.Y/ Sihora	December 24, 2009	-
7.	License under the Contact Labour (R&A) Act, 1970 for 100 workers at the site Camp Budhni to Sadalpur	Licensing Officer under the Contact Labour (R&A) Act, 1970	LO/SHR/2007	September 28, 2007 (renewed on January 29, 2010)	December 31, 2010
<b>B. Uttar Pradesh</b>					
1.	License under section 12(1) of the Contract Labour (R&A) Act, 1970 for 200 contract labour for construction of hospital at Lucknow in the establishment of Regional Director, ESIC, Kanpur	Ministry of Labour & Employment, Licensing Officer & Regional Labour Commissioner (Central), Lucknow	LKO.46(1-36)/2010	May 3, 2010	May 2, 2011
2.	Registration under sub section (3) of section 7 of the Building and Other Construction Workers (Regulation of Employment and Condition of Services) Act, 1996 for 200 contract labour for construction of hospital at Lucknow in the establishment of Regional Director, ESIC, Kanpur	Ministry of Labour & Employment, Licensing Officer & Regional Labour Commissioner (Central), Lucknow	LKO.43(R-10)/2010	April 12, 2010	May 28, 2009 till November 30, 2011
3.	License for establishment of ‘Hot Mix Plant’ at Meerut, Uttar Pradesh	Regional Officer, Uttar Pradesh Pollution Control Board, Meerut	747/NOC/MR T-24/2005	October 25, 2005	--

S. No.	Approval Granted	Authority	Reference / Registration Number	Date Granted	Validity
4.	License under section 12(1) of the Contract Labour (R&A) Act, 1970 for 75 contract labour for construction of road of Lucknow bypass connecting NH-25 and NH-56 passing through Lucknow city in the establishment of Project Director, NHAI, Lucknow	Ministry of Labour & Employment, Licensing Officer & Regional Labour Commissioner (Central), Lucknow	LKO.46(1-60)/2009	June 10, 2010	May 21, 2011
<b>C. Uttarakhand</b>					
1.	License under the Uttaranchal Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 for 15 workers at Ramnagar, District Nainital	PWD Construction Division, Ramnagar	--	--	Estimated date of commencement of works: May 25, 2010  Estimated date of completion of works: December 31, 2008
2.	NOC in relation to usage of high speed diesel for 'Hot Mix Plant' and diesel for D.G. Set at district Almora	Member Executive, Uttarakhand Environment Protection and Pollution Control Board	UEPPCB/HO/NOC-1424/09/382	May 28, 2010	--
<b>D. Orissa</b>					
1.	License under section 12(1) of the Contract Labour (R&A) Act, 1970 for 100 workers for civil construction and electrical works at Rathi Steel and Power Limited, Sambalpur	Licensing Officer, Office of the Deputy Labour Commissioner, Sambalpur Division	1382/10	May 25, 2010	May 27, 2011
<b>E. Himachal Pradesh</b>					
1.	License under section 12(1) of the Contract Labour (R&A) Act, 1970 for 120 workmen	Registering Officer under the Contract Labour (R&A) Act, 1970, Chamba Zone, Government of Himachal Pradesh	LO/CBAI/CL A/472/10	April 27, 2010	April 26, 2011
2.	Consent to establish under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 for manufacture of 'wet mix material'	Environmental Engineer, Himachal Pradesh Pollution Control Board	PCB EE/Chamba (51)/ M/s NKG Infrastructure Limited/2010: 447-49	June 1, 2010	June 1, 2011

**Approvals applied for, but not received**

S. No.	Approval sought	Authority to whom application is addressed	Date of application
1.	Application for grant of labour license for works of 'procurement for supply, laying, jointing, testing and commissioning of raw water main from Bandal river source to Dilaram bazaar water treatment plant' at Dehradun, Uttarakhand.	Assistant Labour Commissioner, Dehradun, Uttarakhand	May 14, 2010
2.	Application for grant of labour license under the Contract Labour (R&A) Act, 1970 for construction of the ESIC Hospital at Faridabad, Haryana.	Additional Labour Commissioner, NCR, Gurgaon, Haryana	May 25, 2010
3.	Application for registration of establishment employing contact labour under the Contract Labour (R&A) Act, 1970.	Additional Commissioner of Labour, Tardeo, Mumbai, Maharashtra	June 15, 2010



#### **D. Taxation and other approvals**


<b>S. No.</b>	<b>Description</b>	<b>Reference</b>
1.	Tax Deduction Account Number (“TAN”) under the I.T Act	MRTN01037B
2.	PAN	AACCN1659D
3.	Service Tax Code	AACCN1659DST001

The Company has received certificates of registration in relation to value added tax (“VAT”) and has been allotted Taxpayer’s Identification Numbers (“TIN”) for its establishments in certain states. The details of such registrations are mentioned below:

<b>S. No.</b>	<b>Description</b>	<b>TIN</b>
1.	Registration under the Uttar Pradesh Value Added Tax Act, 2007, as amended, for the establishment situated at KG-111, Kavi Nagar, Ghaziabad, Uttar Pradesh	09590900459
2.	Registration under the Haryana Value Added Tax Act, 2003, as amended, for the establishment situated at May Field Garden, P.O. Samsapur, Sector 51, Gurgaon, Haryana	06981826508
3.	Registration under the Uttarakhand Value Added Tax Act, 2008, as amended, for the establishment situated at 100/1, G Block, Race Course, Dehradun, Uttarakhand	05001198148
4.	Registration under the Madhya Pradesh Value Added Tax Act, 2002 for the establishment situated at A-2, Siddarth Galaxy, Gulmohar Colony, Bhopal, Madhya Pradesh	23884007279
5.	Registration under the Central Sales Tax Act, 1956, as amended, for the establishment situated at Khatizabai Manzil, 46 Tank Street, Mumbai 400 008, Maharashtra	27190698486V
6.	Registration under the Orissa Value Added Tax Act, 2004, as amended, for the establishment situated at Plot No. 169, 170, 171, W.No. 16, Purunabasti, Jharsuguda 768 202, Orissa	21024500351
7.	Registration under the Himachal Pradesh Value Added Tax Act, 2005, as amended, for the establishment situated at 19/22, M.C. Complex, Rampur, Bushahr District, Simla, Himachal Pradesh	SIM-III-12804
8.	Registration under the Delhi Value Added Tax Act, 2004, as amended, for the establishment situated at 803, Manjusha, 57, Nehru Place, New Delhi 110 019	07570313808

#### **E. Intellectual Property Approvals**

Our Company had been granted registration for the “” logo by the Trade Mark Registry, New Delhi in Classes 37 and 42 on July 27, 2007. However, the said registration is subject to objections. For further details in this regard, see “Risk Factors – Our “” logo is currently subject to objections. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.”, “Our Business- Intellectual Property” and “Outstanding Litigation and Material Developments – Pending legal proceedings against our Company” on pages xix, 82 and 153, respectively.

Our Company has been granted registration (bearing registration no. A-86267/2009) under the Indian Copyrights Act, 1957, as amended, for the “” logo by the Deputy Registrar of Copyrights, Copyright Office, GoI on July 22, 2009.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Issue

#### *Corporate Approvals*

- Our Board has, pursuant to its resolution dated June 4, 2010, authorised this Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
- The shareholders of our Company have authorised this Issue by their special resolution passed pursuant to Section 81(1A) of the Companies Act, at its EGM held on June 5, 2010 and authorised the Board to take decisions in relation to this Issue.

### Prohibition by RBI

None of our Company, our Promoters and our Group Companies have been declared as wilful defaulters by the RBI or any other authority. Further, except as stated in the stated section, there has been no violation of any securities law committed by any them in the past and no such proceedings are currently pending against any of them.

### Prohibition by SEBI or governmental authorities

Except in the case of Intec Shares and Stock Brokers Limited, one of our Group Companies, and as disclosed in “Outstanding Litigation and Material Developments – Details of past cases or proceedings in which penalties were imposed on our Company and our Group Companies by the concerned authorities” and “Outstanding Litigation and Material Developments – Pending litigations against our Group Companies” on pages 156 and 155, respectively, we confirm that neither our Company, Promoters, Promoter Group, Directors, Group Companies or persons in control of our Promoters have not been prohibited from accessing or operating in the capital markets under any order or direction passed by the SEBI. Further, the SEBI has not initiated any action against the entities associated with the securities market and with which our Directors are associated.

### Eligibility for this Issue

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

- (a) Our Company, our Directors, our Promoters, the members of our Promoter Group, the persons in control of our Company and the companies with which our Directors, Promoters or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;
- (b) Our Company has applied to the NSE and the BSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue through its applications dated [●] and [●], respectively and has received the in-principle approvals from the NSE and the BSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the [●] shall be the Designated Stock Exchange;
- (c) Our Company has entered into agreements dated October 30, 2007 and October 15, 2007, respectively, with NSDL, CDSL and the Registrar to the Issue for dematerialisation of the Equity Shares;
- (d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus; and
- (e) We propose to meet all the requirement of funds for the Objects entirely from the Net Proceeds. Accordingly, the requirement of firm arrangements of finance through verifiable means for 75% of the stated means of finance excluding the Issue Proceeds does not arise. For further details in this regard, see “Objects of the Issue” on page 32.

Our Company is an unlisted company complying with the conditions specified in Regulation 26(1) of the SEBI Regulations, as described below:

- (A) Our Company has net tangible assets of at least Rs. 30.00 million in each of the preceding three full years (of twelve months each), of which not more than fifty per cent are held in monetary assets.
- (B) Our Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three out of the immediately preceding five years.
- (C) Our Company has a net worth of at least Rs. 10.00 million in each of the preceding three full years (of twelve months each).
- (D) The Issue size of up to Rs. [●] million along with the previous issues of Equity Shares in Fiscal 2010 aggregates to Rs. [●] million. The said aggregate, i.e., Rs. [●] million, does not exceed five times the pre-Issue Net Worth of our Company as per the audited accounts for Fiscal 2010 which is Rs. 2,312.19 million (i.e., 5 x Rs. 2,312.19 million = Rs. 11,560.95 million).
- (E) Our Company has not changed its name within the last one year.

Our Company's net profit, dividend, Net Worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Draft Red Herring Prospectus under "Financial Statements", as at, and for the last five years ended Fiscal 2010 are set forth below:

Particular	(Rs. million)				
	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Distributable Profits <sup>***</sup>	514.54	220.24	168.80	89.07	22.79
Net Worth	2,312.19	1,694.15	895.38	319.59	153.12
Net Tangible assets <sup>*</sup>	2,312.19	1,694.15	895.38	319.59	153.12
Monetary assets <sup>**</sup>	746.71	511.28	206.38	71.89	38.15
Monetary assets as a percentage of the net tangible assets	32.29	30.18	23.05	22.49	24.91

<sup>\*</sup>Net tangible assets are defined as the sum of all net assets of our Company, excluding intangible assets as described in AS-26 issued by the ICAI.

<sup>\*\*</sup>Monetary assets include cash and bank balances. Detailed figures are given in "Financial Statements" on page F-1.

<sup>\*\*\*</sup>The distributable profits of our Company as per Section 205 of the Companies Act have been calculated from the audited financial statements of the respective years and/or period before making adjustments for restatement of Financial Statements.

Hence, we are eligible for the Issue under Regulation 26(1) of the SEBI Regulations.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e. persons to whom our Equity Shares will be Allotted shall be not less than 1,000; otherwise, the entire application money raised in this Issue will be refunded. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Pursuant to Rule 19(2)(b) of the SCRR, at least 25% of our post-Issue Equity Share capital shall be issued and Allotted to the public in terms of the Red Herring Prospectus. Further, this Issue is being made through the Book Building Process, with up to 50% of the Net Issue is being proposed to be allocated to QIB Bidders. Further, not less than 15% and 35% of the Net Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively.

Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see "Issue Procedure" on page 180.

Further, [●] Equity Shares shall be available for allocation on a proportionate basis to our Eligible Employees, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue.

In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue. Subject to valid Bids being received at or above the Issue Price, under-subscription in any category, excluding Employee Reservation Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers. For further details, see "Issue Structure" on page 175.

#### **Compliance with Part A of Schedule VIII of the SEBI Regulations**

Our Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI Regulations. Further, our Company has not been formed by the conversion of a partnership firm into a company.

#### **Disclaimer Clause of SEBI**

**AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ENAM SECURITIES PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS, ENAM SECURITIES PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 24, 2010 WHICH READS AS FOLLOWS:**

**WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**

- 1. “WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT RED HERRING PROSPECTUS (“DRHP”) PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER;**

**WE CONFIRM THAT:**

- (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF**

**CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

- 3. WE CONFIRM THAT ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI, AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRHP.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - NOT APPLICABLE**

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRHP.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to this Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

#### **Disclaimer from our Company, the Directors and the Book Running Lead Managers**

Our Company, the Directors and the Book Running Lead Managers accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website, [www.nkginfra.com](http://www.nkginfra.com), or the website of any of our Promoters, Promoter Group, Group Company or of any affiliate of our Company, would be doing so at his or her own risk.

#### **Caution**

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, our Company and Registrar to the Issue.

All information shall be made available by our Company and the Book Running Lead Managers to the public and investors at large and no selective or additional information would be made available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere. Neither our Company nor any member of the Syndicate are liable to Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Each of the Book Running Lead Managers and their respective affiliates may engage in transactions with, and perform services for, our Company and its Group Companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and its Group Companies or affiliates, for which they have received, and may in the future receive, compensation.

### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India, including Indian national residents in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI's permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, VCFs and permitted Non-Residents including FIIs, their Sub-Accounts, FVCIs, multilateral and bilateral financial institutions and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft 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 New Delhi, 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 Draft Red Herring Prospectus has been filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft 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 Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Transfer Restrictions**

**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 (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold 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 jurisdictions where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **Disclaimer Clause of the BSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

#### **Filing**

A copy of this Draft Red Herring Prospectus will be filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, third Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC located at the address mentioned below.

#### ***Registrar of Companies, NCT Delhi & Haryana***

4<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi 110 016

#### **Listing**

Applications have been made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The [●] will be the Designated Stock Exchange with which the 'Basis of Allocation' will be finalised.

If permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. As prescribed under Section 73 of the Companies Act, if such money is not repaid within eight days after our Company becomes liable to repay it under applicable laws, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on application money.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of the Bid Closing Date.

#### **Consents**

Consents in writing of (a) our Directors, our Company Secretary and Compliance Officer, the Book Running Lead Managers, the Auditors, the lenders to our Company, the domestic legal counsel to our Company, the Bankers to our Company, the Registrar to the Issue have been obtained; and consents in writing of (b) the IPO Grading Agency, the Syndicate Members, the Escrow Collection Banks and the Bankers to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act. Further, such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI Regulations, M/s S.K. Mehta & Company, Chartered Accountants have agreed to provide their written consent for inclusion of their name, report on financial

statements and report relating to the possible general and special tax benefits, as applicable, accruing to our Company and its shareholders, in this Draft Red Herring Prospectus in the form and context in which they appear in this Draft Red Herring Prospectus. Further, such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

[●], the IPO Grading Agency, will give its written consent for inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

### Expert Opinion

Except for the report provided by the IPO Grading Agency (a copy of which report will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading of this Issue and the Auditor's Report of the Auditors of our Company on the audited financial information and the "Statement of Tax Benefits", pursuant to the SEBI Regulations, we have not obtained any other expert opinions.

### Issue Related Expenses

Except as disclosed in "Objects of the Issue" on page 32, the expenses of this Issue include, *inter alia*, underwriting and management fees, selling commission, SCSBs' commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated Issue expenses are as under:

Activity*	Amount (Rs. million)	% of the Issue Expenses	% of total Issue Size
Lead management fees	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Registrar to the Issue's fees	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing and distribution expenses	[●]	[●]	[●]
IPO Grading expenses	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.)	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

\*Will be incorporated at the time of filing of the Prospectus.

### Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers and the Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the engagement letters dated May 19, 2010 and May 28, 2010, among our Company and the Book Running Lead Managers, a copy of which will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of this Draft Red Herring Prospectus until the Bid Closing Date.

### Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated June 17, 2010 entered into, between our Company and the Registrar to the Issue.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

### **Previous Issues of Equity Shares otherwise than for Cash**

Other than as disclosed in “Capital Structure – Notes to Capital Structure” on page 20, our Company has not issued any shares for consideration other than cash.

### **Public Issues in the Last Three Years**

Neither our Company nor our Group Companies have made any public issues in the last three years.

### **Performance vis-à-vis Objects – Last One Issue of Group Companies**

None of our Group Companies have made public/rights or composite issues during the period of 10 years preceding the date of filing this Draft Red Herring Prospectus with SEBI.

### **Underwriting Commission, Brokerage and Selling Commission on Previous Issues**

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company’s inception.

### **Outstanding Debentures or Bond Issues or Preference Shares**

Our Company has no outstanding debentures or bonds or redeemable preference shares or other instruments as of the date of this Draft Red Herring Prospectus.

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

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

### **Other Disclosures**

Except as disclosed under “Capital Structure – Notes to Capital Structure” on page 20, none of our Directors, Promoters, the respective directors of our Promoters and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

Except as disclosed under “Risk Factors” and “Outstanding Litigations and Material Developments” on pages x and 153, the SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three year from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or collection centre of SCSB where the physical ASBA Form was submitted by an ASBA Bidder.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Rajesh Sodhi, as the Company Secretary and 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. Rajesh Sodhi***

C 32 RDC Raj Nagar

Ghaziabad 201 002

Uttar Pradesh

Telephone: +91 120 410 0401

Facsimile: +91 120 410 0407

E-mail: ipo@nkginfra.com

Website: www.nkginfra.com

**Disposal of investor grievances by listed Group Companies**

There are no listed Group Companies of our Company. There are no investor complaints pending as on the date of filing of this Draft Red Herring Prospectus.

**Change in Auditors**

There have been no changes in our Company's auditors in the last three years.

**Capitalisation of Reserves or Profits**

Except as stated in "Capital Structure" on page 19, our Company has not capitalised its reserves or profits at any time since its incorporation.

**Revaluation of Assets**

Our Company has not revalued its assets since its incorporation.

**Purchase of property**

There is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the Net Proceeds or the purchase or acquisition of which would not have been completed on the date of the Red Herring Prospectus, other than property in respect of which:

- (a) the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of this Issue nor is this Issue contemplated in consequence of the contracts; or
- (b) the amount of the purchase money is not material; or
- (c) disclosure has been made in this Draft Red Herring Prospectus in "Our Business" on page 62.

## SECTION VII – ISSUE INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Form, the Revision Form, the CAN, the listing agreements to be entered with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advices and other documents or certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of this Issue and to the extent applicable.

#### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. See “Main Provisions of the Articles of Association” on page 219 for a description of significant provisions of our Articles.

#### Mode of Payment of Dividend

Our Company shall pay dividends to shareholders of our Company as per the provisions of the Companies Act.

#### Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share. The Anchor Investor Price is Rs. [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

#### Compliance with Regulations issued by SEBI

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see “Main Provisions of the Articles of Association” on page 219.

## **Market Lot, Trading Lot and Option to receive Equity Shares in Dematerialised Form**

Pursuant to Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares being offered through the Red Herring Prospectus can be applied for in the dematerialised form only.

Further, as per the provisions of the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allocation of Equity Shares in this Issue and Allotment will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the bid lot will be decided by our Company in consultation with the Book Running Lead Managers, including the relevant financial ratios computed for both the Cap Price and the Floor Price, which shall be published in English and Hindi national newspapers, (i.e., [●] edition of [●] and [●] edition of [●]), each with wide circulation, being the newspapers in which the pre-Issue advertisements were published, at least two Working Days prior to the Bid Opening Date.

### **Joint Holders**

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

### **Jurisdiction**

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi, India only.

### **Nomination facility to investors**

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person 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 the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer 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 our Registered Office or with the Registrar to the Issue and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our 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 90 days, our 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 will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors require to change their nomination, they are requested to inform their respective Depository Participant.

### **Minimum Subscription**

In the event our Company does not receive a minimum subscription of 90% of the Issue, including devolvement to the Underwriters 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 our Company becomes liable to pay the amount, we shall pay such interest prescribed under Section 73 of the Companies Act.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of successful Bidders will not be less than 1,000.

**Application by Eligible NRIs, FIIs and Sub-Accounts**

It is to be distinctly understood that there is no reservation for NRIs and FIIs, Sub-Accounts or FVCIs and other Non-Residents. Such Eligible NRIs, FIIs, Sub-Accounts or FVCIs and other Non-Residents shall be treated on the same basis as other categories for the purposes of Allocation.

As per existing regulations, OCBs cannot participate in this Issue.

**Arrangements for disposal of odd lots**

There are no arrangements for disposal of odd lots.

**Restriction on transfer of shares**

Except for (a) the lock-in of the pre-Issue capital of our Company and the Promoters' Contribution as provided in "Capital Structure" on page 19, and (b) otherwise provided in our Articles, as described in "Main Provisions of the Articles of Association" on page 219, there are no restrictions on transfer and transmission of shares/ debentures and on their consolidation/ splitting.

## ISSUE STRUCTURE

This is a public issue of [●] Equity Shares for cash at a price of Rs. 10 per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating up to Rs. 2,750 million. This Issue shall constitute [●]% of the fully diluted post-Issue capital of our Company. Further, this Issue comprises a Net Issue of [●] Equity Shares to the public and a reservation of [●] Equity Shares for subscription by Eligible Employees, at the Issue price. This Issue shall constitute [●]% of the fully diluted post-Issue capital of our Company and the Net Issue shall constitute [●]% of the fully diluted post-Issue capital of our Company.

	<b>Eligible Employees</b>	<b>QIB<sup>#</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	[●] Equity Shares	Up to [●] Equity Shares.	Not less than [●] Equity Shares available for allocation or the Issue less allocation to QIBs and Retail Individual Bidders.	Not less than [●] Equity Shares or the Issue less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue size available for Allotment/ allocation	[●]% of the Issue <sup>##</sup>	<p>Up to 50% of the Net Issue shall be Allotted to QIBs.</p> <p>Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only.</p> <p>Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available to QIBs in the Net QIB Portion.</p>	Not less than 15% of the Net Issue or the Net Issue less allocation to QIB and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Issue or the Net Issue less allocation to QIBs and Non-Institutional Bidders shall be available for allocation.
'Basis of Allocation' if respective category is oversubscribed	Proportionate	<p>In the Anchor Investor Portion, up to [●] Equity Shares shall be available for allocation to Anchor Investors on a discretionary basis, out of which one-third shall be available for allocation to domestic Mutual Funds only.</p> <p>In the Net QIB Portion, proportionate as follows:</p> <p>(a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and</p> <p>(b) [●] Equity Shares</p>	Proportionate.	Proportionate.

	Eligible Employees	QIB <sup>#</sup>	Non-Institutional Bidders	Retail Individual Bidders
		shall be allocated on a proportionate basis to all QIBs (including Mutual Funds) receiving allocation as per (a) above.		
Minimum Bid	[●] Equity Shares	Such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000.	[●] Equity Shares
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable investment limits.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable investment limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Allotment Lot	[●] Equity Shares and in multiples of [●] Equity Shares, thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares, thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply **	Eligible Employees.	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million, the NIF and insurance funds set up and	Eligible NRIs, resident Indian individuals, HUF (in the name of the Karta), companies, corporate bodies, scientific institutions, societies, trusts and eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals.	Resident Indian individuals, HUFs (Bidding in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	Eligible Employees	QIB <sup>#</sup>	Non-Institutional Bidders	Retail Individual Bidders
		managed by army, navy or air force of the Union of India, eligible for bidding in this Issue.		
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the member of the Syndicate.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate.  Balance of the Bid Amount shall be payable up to the applicable Pay-in Date specified in the CAN.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate or the SCSBs.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate.
	In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount as specified in the ASBA Form.			
Margin Amount	Full Bid Amount on bidding	Uniform with the other categories	Full Bid Amount on bidding	Full Bid Amount on bidding

\* This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to QIBs, except allocation to Anchor Investors. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from domestic Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net 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. Subject to valid Bids being received at or above the Issue Price, under-subscription in any category, excluding Employee Reservation Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the Book Running Lead Managers. For further details in this regard, see "Issue Procedure" on page 180.

# Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of the Bid and the balance within two days from the Bid Closing Date. For further details, see "Issue Procedure" on page 180.

## In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue. Subject to valid Bids being received at or above the Issue Price, under-subscription in any category, excluding Employee Reservation Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the Book Running Lead Managers. For further details, see "Issue Structure" on page 175.

\*\* In case the Bid cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form, as the case may be.

#### Bid/Issue Program \*

<b>BID OPENS ON</b>	[●]
<b>BID CLOSES ON**</b>	[●]

\* Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date. For further details, see "Issue Procedure" on page 180.

\*\*Our Company may, in consultation with the Book Running Lead Managers, decide to close the Bidding for QIBs one day prior to the Bid Closing Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids

submitted through ASBA Form, the Designated Branches **except that on the Bid Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIBs Bidding in the Net QIB Portion, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and Eligible Employees Bidding under the Employee Reservation Portion, where the Bid Amount is up to Rs. 100,000; and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

On the Bid Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the Book Running Lead Managers to the Stock Exchange within half an hour of such closure.

Our Company, in consultation with Book Running Lead Managers, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. In such an event, the Cap Price should not be more than 120% of the Floor Price. In other words, the Floor Price can move up or down, to the extent of 20% of the Floor Price, as disclosed advertised at least two Working Days before the Bid Opening Date.

**In case of revision in the Price Band, the Bidding Period will be extended by three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate Members.**

#### **Withdrawal of this Issue**

In accordance with the SEBI Regulations, our Company, in consultation with Book Running Lead Managers, reserves the right not to proceed with this Issue at anytime after the Bid Opening Date, without assigning the reasons therefor. However, if our Company withdraws the Issue after the Bid Closing Date, we will give the reason thereof within two days of the Bid Closing Date by way of a public notice which shall be published within two days of the Bid Closing Date in the same newspapers where the pre-Issue advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the Book Running Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one day from the date of receipt of such notification. In the event of withdrawal of the Issue and subsequently, plans of an IPO by our Company, a draft red herring prospectus will be submitted again for observations of the SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

**In terms of the SEBI Regulations, QIBs Bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date.**

#### **Letters of Allotment or refund orders or instructions to SCSBs in case of ASBA Bidders**

Our Company shall issue instructions for credit of the Equity Shares to the valid beneficiary accounts of the Allottees with the Depository Participants within two Working Days from the date of the Allotment. Allotment shall be made in any event within 12 Working Days from the Bid Closing Date.

Please note that only Bidders having a bank account at any of the [●] centres where the clearing houses for the ECS as notified by the RBI are eligible to receive refunds or payment through electronic transfer of funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 11 Working Days of the Bid Closing Date “Under Certificate of Posting” for refund orders less than or equal to Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Form for withdrawn (except in case of a QIB Bidding through an ASBA Form), rejected or unsuccessful or partially successful ASBAs within 11 Working Days of the Bid Closing Date.

### **Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders**

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 11 Working Days from the Bid Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or ECS, shall be done within 11 Working Days from the Bid Closing Date and the instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn (except in case of a QIB Bidding through an ASBA Form), rejected or unsuccessful Bids shall be given within 11 Working Days of the Bid Closing Date; and
- Interest shall be paid by our Company at 15% p.a. if the Allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 11 Working Days from the Bid Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 11 Working Days from the Bid Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where refund or portion thereof is made through electronic transfer of funds or in case of Bids made through ASBA. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue shall be Allotted to QIBs on a proportionate basis. Out of the Net QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in the Issue for up to [●] Equity Shares in accordance with the applicable SEBI Regulations. Only QIBs can participate in the Anchor Investor Portion. For further details in relation to participation in the Anchor Investor Portion, see “-Bids under the Anchor Investor Portion” on page 182.

Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs. In case of QIBs, our Company may, in consultation with Book Running Lead Managers, reject their Bids at the time of acceptance of the Bid cum Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion and our Company would have a right to reject the Bids only on technical grounds.

*Any Bidder may participate in this Issue though the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedures applicable to Bidders other than ASBA Bidders. Hence, Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.*

### Bid cum Application Form and ASBA Forms

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate, unless they are using the ASBA process. Bidders shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Prices) in the Bid cum Application Form and such options shall not be considered as multiple Bids. The Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding Centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

Bidders can also submit their Bids through the ASBA by submitting ASBA Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained. An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making a Bid. ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the relevant Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. Upon completing and submitting the ASBA Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

**Applicants may note that in case the DP ID & Client ID, PAN and such other details as required, mentioned in the application form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with such details available in the depository database, the application is liable to be rejected.**

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders or Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs applying on a repatriation basis, FIIs and their Sub-Accounts (other than a Sub-Account which is a foreign corporate or a foreign individual), FVCIs, multilateral and bilateral financial institutions and other Non-Residents	[●]
Eligible Employees	[●]
Anchor Investors	[●]*
ASBA Bidders bidding through a physical form	[●]

\* Bid cum Application Forms for Anchor Investors shall be made available at our Registered Office and also at the offices of the Book Running Lead Managers.

### Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families 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;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
- FIIs and their Sub-Accounts (other than a Sub-Account which is a foreign corporate or a foreign individuals);
- State industrial development corporations;
- Insurance companies registered with the IRDA;
- NIF;
- FVCIs;
- Multilateral and bilateral development financial institutions;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Subject to the applicable laws, provident funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Subject to the applicable laws, pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
- Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares;
- Mutual Funds;
- VCFs;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the SEBI Regulations, the regulations issued by the RBI and other regulations, as applicable);
- Trusts based in India who are authorised under their constitution to invest in equity shares or societies registered under the Societies Registration Act, 1860, as amended and are authorised to invest in equity shares;
- Eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals, bidding only under the Non-Institutional Bidder category, subject to receipt of appropriate approvals from applicable regulatory authorities;
- Eligible Employees; and
- Scientific and/or industrial research organisations in India authorised to invest in equity shares.

*In accordance with the FEMA and the regulations framed thereunder, OCBs cannot Bid in the Issue.*

### **Bids under the Anchor Investor Portion**

Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in the Issue for up to [●] Equity Shares in accordance with the applicable SEBI Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

- a. Anchor Investors shall be QIBs;
- b. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion.
- c. One-third of the Anchor Investor Portion (i.e., [●] Equity Shares) shall be reserved for allocation to Mutual Funds.
- d. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
  - (a) two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
  - (b) five, where the allocation under Anchor Investor Portion is more than Rs. 2,500 million.
- e. Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one day prior to the Bid Opening Date).
- f. Our Company shall, in consultation with the Book Running Lead Managers, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.
- g. Refund on account of rejection of Bids, if any, shall be made on the Anchor Investor Bidding Date.
- h. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the Book Running Lead Managers on or before the Bid Opening Date.
- i. Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of their Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount, shall be payable by the Anchor Investor within two days of the Bid Closing Date. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- j. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- k. Neither the Book Running Lead Managers, nor any person related to the Book Running Lead Managers, our Promoters, members of our Promoter Group or Group Companies, shall participate in the Anchor Investor Portion.
- l. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- m. The Anchor Investor Margin Amount cannot be utilised towards meeting the Margin Amount requirement towards a Bid in the Net QIB Portion.
- n. The instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of Resident Anchor Investors: “Escrow Account – NKG Public Issue – Anchor Investor – R”

- In case of Non-Resident Anchor Investor: “Escrow Account – NKG Public Issue – Anchor Investor – NR”

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in consultation with the Book Running Lead Managers in a national English and Hindi newspaper at least two Working Days prior to the Bid Opening Date.

### **Procedure for Applications by Mutual Funds**

At least one-third of the Anchor Investor Portion will be available for allocation on a discretionary basis to Mutual Funds only and such number of Equity Shares representing 5% of the Net QIB Portion has been reserved for allocation in favour of Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be met by allocation proportionately out of the remainder of the Net QIB Portion.

A separate Bid can be made in respect of each scheme of the Mutual Fund 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 individual scheme concerned for which the Bid has been made. Asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are being made.

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.

### **Bids by Eligible NRIs**

Bid cum Application Forms ([●] in colour) and the physical ASBA Forms will be made available for Eligible NRIs, at our Registered Office and with the members of the Syndicate.

Eligible NRIs may note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment under such category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (“NRO”) account shall use the Bid cum Application Form meant for Resident Indians ([●] in colour).

### **Bids by FIIs**

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue Equity Share capital. In respect of an FII Bidding on behalf of its Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), the investment on behalf of each such 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 permitted to make investments by appropriate regulatory authorities. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company. Our Company has not obtained board or shareholders approval to increase the FII limit to more than 24%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII or its Sub-Account may issue, deal or hold, off-shore derivative instruments, directly or indirectly, such as “Participatory Notes”, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. A FII or Sub-Account shall also ensure that no further downstream issue or transfer of any instrument is made to any person other than a regulated entity.

### **Bids by VCFs and FVCIs**

The VCF Regulations and the FVCI Regulations prescribe investment restrictions on VCFs and FVCIs. Accordingly, as per the current regulations, the following restrictions applicable for VCFs and FVCIs may be noted:

The holding by any individual VCF in one company should not exceed 25% of the corpus of the VCF. An FVCI can invest its entire funds committed for investments into India in one company. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an IPO.

### **Participation by Associates/Affiliates of Book Running Lead Managers and Syndicate Members**

The Book Running Lead Managers and Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations as stated in the Prospectus. However, associates or affiliates of the Book Running Lead Managers and Syndicate Members may Bid either in the Net QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of Book Running Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis. Further, affiliates and associates of the Underwriters, including the Book Running Lead Managers, that are FIIs or their Sub-Accounts may issue off-shore derivative instruments against Equity Shares allocated to them in this Issue.

### **Bids by Eligible Employees**

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

- (a) a permanent employee of our Company as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India as on the date of submission of the Bid cum Application Form and who continue to be in the employment of our Company until submission of the Bid cum Application Form.
- (b) a Director of our Company as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India as on the date of submission of the Bid cum Application Form and who continue to be in the employment of our Company until submission of the Bid cum Application Form.

An employee who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent employee' of our Company.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e., [●] colour Form).
- Eligible Employees should mention the Eligible Employee number at the relevant place in the Bid cum Application Form;
- The sole/first Bidder should be Eligible Employees;
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion;
- Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category;
- Eligible Employees who Bid for Equity Shares of or for a value less than Rs. 100,000 in any of the Bid Prices can apply at Cut-off Price;
- The maximum Bid under Employee Reservation Portion by an Eligible Employee cannot exceed Rs. [●];
- Bid by Eligible Employees can be made also in the 'Net Issue' category and such Bids shall not be treated as multiple Bids;
- 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. Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue; and

- 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. For the method of proportionate 'Basis of Allocation', see "Issue Procedure- Basis of Allocation" on page 207.

It may be noted that all participation by Eligible Employees under the Employee Reservation Portion will be in accordance with all applicable laws, regulations, guidelines, circulars or notifications.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

#### **Authority to Bid under a Power of Attorney**

*By limited companies, corporate bodies, registered societies*

A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted along with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason therefor.

*By FIIs, FVCIs, VCFs and Mutual Funds*

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 along with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason therefor.

Our Company at its absolute discretion reserves the right to relax the above conditions of simultaneous lodging of the powers of attorney, subject to the terms and conditions that our Company in consultation with the Book Running Lead Managers deem fit.

#### *ASBA Bidders*

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the Book Running Lead Managers, reserves the right to reject such Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Bid cum Application Form or the ASBA Form, as the case may be, subject to such terms and conditions that our Company and the Book Running Lead Managers may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice, the Demographic Details (as defined in "–Bidder's Depository Account and Bank Details" on page 192) 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 to the Issue shall use Demographic Details as given on the Bid cum Application Form instead of those obtained from the Depositories.

#### **Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not

exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders shall have to ensure that the Bid Amount in the revised Bids does not exceed Rs. 100,000. Where the Bid Amount is above Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is an option given only to the Retail Individual Bidders where the Bid Amount does not exceed Rs. 100,000, indicating their agreement to the Bid and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

- (b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the size of this Issue. However, the Bid by a QIB should not exceed the size of this Issue, subject to the applicable investment limits prescribed for them under applicable laws. **Under the SEBI Regulations, a QIB cannot withdraw its Bid after the Bid Closing Date.** The identity of QIBs bidding in the Issue under the Net QIB Portion shall not be made public during the Bidding Period.

In case of any revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount in the revised Bids is above Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price.

- (c) **For Eligible Employees bidding in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, the maximum Bid by an Eligible Employee cannot exceed Rs. [●]. In the event of under subscription, if any, allotment will be at the discretion of our Company in consultation with the Book Running Lead Managers. Further, in case of an oversubscription in the Employee Reservation Portion, the maximum allotment to Eligible Employees will be capped at [●] Equity Shares.
- (d) **For Bidders in the Anchor Investor Portion:** Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount is at least Rs. 100 million and in multiples of [●] Equity Shares thereafter. An Anchor Investor cannot submit a Bid for more than 30% of the QIB Portion. Bids by QIBs under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.**

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

**The information in this section is provided only for the benefit of the Bidders. Our Company and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated herein. Further, our Company and the Book Running Lead Managers are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of the Red Herring Prospectus.**

**Bidders are advised to make independent enquiries about the limits applicable to them and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be bid for by them under applicable laws or regulations or as specified in this Draft Red Herring Prospectus.**

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Issue Procedure – Payment of Refund" on page 212.

#### **Information for Bidders**

1. Our Company will file the Red Herring Prospectus with the RoC at least three days prior to the Bid

Opening Date.

2. The Book Running Lead Managers shall dispatch the Red Herring Prospectus and other issue material including ASBA Forms, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue, investors' associations and SCSBs in advance.
3. Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on this Draft Red Herring Prospectus from the SEBI, publish a pre-Issue advertisement, in the form prescribed under the SEBI Regulations, in two national newspapers (one each in English and Hindi), each with wide circulation.
4. In the pre-Issue advertisement, our Company and the Book Running Lead Managers shall declare the Bid Opening Date, the Bid Closing Date in the Red Herring Prospectus to be filed with the RoC and shall publish the same in two national newspapers (one each in English and Hindi), each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.
5. The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by an additional three Working Days, subject to the total Bidding Period not exceeding 10 Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi), each with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the members of the Syndicate.
6. The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors and copies of the Red Herring Prospectus shall be provided at the request of potential investors. Any potential investor who would like to obtain copies of the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any member of the Syndicate.

#### **Information specific to ASBA Bidders**

1. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.
2. The Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
3. The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders.
4. The Book Running Lead Managers shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, the Book Running Lead Managers shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Form and that the same are made available on the websites of the SCSBs.

#### **Method and process of Bidding**

1. During the Bidding Period, Bidders other than Anchor Investors should approach members of the Syndicate or their authorised agents to register their Bids. ASBA Bidders should approach the SCSBs to register their Bids. Anchor Investors should approach the Book Running Lead Managers on the Anchor Investor Bidding Date to register their Bids.
2. Each Bid cum Application Form will give the Bidder the choice to Bid for three optional prices within the Price Band and the requirement to specify the corresponding demand (i.e., the number of Equity Shares). For details, please refer to the paragraph below titled "Bids at different price levels and

revision of Price Band” on page 188. The prices 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 prices, will become automatically invalid.

3. A 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 or their affiliates. Submission of a second Bid cum Application Form (to either the same or to another member of the Syndicate) or an ASBA Form to any SCSB will be treated as multiple Bids and are liable to be rejected either before entering the Bid into the ‘Electronic Bidding System’, or at any point of time prior to the finalisation of the ‘Basis of Allocation’. However, the Bidder can revise a Bid through the Revision Form, the procedure for which is detailed in “Issue Procedure – Build up of the Book and Revision of Bids” on page 197. Bids submitted by a QIB in the Anchor Investor Portion and the Net QIB Portion will not be considered as multiple Bids.
4. Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid Price into the ‘Electronic Bidding System’ as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each Bid 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.
5. All Bidders will make payment of the applicable Margin Amount along with the Bid cum Application Form, in the manner described in “Issue Procedure –Payment into Escrow Accounts” on page 188.
6. For the Bidders who apply through the ASBA process, SCSBs shall block the Bid Amount in an ASBA Account. Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block an amount equivalent to the Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.
7. The Bid Amount shall remain blocked in the ASBA Account until finalization of the ‘Basis of Allocation’ or withdrawal/failure of the Issue or withdrawal/rejection of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the Bid shall be rejected by the SCSB and no funds shall be blocked in that ASBA Account.
8. The ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.
9. On the Designated Date, the SCSBs shall initiate transfer of the blocked Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked. Not more than five ASBA Forms can be submitted when utilizing an ASBA Account.

#### **Bids at different price levels and revision of Price Band**

1. The Bidder can Bid at any price within the Price Band, in multiples of Re. 1 (Rupee One).
2. In accordance with the SEBI Regulations, our Company in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bidding Period. The Cap Price should not be more than 120% of the Floor Price. The Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least two Working Days before the Bid Opening Date. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi), each with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the members of the Syndicate.
3. Our Company shall finalise the Issue Price and Anchor Investor Price within the Price Band in consultation with the Book Running Lead Managers, without the prior approval of or intimation to the Bidders.

4. Retail Individual Bidders and Eligible Employees bidding at a Bid Price, for an amount not exceeding Rs. 100,000 may Bid at the Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
5. Retail Individual Bidders and Eligible Employees who Bid at the Cut-Off Price agree that they shall purchase our Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees bidding at the Cut-Off Price shall deposit the Bid Price in the Escrow Account based on the Cap Price. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees who Bid at Cut-Off Price (i.e., the total number of Equity Shares allocated in this Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees who Bid at Cut-Off Price, shall receive the refund of the excess amounts from the respective Escrow Account..
6. In case of an upward revision in the Price Band announced as above, a Retail Individual Bidder and Eligible Employee, who had Bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders and Eligible Employees if such Bidders want to continue to Bid at the 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 Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the 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 Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-Off Price.
7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-Off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.
8. In the event of any revision in the Price Band, whether upwards or downwards, our Company in consultation with the Book Running Lead Managers shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application is in the range of Rs. [●] to Rs. [●].
9. When a Bidder has revised 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 Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

## **GENERAL INSTRUCTIONS**

### **Do's:**

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the prescribed Bid cum Application Form;
3. Ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is activated as allotment of Equity Shares will be in the dematerialised form only;
4. Ensure that the Bid cum Application Forms submitted at the Bidding Centres bear stamp of a member of the Syndicate or their affiliates;
5. Ensure that you have collected TRSs for all options in your Bid;
6. Ensure that you Bid within the Price Band;

7. Ensure that you submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
8. Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, ensure that you have mentioned your PAN;
9. Ensure that the DP ID and Client ID is mentioned;
10. Ensure that the Demographic Details are updated, true and correct in all respects; and
11. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid or revise Bid to a price lesser than the Floor Price or higher than the Cap Price;
3. Do not Bid for allotment of Equity Shares in physical form;
4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a member of the Syndicate or their affiliates;
5. Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
6. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate;
7. QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price and Eligible Employees bidding in the Employee Reservation Portion for Bid Amount in excess of Rs. [●];
8. Do not Bid such that the Equity Shares bid for exceeds the size of this Issue, subject to the applicable investment limits under the applicable laws or regulations;
9. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
11. Do not submit the Bid without the Margin Amount through the Bid cum Application Form; and
12. Do not Bid at Bid Amount exceeding Rs. 100,000 in case of a Bid by Retail Individual Bidders bidding at Cut-Off Price.

**INSTRUCTIONS SPECIFIC TO ASBA BIDDERS**

**Do's:**

1. Check if you are eligible to Bid under ASBA.
2. Ensure that you use the ASBA Form specified for the purposes of ASBA.
3. Read all the instructions carefully and complete the ASBA Form.

4. Ensure that your ASBA Form is submitted at a Designated Branch where the ASBA Account is placed and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue or the Book Running Lead Managers.
5. Ensure that the ASBA Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder.
6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
7. Ensure that you have funds equal to the number of Equity Shares bid for available in the ASBA Account before submitting the ASBA Form to the Designated Branch.
8. Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.
9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
10. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

**Don'ts:**

1. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.
2. Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA.
3. Do not send your physical ASBA Form by post. Instead submit the same to a Designated Branch.

**INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM AND ASBA FORMS**

1. Bid cum Application Forms or Revision Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus.
2. 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 must be in single name or joint name (not more than three, and in the same order as their Depository Participant details).
3. Bids through ASBA must be:
  - a. made only in the prescribed ASBA Form (if submitted in physical mode) or the electronic mode.
  - b. made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).
  - c. completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.
  - d. for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares. Bid by an ASBA Bidder falling under the Retail Individual Bidder category cannot exceed [●] Equity Shares in order to ensure that the Bid Amount blocked in the ASBA Account does not exceed Rs. 100,000.

4. ASBA Bidders should correctly mention the ASBA Account number and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the Designated Branch, otherwise the concerned SCSB shall reject the Bid.
5. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the ASBA Form.
6. Bidders should correctly mention their DP ID and Client ID and such other details as required in the Bid cum Application Form, or the ASBA Form, as the case may be. For the purpose of evaluating the validity of Bids, the Demographic Details of Bidders shall be derived from the DP ID and Client ID mentioned in the Bid cum Application Form, or the ASBA Form, as the case may be.
7. For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
8. ASBA Forms should bear the stamp of the Syndicate Member and/or Designated Branch. ASBA Forms which do not bear the stamp will be rejected.

#### **Bidder's Depository Account and Bank Details**

**Bidders, should note that on the basis of the 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 Participant, the demographic details of the Bidders such as their address, PAN, bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Demographic Details would be used for giving refunds (including through physical refund warrants or through electronic transfer of funds such as through direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant and provide the Demographic Details. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders' sole risk and neither our Company, its Directors and officers, nor the Book Running Lead Managers nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in details of their Depository Account and Demographic Details in the Bid cum Application Form.**

ASBA Bidders should note that on the basis of name of the ASBA Bidders, Depository Participant identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, Demographic Details of the ASBA Bidders including address.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and refunds through physical refund warrants or for refunds through electronic transfer of funds such as through direct credit, ECS, NEFT and RTGS, as applicable.

The Demographic Details given by Bidders in the Bid cum Application Form will not be used for any other purpose by the Registrar to the Issue.

**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 Bidder in the Bid cum Application Form would be used only to ensure re-dispatch of refund orders. Any such delay shall be at the Bidders' sole risk and neither our Company, its Directors and officers, nor the Book Running Lead Managers nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be liable to compensate the Bidders for any losses caused to the Bidders due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity ("DP ID") and the beneficiary's identity, then such Bids are liable to be rejected.

By submitting the Bid cum Application Form or the ASBA Form, the Bidder or the ASBA Bidder, as the case may be, would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on their records.

Our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or for refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the Depositories.

**IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM OR THE ASBA FORM, AS THE CASE MAY BE. BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM OR THE ASBA FORM, AS THE CASE MAY BE, IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF THE BID CUM APPLICATION FORM OR THE ASBA FORM, AS THE CASE MAY BE, IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM, OR THE ASBA FORM, AS THE CASE MAY BE.**

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

## **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 refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Further, ASBA Bids may be made in single or joint names (not more than three). In case of joint Bids by ASBA Bidders, all communication will be addressed to the first Bidder and will be dispatched to his address.

### **Multiple Applications**

A Bidder should submit only one Bid (and not more than one). Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. The PAN of the first/sole Bidder as furnished in the Bid cum Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bid cum Application Form clearly indicates the scheme for which the Bid has been made. These Bids will have the same PAN but different demat numbers. Similarly, bids by an FII under different sub-accounts will have the same PAN but different demat numbers. These Bids will not be treated a multiple bids. QIBs can Bid under the Anchor Investor Portion and also in the QIB Portion and such Bids shall not be treated as multiple Bids.

Bids made by Eligible Employees both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age, will be accumulated and taken to a separate process document which would serve as a multiple master.
2. In this master document, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master document.
3. The Registrar to the Issue will obtain from the depositories, details of the applicant's address based on the DP ID and beneficiary account number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications from the multiple master document will be strung from the address master document. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with the same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and beneficiary account numbers. In cases where applications bear the same DP ID or beneficiary account numbers, they will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. Upon completion, the applications may be identified as multiple applications.
7. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Our Company in consultation with the Book Running Lead Managers, reserves the right to reject at their absolute discretion, all or any multiple Bids in any or all categories.

Cases where there are more than 20 valid applicants having a common address shall be reported to the Stock Exchanges and other appropriate regulatory authorities such as the SEBI and such Equity Shares will be kept in abeyance post Allotment and will be released on receipt of appropriate confirmation from such authorities.

An ASBA Bidder should submit only one Bid. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is the same.

#### **Permanent Account Number or PAN**

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values, each of the Bidders, whether bidding in their name or in joint names, should mention their PAN. Applications without this information will be considered incomplete and are liable to be rejected.

However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants' verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address. **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 that ground.** In case the sole/first Bidder and joint Bidder(s) is/are not required to obtain PAN, the Bid 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 cum Application Form.

#### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of Section 68A(1) 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.”*

### **Submission of the 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 or their affiliates at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Forms or Revision Forms. 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.

### **Electronic registration of Bids by Bidders, other than ASBA Bidders**

1. The members of the Syndicate will register the Bids received during the Bidding Period using the on-line facilities of the Stock Exchanges. There will be at least one facility for on-line connectivity in each city where a stock exchange is located in India and where Bids are being accepted.
2. The Stock Exchanges will offer a screen-based facility for registering Bids for this Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the members of the Syndicate and the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation under this Issue. Bids will only be accepted on Working Days.
3. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all Bidding Centres and the websites of the Stock Exchanges (i.e., [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)). A graphical representation of consolidated demand and price would be made available at the Bidding Centres and on the websites of the Stock Exchanges. Details of allocation made to Anchor Investors shall also be made available on the websites of the Stock Exchanges.
4. 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 Bidder(s): Bidders should 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, Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form;
  - Investor Category – individual, corporate, QIB, FII, FVCI, Eligible NRI or Mutual Fund, etc.;
  - Numbers of Equity Shares Bid for;

- Bid Price;
  - Bid cum Application Form number;
  - Margin Amount paid upon submission of Bid cum Application Form; and
  - Depository Participant identification number and client identification number of the beneficiary account of the Bidder.
5. 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 collect the TRS from the members of the Syndicate. Such TRSs will be non-negotiable and by themselves will not create any obligation of any kind. The registration of the Bid by a member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
  6. In case of QIBs bidding in the Net QIB Portion, the members of the Syndicate have the right to accept or reject the Bids. Rejection of Bids made by QIBs, if any, will be made at the time of acceptance of Bids provided that the reasons for such rejection shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in "Issue Procedure – Grounds for Technical Rejections" on page 202.
  7. The permission given by the Stock Exchanges to use their network and software of the online IPO system should neither in any way be deemed or construed to mean compliance with various statutory and other requirements by our Company and/or the Book Running Lead Managers nor approval in any way, of the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the statutory and other compliance requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
  8. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed to signify that the Red Herring Prospectus or the Draft Red Herring Prospectus have been cleared or approved by the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

#### **Electronic registration of Bids by ASBA Bidders**

Upon receipt of the ASBA Form, the Designated Branch shall register and upload the Bid. **Our Company, our Directors and officers, the Registrar to the Issue, the Book Running Lead Managers, their affiliates and associates and their respective directors and officers shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking adequate funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the ASBA Account.**

At the time of registering each Bid, the Designated Branches shall enter the information pertaining to the investor into the online IPO system, including the following details:

- Name of the Bidder(s);
- Application number;
- Permanent account number;
- Number of Equity Shares Bid for;
- Depository participant identification No.; and
- Client identification number of the Bidder's beneficiary account.

In case of electronic ASBA Form, the ASBA Bidder shall fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchanges.

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branch.** The registration of the Bid by the Designated Branch does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidder. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering Bids which will be available on the terminals of Designated Branches during the Bidding Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid Closing Date, the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches, the decision of the Registrar to the Issue, in consultation with the Book Running Lead Managers, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Forms shall be final and binding on all concerned

#### **Build up of the Book and Revision of Bids**

1. Bids registered by various Bidders, except Anchor Investors, during the Bidding Period through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the Book Running Lead Managers on a regular basis and may be obtained from them.
3. During the Bidding Period, any Bidder who has registered his or her Bid is free to revise his or her Bid using the Revision Form which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Price. The revised Bid Prices should be within the Price Band. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. Members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
5. 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 had placed the original Bid.
6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs bidding under the Net QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or through the electronic transfer of funds for the incremental amount in the Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIBs.

8. When a Bid is revised, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and collect the revised TRS, which will act as proof of revision of the original Bid.**
9. **Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation under this Issue and Bids that could not be uploaded will not be considered for allocation. In case of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application form, the decision of the Book Running Lead Managers based on the physical records of Bid cum Application Forms shall be final and binding.**

### **Bids and Revisions of Bids**

#### **Bids and revisions of Bids must be:**

1. Made only on the prescribed Bid cum Application Form or Revision Form, as applicable ([●],[●],[●] or [●]).
2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
4. Bids by Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to a maximum Bid Amount of Rs. 100,000.
5. The Bids by Eligible Employees under the Employee Reservation Portion must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum Bid under the Employee Reservation Portion cannot exceed Rs. [●].
6. Bids by QIBs bidding in the Net QIB Portion and Non-Institutional Bidders must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of this Issue, subject to applicable investment limits under laws or regulations to the Bidders. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date and QIBs bidding in the Net QIB Portion cannot withdraw their Bids after the Bid Closing Date.
7. In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion.
8. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

### **Bids by Non-Residents, including Eligible NRIs and FIIs on repatriation basis**

#### **Bids and revision to the Bids must be made:**

1. On the Bid cum Application Form or the Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. In the names of individuals, or in the names of FIIs or FVCIs but not in the names of minors, OCBs,

firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees in case of Bids by Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, FVCIs etc. on a repatriation basis.

Eligible NRIs bidding with a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation. Other Non Resident Bidders must bid for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000. For further details, see “Issue Procedure - Maximum and Minimum Bid Size” on page 185.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which are received from the Depositories as part of the Demographic Details of the first/sole Bidder or in the space provided for this purpose in the Bid cum Application Form. Neither our Company, its Directors and officers, nor the Book Running Lead Managers nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

## **PAYMENT INSTRUCTIONS**

Escrow Accounts shall be opened with one or more Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to Allotment. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms.

### **Escrow mechanism**

The Bidders shall draw cheques or demand drafts in respect of their Bid and/or revision of the Bid in favour of the payee detailed under “Issue Procedure – Payment into Escrow Accounts” on page 188. Cheques or demand drafts received for the full Bid Amount from Bidders in a particular category would be deposited in the Escrow Accounts. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts 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 Bank(s) shall transfer the funds equivalent to the size of this Issue from the Escrow Account into the Public Issue Account and the balance amount to the Refund Account(s), as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

**Bidders should note that the escrow mechanism is neither provided under any law or regulation nor has been prescribed by SEBI. The escrow mechanism has been established as an arrangement amongst our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.**

### **Terms of payment through escrow mechanism**

Each Bidder shall pay the Margin Amount along with submission of the Bid cum Application Form to the Escrow Account(s). Bidders may draw a cheque or demand draft for the Margin Amount in favour of the Escrow Account(s) detailed under “Issue Procedure – Payment into Escrow Accounts” on page 188 and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the Margin Amount, by way of payment through electronic transfer of funds. QIBs bidding under the Net QIB Portion shall provide their Margin Amount only to a Book Running Lead Manager or its affiliate. Bid cum Application Forms accompanied by cash or stockinvest or money orders shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies deposited in the Escrow Account for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and the SCSBs will also transfer the funds represented by allocation of Equity Shares from the

respective ASBA Accounts to the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Margin Amount is required to be paid at the time of submission of the Bid cum Application Form. In the event the Margin Amount 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 submitting the Bid, shall be payable by the Bidder no later than the applicable Pay-in Date. If the payment is not made favouring the Escrow Account(s) within the time stipulated above by a Bidder, the Bid is liable to be rejected. However, in the event the Margin Amount is 100% of the Bid Amount, the Bidders shall make payment of an amount equal to the Bid Amount at the time of submission of the Bid cum Application Form.

Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account, failing which our Company shall pay interest at 15% per annum for any delay beyond periods as mentioned above.

### **Payment into Escrow Accounts**

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of Resident Anchor Investors: “Escrow Account– NKG Public Issue –Anchor Investor – R”
  - In case of Non-Resident Anchor Investors: “Escrow Account– NKG Public Issue – Anchor Investor – NR”
  - In case of resident QIBs: “Escrow Account– NKG Public Issue – QIB – R”
  - In case of Non-Resident QIBs: “Escrow Account– NKG Public Issue – QIB – NR”
  - In case of resident Retail and Non-Institutional Bidders: “Escrow Account– NKG Public Issue – R”
  - In case of Non-Resident Retail and Non-Institutional Bidders: “Escrow Account– NKG Public Issue –NR”
  - In case of Eligible Employees: “Escrow Account – NKG Public Issue – Eligible Employee”
2. In case of Bids by Eligible 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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment by an Eligible NRI applying on repatriation basis will not be accepted out of NRO Account and such Bids are liable to be rejected. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
3. In case of Bids by NRIs applying on non-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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE Account or FCNR Account or NRO Account.
4. In case of Bids by FIIs or FVCIs, the payment should be made out of funds held in ‘Special Rupee Account’ along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to ‘Special Rupee Account’.

5. In case of Bids by Anchor Investors under the Anchor Investor Portion, our Company shall in consultation with the Book Running Lead Managers, in its absolute discretion, decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the balance Bid Amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Anchor Investors. Any difference between the Bid Amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of bidding, shall be payable by the Anchor Investor within two days of the Bid Closing Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Anchor Investor is liable to be rejected.
6. Payments should be made by cheque or demand draft drawn on any bank (including a co-operative bank), which is located at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Payment through cash or stockinvest or money orders or postal orders will not be accepted.
7. Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque or demand draft to avoid misuse of the payment instrument submitted along with the Bid cum Application Form.
8. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

#### **Payment by Stockinvest**

Under the terms of the RBI Circular no. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest would not be accepted in this Issue.

#### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC in an English national newspaper and a Hindi national newspaper, each with wide circulation. 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 and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

#### **The right of our Company to reject Bids**

Our Company, in consultation with Book Running Lead Managers, may reject Bids received from QIBs bidding in the Net QIB Portion provided the reason for such rejection is provided in writing to such QIBs at the time of rejection of the Bids. Further, our Company, in consultation with Book Running Lead Managers, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons therefor. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, our Company will have the right to reject Bids based on technical grounds only. Consequent refunds shall be made in the manner described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

#### **Right to reject ASBA Bids**

The Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

#### **Withdrawal of ASBA Bids**

The ASBA Bidders are entitled to revise their Bids. ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case an ASBA Bidder (other than a QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the 'Basis of Allocation'.

### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid is less than the Bid Amount payable;
2. Age of first/sole Bidder not given;
3. Bid submitted in the name of the partnership firm instead of the names of the individual partners as no partnership firm shall be entitled to apply in its name;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
5. PAN not mentioned in the Bid cum Application Form, except in the case of Bids on behalf of the Central Government, State Government, and the officials appointed by courts as per SEBI circular dated June 30, 2008 and Bidders residing in the State of Sikkim, subject to verification of documentary evidence in support of their residence;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. GIR number furnished instead of PAN;
8. Bids at a price less than the Floor Price;
9. Bids at a price more than the Cap Price;
10. Bids at Cut-Off Price by QIBs and Non-Institutional Bidders;
11. Bids or revision thereof by QIBs and Non-Institutional Bidders where the Bid amount is in excess of Rs. 100,000, uploaded after 4.00 p.m or any such time as prescribed by Stock Exchange on the Bid Closing Date;
12. Bids by QIBs not submitted through the members of the Syndicate or their affiliates;
13. Bids by OCBs;
14. Bids for a number of Equity Shares which are not in multiples of [●];
15. Category under which the Bid is intended to be submitted has not been ticked;
16. Multiple Bids as described in the Red Herring Prospectus;
17. Relevant documents not submitted in case of Bids under power of attorney;
18. Bids accompanied by stockinvest, money order, postal order or cash;
19. Signatures of sole and/or joint Bidders missing;

20. Bid cum Application Form does not have the stamp of a member of the Syndicate;
21. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete;
22. Bid is not registered by the Bidders within the time prescribed and as per the instructions in the Bid cum Application Form, the Issue advertisement or the Red Herring Prospectus;
23. Bid cum Application Form is not submitted or does not contain required details as per the instructions provided in the Red Herring Prospectus and the Bid cum Application Form;
24. No corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint Bidders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
25. Bids by persons who are not Eligible Employees and have submitted their Bids under the Employee Reservation Portion;
26. Bids for amounts greater than the size of the Issue or the maximum permissible investment limits prescribed under the applicable laws and regulations;
27. Bids in respect of which the Bid cum Application Form does not reach the Registrar to the Issue prior to the finalisation of the 'Basis of Allocation';
28. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
29. Bids where bank account details for the refunds are not given;
30. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
31. Bids by persons located in the U.S. other than "qualified institutional buyers" as defined under Rule 144A of the Securities Act;
32. Bids not uploaded in the book;
33. Bids by persons who are not eligible to acquire Equity Shares in terms of any applicable law, rule, regulation, guideline or approval;
34. Bids for allotment of Equity Shares in physical form;
35. Bids or revision thereof by Eligible Employees where the Bid Amount is in excess of Rs. 100,000; and
36. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

#### **Grounds for Technical Rejections specific to the ASBA Process**

ASBA Bidders are advised to note that Bids under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Bid Amount mentioned in the ASBA Form does not tally with the amount payable for the value of Equity Shares bid for;
2. Bids for a value of more than Rs. 100,000 by ASBA Bidders falling under the category of Retail Individual Bidders;
3. Authorisation for blocking funds in the ASBA Account not ticked or provided;
4. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;

5. ASBA Form does not have the Bidder's depository account details;
6. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus; and
7. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account.

### **Price Discovery and Allocation**

1. After the Bid Closing Date, the Book Running Lead Managers will analyse the demand generated at various price levels and discuss the pricing strategy with our Company. The Registrar to the Issue shall aggregate the demand generated under the ASBA and provide the same to the Book Running Lead Managers.
2. Our Company, in consultation with Book Running Lead Managers, shall finalise the Issue Price. The Anchor Investor Price shall also be finalised by our Company in consultation with the Book Running Lead Managers.
3. Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.
4. The allocation under the Employee Reservation Portion would be on a proportionate basis, in the manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.
5. Not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, in a manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
6. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue. Subject to valid Bids being received at or above the Issue Price, under-subscription in any category, excluding Employee Reservation Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the Book Running Lead Managers. For further details, see "Issue Structure" on 175.
7. In the event of an oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price in the QIB Portion shall be allocated Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion. In the event of an oversubscription in the Non-Institutional Portion and Retail Portion, allocation shall be made on a proportionate basis.
8. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allocation'.
9. Allocation to Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, Mutual Funds or FVCIs will be subject to applicable law, rules, regulations, guidelines and the terms and conditions stipulated in approvals, if any, obtained from regulatory authorities such as the SEBI and the RBI.

10. The Book Running Lead Managers, in consultation with our Company, shall notify the Syndicate Members of the Issue Price and the Anchor Investor Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
11. Our Company, in consultation with the Book Running Lead Managers, reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid Closing Date, the reason thereof shall be provided within two days of the Bid Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchanges shall also be informed promptly.
12. In terms of the SEBI Regulations, QIBs bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bidding Date.
13. Our Company, in consultation with the Book Running Lead Managers, reserve the right to reject any Bid procured from QIBs. Rejection of Bids made by QIBs, if any, will be made at the time of acceptance of Bids provided that the reasons for such rejection shall be provided to such Bidder in writing.
14. The Allotment details shall be put on the website of the Registrar to the Issue.
15. Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders and Non-Institutional Bidders. No preference shall be given to ASBA Bidders vis-à-vis other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice versa. The 'Basis of Allocation' to such valid ASBA and other QIBs, Retail Individual Bidders and Non-Institutional Bidders will be that applicable to QIBs, Retail Individual Bidders and Non-Institutional Bidders.

#### **Signing of Underwriting Agreement and RoC Filing**

1. Our Company, the Underwriters and the Registrar to the Issue shall enter into an Underwriting Agreement on finalisation of the Issue Price.
2. After signing the Underwriting Agreement, our Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects, subject to finalization of the 'Basis of Allocation'.

#### **Filing of the Red Herring Prospectus and the Prospectus with the RoC**

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

#### **Issuance of CAN**

1. Upon approval of the 'Basis of Allocation' by the Designated Stock Exchange, the Book Running Lead Managers or Registrar to the Issue shall send to the Syndicate Members a list of their Bidders who have been allocated Equity Shares in this Issue. The approval of the 'Basis of Allocation' by the Designated Stock Exchange for QIBs bidding in the Net QIB Portion may be done simultaneously with or prior to the approval of the 'Basis of Allocation' for the Retail and Non-Institutional Bidders. However, the Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date as the date of Allotment. For Anchor Investors, see "– Notice to Anchor Investors-Allotment Reconciliation and Revised CANs" as set forth below.
2. The Book Running Lead Managers and Syndicate Members and/or their affiliates would dispatch a CAN to their respective Bidders who have been allocated Equity Shares in this Issue.
3. In case of QIBs, the dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such QIBs. Those Bidders

who have not paid the entire Bid Amount into the Escrow Account at the time of submission of the Bid cum Application Form shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN. The Issuance of CAN is subject to conditions mentioned in “– Notice to QIBs in the Net QIB Portion - Allotment Reconciliation and Revised CANs” as set forth below.

4. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account.

With respect to ASBA Bidders

1. Upon approval of the ‘Basis of Allocation’ by the Designated Stock Exchange, the Registrar to the Issue shall send a list of the ASBA Bidders who have been allocated Equity Shares in the Issue to the Controlling Branches along with:
  - (i) The number of Equity Shares to be allotted against each successful ASBA Form;
  - (ii) The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA Form;
  - (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
  - (iv) The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB bidding through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts.

ASBA Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

2. The ASBA Bidders shall directly receive the CANs from the Registrar to the Issue. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

#### **Notice to Anchor Investors: Allotment Reconciliation and revised CANs**

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company, in consultation with the Book Running Lead Managers, select Anchor Investors may be sent a provisional CAN, within two Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to: (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, (b) the Issue Price being finalized at a price not higher than the Anchor Investor Price, and (c) the Allotment.

Subject to SEBI Regulations, certain Bids/ applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, among other things, and these rejected Bids/ applications will be reflected in the reconciliation and ‘Basis of Allocation’ as approved by the Designated Stock Exchange. In such instances or in the event the Issue Price is fixed higher than the Anchor Investor Price, a revised CAN may be sent to Anchor Investors, price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation or price of Equity Shares, which shall in no event be later than two Working Days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety, the earlier CAN.

#### **Notice to QIBs bidding in the Net QIB Portion: Allotment Reconciliation and Revised CANs**

After the Bid Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids

uploaded on the BSE or NSE system. This shall be followed by a physical book prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received. Based on the electronic book, QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject, *inter alia*, to approval of the final 'Basis of Allocation' by the Designated Stock Exchange. Subject to SEBI Regulations, certain Bids/applications may be rejected due to technical reasons, non-receipt/availability of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation of the book prepared by the Registrar to the Issue and the 'Basis of Allocation' as approved by the Designated Stock Exchange. As a result, one or more revised CAN(s) may be sent to QIBs bidding in the Net QIB Portion and the allocation of Equity Shares in such revised CAN(s) may be different from that specified in the earlier CAN(s). QIBs bidding in the Net QIB Portion should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN(s), for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract, subject only to the issue of revised CAN(s), for such QIBs to pay the entire Issue Price for all the Equity Shares allocated to such QIBs. The revised CAN(s), if issued, will supersede in entirety, the earlier CAN(s).

### **Designated Date and Allotment**

1. Our Company will ensure that the Allotment is done within 10 days of the Bid Closing Date. After the funds equivalent to the size of this Issue are transferred from the Escrow Account to the Public Issue Account and the balance funds to the Refund Account on the Designated Date, our Company will ensure the credit to the Allottees' depository account. The Company will issue instructions for credit to the beneficiary account of the Allottees within two Working Days from the date of Allotment.
2. In accordance with Section 68B of the Companies Act and the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.**

## **ALLOTMENT**

### **Basis of Allocation**

#### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The size of the Net Issue less the allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have Bid at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category are 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 valid Bids.
- If the valid Bids in this category are 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 and in multiples of [●] Equity Shares thereafter. See "– Method of Proportionate Basis of Allocation in this Issue" below for the method of proportionate basis of allocation.

#### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The size of the Net Issue less the allocation to QIBs and Retail Individual Bidders shall be

available for allocation to Non-Institutional Bidders who have Bid in this Issue at a price that is equal to or greater than the Issue Price.

- If the valid Bids in this category are 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.
- If the valid Bids in this category are 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 and in multiples of [●] Equity Shares thereafter. See “– Method of Proportionate Basis of Allocation in this Issue” below for the method of proportionate basis of allocation.

#### **C. For QIBs in the Net QIB Portion**

- Bids received from QIBs bidding in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to successful QIBs will be made at the Issue Price.
- The Net QIB Portion shall be available for allocation to QIBs who have bid at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance, allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:
    - (i) If Bids by Mutuals Fund exceed the Mutual Fund Portion (i.e., 5% of the Net QIB Portion), allocation to Mutual Funds shall be done on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter in the Mutual Fund Portion (i.e., for up to 5% of the Net QIB Portion).
    - (ii) If the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, then all Mutual Funds shall get full allocation to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, and not allocated to Mutual Funds shall be available for allocation to all QIBs as set out in (b) below;
  - (b) In the second instance, allocation to all QIBs bidding in the Net QIB Portion shall be determined as follows:
    - (i) In the event of an over subscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be allocated Equity Shares on a proportionate basis, up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter for up to 95% of the Net QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis, up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, along with other QIBs.
    - (iii) Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included in the Net QIB Portion for allocation to the QIBs on a proportionate basis.
- The aggregate Allotment to QIBs bidding in the Net QIB Portion shall not be less than [●] Equity Shares.

#### **D. For Employee Reservation Portion**

- The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares

thereafter. Allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price.

- Bids received from 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.
- 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 Eligible Employees to the extent of their demand. The maximum Bid under the Employees Reservation Portion by an Eligible Employee cannot exceed Rs. [●].
- Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion, subject to the Net Issue. For the method of proportionate Basis of Allocation, refer below.

Only Eligible Employees are eligible to apply under Employee Reservation Portion.

#### **E. For Anchor Investors**

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Price will be at the discretion of our Company, in consultation with the Book Running Lead Managers, subject to compliance with the following requirements:

- (i) not more than 30% of the QIB Portion will be allocated to Anchor Investors.
- (ii) at least one-third of the Anchor Investor Portion shall be available for allocation to Mutual Funds only.
- (iii) allocation to a minimum number of two Anchor Investors.

The number of Equity Shares Allotted to successful Anchor Investors and the Anchor Investor Price shall be made available in the public domain before the Bid Opening Date by the Book Running Lead Managers in accordance with the SEBI Regulations.

The Book Running Lead Managers, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the 'Basis of Allocation' is finalized in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalize the 'Basis of Allocation' shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

#### **Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares**

This Issue will be conducted through the 'Book Building Process' pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Anchor Investors shall bid on the Anchor Investor Bidding Date, i.e., [●], 2010. Our Company in consultation with Book Running Lead Managers, will determine the Issue Price and the 'Basis of Allocation' and entitlement to Allotment following the expiration of the Bidding Period, based on the Bids received and subject to confirmation by the Designated Stock Exchange. Successful Bidders will be provided with a intimation of allocation in their favour through a CAN, subject to revised CAN(s) and will be required to pay any unpaid Bid Amount for the Equity Shares within the Pay-in Date mentioned in the CAN, subject to revised CAN(s). The SEBI Regulations require our Company to complete the Allotment to Allottees within 11 Working Days of the expiration of the Bidding Period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

#### **Unblocking of ASBA Account**

Once the 'Basis of Allocation' is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branches for unblocking the ASBA Accounts and for the transfer of requisite amount to the Public

Issue Account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch regarding finalisation of the 'Basis of Allocation', in the event of withdrawal/failure of the Issue or withdrawal (except in case of a QIB bidding through an ASBA Form) or rejection of the ASBA Bid, as the case may be.

### **Method of Proportionate Basis of Allocation in this Issue**

Except in relation to Anchor Investors, in the event of this Issue being over subscribed, our Company shall finalize the 'Basis of Allocation' in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the Book Running Lead Managers and the Registrar to the Issue shall be responsible for ensuring that the 'Basis of Allocation' is finalized in a fair and proper manner.

Except in relation to Anchor Investors, the allocation shall be made in marketable lots, on a proportionate basis as explained below:

1. Bidders will be categorized according to the number of Equity Shares applied for by them.
2. The total number of Equity Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
3. Number of Equity Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
4. If the proportionate allocation to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will 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 will be rounded off to the lower whole number. Allocation to all in such categories shall be arrived at after such rounding off.
5. In all Bids where the proportionate allocation is less than [●] Equity Shares per Bidder, the allocation shall be made as follows:
  - Each successful Bidder shall be allocated a minimum of [●] Equity Shares.
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (3) above; and
6. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allocated to the Bidders in that category, the remaining Equity Shares available for allocation shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allocation to the successful Bidders in that category. The balance Equity Shares, if any, after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
7. Investors should note that the Equity Shares will be allocated to all successful Bidders in dematerialised form only. Bidders will not have the option of being allocated Equity Shares in physical form.

### **Illustration of Allotment to QIBs and Mutual Funds ("MF") in the Net QIB Portion**

#### **A. Issue Details**

<b>S. No.</b>	<b>Particulars</b>	<b>Issue details</b>
1.	Issue size	200 million equity shares
2.	Allocation to QIB (50%)	120 million equity shares

S. No.	Particulars	Issue details
3.	Anchor Investor Portion	36 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	84 million equity shares
	Of which:	
a.	Allocation to MF (5%)	4.20 million equity shares
b.	Balance for all QIBs including MFs	79.80 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	500 million equity shares

#### B. Details of QIB Bids in the Net QIB Portion

Sr. No.	Type of QIB bidders <sup>#</sup>	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	<b>Total</b>	<b>500</b>

<sup>#</sup> A1-A5: ( QIB bidders other than MFs), MF1-MF5 ( QIB bidders which are MFs)

#### C. Details of Allotment to QIB Bidders/ Applicants

<i>(Number of equity shares in million)</i>				
Type of QIB bidders	Shares bid for	Allocation of 4.20 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 79.80 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	8.05	0
A2	20	0	3.22	0
A3	130	0	20.92	0
A4	50	0	8.05	0
A5	50	0	8.05	0
MF1	40	0.84	6.30	7.14
MF2	40	0.84	6.30	7.14
MF3	80	1.68	12.61	14.29
MF4	20	0.42	3.15	3.57
MF5	20	0.42	3.15	3.57
	<b>500</b>	<b>4.20</b>	<b>79.80</b>	<b>35.71</b>

Notes:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in “Issue Structure” on page 175.
- Out of 84 million equity shares allocated to QIBs, 4.2 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
- The balance 79.80 million equity shares (i.e. 84 - 4.2 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including 5 MF applicants who applied for 200 equity shares).
- The figures in the fourth column titled “Allocation of balance 79.80 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:

- For QIBs other than MFs (A1 to A5)= No. of shares bid for (i.e. in column II) X 79.80 / 495.80.
- For MFs (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted ( i.e., column III of the table above)] X 79.80 / 495.80.
- The numerator and denominator for arriving at allocation of 84 million shares to the 10 QIBs are reduced by 4.2 million equity shares, which have already been allotted to MFs in the manner specified in column III of the table above.

### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

In accordance with Section 68B of the Companies Act and the SEBI Regulations, the Equity Shares shall be allotted only in a dematerialised form, (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated October 30, 2007 with NSDL, our Company and the Registrar to the Issue.
- b) Agreement dated October 15, 2007 with CDSL, our Company and the Registrar to the Issue.

Bidders can seek Allotment in dematerialised mode only. Bids from any Bidder without relevant details of their depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either 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(s).
3. Allotment to a successful 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 depository account details available with the Depository. In case of joint holders, the names should necessarily be in the same sequence in which they appear in the depository account details available with the Depository.
5. If incomplete or incorrect details are given under the heading "Bidder's Depository Account Details" in the Bid cum Application Form or Revision Form(s), it is liable to be rejected.
6. The Bidders are responsible for the correctness of their Demographic Details given in the Bid cum Application Form vis-à-vis those with their Depository Participant.
7. Trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges, where our Equity Shares are proposed to be listed, have electronic connectivity with CDSL and NSDL.

### **PAYMENT OF REFUNDS**

Bidders must 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 Depositories, the Bidders' bank account details including a nine digit MICR code. 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 through dispatch of refund orders or through electronic transfer of funds, as the case may be. Any such delay shall be at the Bidders' sole risk and neither our Company, its Directors and officers, nor the Book Running Lead Managers nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or be liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **NECS** – Payment of refunds would be mandatorily done through NECS for applicants having an account at any of the 68 ECS centers notified by the SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the 68 centers referred to above, except where the applicant, being eligible, opts to receive refund through electronic transfer of funds. Refunds through NECS may also be done at other locations based on operational efficiency and in terms of Demographic Details obtained by Registrar to the Issue from the Depository Participants.
2. **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Banker(s) for the same would be borne by our Company.
3. **RTGS** – Applicants having a bank account at any of the abovementioned 68 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 Indian Financial System Code (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 Banker(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC 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 code of the Bidder's bank. Wherever the applicants have registered the nine digit MICR code of the branch of the bank where they are having their account and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
5. For all the other applicants, including applicants who have not updated their bank particulars with the nine-digit MICR code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through "Speed Post/ Registered Post" for refund orders of Rs. 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) 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.

### **Interest on refund of excess Bid Amount**

Our Company shall pay interest at the rate of 15% p.a. on the excess Bid Amount received if credit of refund is not made (through dispatch of refund orders or through electronic transfer of funds) within 11 Working Days of the Bid Closing Date for any delay beyond such 11 Working Days time period.

### **Letters of Allotment or Refund Orders, disposal of applications and application moneys**

Our Company shall ensure dispatch of Allotment advice/ refund orders (except for Bidders who have indicated their intention to receive refunds through electronic transfer of funds) and issue instructions for credit to the

beneficiary account of the Allottees with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges, within two Working Days of the date of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid Closing Date.

Non-transferable Allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Applicants residing at the 68 ECS centers notified by the SEBI, through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 11 Working Days of the Bid Closing Date, except for Bidders who have opted to receive refunds through the NECS facility or RTGS or direct credit. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 11 Working Days of the Bid Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 10 Working Days from the Bid/ Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or ECS, shall be done within 11 Working Days from the Bid Closing Date;
- With respect to ASBA Bidders, instructions to the SCSBs to unblock funds in the relevant ASBA Account for withdrawn (except in case of a QIB bidding through an ASBA Form), rejected or unsuccessful Bids shall be made within 11 Working Days of the Bid Closing Date.

Other than refunds effected through electronic transfer of funds, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders. Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Our Company shall ensure that "at par" facility is provided for encashment of refund orders for applications received, other than those received through the ASBA process.

Pursuant to a press release bearing reference no. PR No.88/2010 dated April 6, 2010, the SEBI has proposed certain new processes for public issues opening on or after May 1, 2010 in order to reduce the time between public issue closing date and listing of securities offered through a public issue. Such new processes would require members of the syndicate to capture all data relevant for the purposes of finalizing the basis of allotment while uploading bid data in the electronic bidding system of the Stock Exchanges. To ensure that the data so captured is accurate, the members of the syndicate would be permitted an additional day to modify some of the data fields entered by them in the electronic bidding system. The registrar to the issue is required to validate the bids and finalize the basis of allotment only on the basis of the final electronic bid file provided by the Stock Exchanges. The book running lead managers would be responsible for the accuracy of data entry and for resolving investor grievances, if any. Our Company shall incorporate adequate disclosures in relation to such new processes in the Red Herring Prospectus once the SEBI Regulations are amended, if required, in this regard and any additional circulars/ notifications, if required, are issued by the SEBI.

#### **Interest in case of delay**

Interest shall be paid by our Company at 15% p.a., if the Allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system

in the disclosed manner within 11 Working Days from the Bid Closing Date. Further, in relation to ASBA Bidders, our Company shall pay interest at 15% p.a., if Allotment is not made and/or demat credits are not made to investors within the time period prescribed above or if instructions to SCSBs to unblock ASBA Accounts are not issued within 11 Working Days of the Bid Closing Date.

In case of applicants who receive refunds through electronic transfer of funds, the refund instructions will be given to the clearing system within 11 Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 11 Working Days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

## **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- 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 12 Working Days of the Bid Closing Date;
- That our Company shall apply in advance for the listing of Equity Shares;
- 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;
- That except as disclosed in “Capital Structure” on page 19, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;
- That there will be no further issue of Equity Shares during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares Allotted/ to be Allotted pursuant to the Issue have been listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;
- That the Equity Shares are free and clear of all liens or encumbrances and shall be Allotted to the Allottees within the specified time;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 11 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the Allotment advice or refund orders to the Non-Resident Indians shall be dispatched within specified time;
- That adequate arrangements shall be made to collect all ASBA Forms and to consider them similar to non-ASBA applications while finalizing the ‘Basis of Allocation’;
- Our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained; and
- With respect to the ASBA Bidders, our Company shall make adequate arrangements to collect all ASBA Forms and ASBA Bidders shall be considered similar to other Bidders while finalizing the ‘Basis of Allocation’.

## **Utilisation of proceeds of the Issue**

Our Board certifies that:

1. All monies received out of this 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;
2. Details of all monies utilised out of the Issue shall be disclosed under an appropriate head in our balance sheet, indicating the purpose for which such monies have been utilised;
3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet, indicating the form in which such unutilised monies have been invested;
4. Our Company shall comply with the requirements of Clause 49 of the listing agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds; and
5. Our Company shall not have recourse to the proceeds of the Issue until the approval for trading of the Equity Shares from the Stock Exchanges has been received.

### **Communications**

All future communications in connection with Bids by Bidders (other than ASBA Bidders) made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders' depository account details, number of Equity Shares applied for, date of Bid cum Application form, name of the member of the Syndicate and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors (other than ASBA Bidders) can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc.

For ASBA Bidders, in relation to all future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

*The Book Running Lead Managers undertake that the complaints or comments received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.*

### **Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The DIPP has issued 'Circular 1 of 2010' (the "**FDI Circular**") which consolidates the policy framework on FDI, with effect from April 1, 2010. The FDI Circular consolidates and subsumes all the press notes, press releases, clarifications on FDI issued by DIPP as on March 31, 2010. All the press notes, press releases, clarifications on FDI issued by DIPP as on March 31, 2010 stand rescinded as on March 31, 2010.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be

made.

Under the automatic route, the foreign investor or the Indian company does not require any approval from the RBI or GoI for investments. However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the “same field” in India as on January 12, 2005, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

Further, operating-cum-investing companies and investing companies need to notify the Secretariat of Industrial Assistance, DIPP and FIPB of their downstream investments (if such investments are in the form of issuance of equity shares, compulsorily convertible preference shares and/or compulsorily convertible debentures) within 30 days of such investments even if such equity shares, compulsorily convertible preference shares and/or compulsorily convertible debentures have not been allotted.

Under the approval route, prior approval of the GoI through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route.

Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

Eligible NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions are eligible to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in this Issue. NRIs, who are not Eligible NRIs, are not permitted to participate in this Issue.

Our Company has obtained all the necessary approvals from the concerned governmental authorities for this Issue. For further details, see “Government and Other Approvals” on page 158.

#### **Subscription by foreign investors (NRIs/FIIs)**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

There is no reservation for Eligible NRIs and FIIs registered with SEBI. All Eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

#### **Transfer Restrictions**

**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 (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold 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 jurisdictions where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the 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.**

## SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of our Articles relating to, inter alia, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.*

*The regulations contained in Table A in the First Schedule to the Companies Act, shall apply to our Company except in so far as they are now modified or excluded or supplemented in these articles.*

<b>SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
3		The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and provisions of the Companies Act, 1956 for the time being in force in that behalf with the powers to divide the share capital whether original or increased or decreased into several clauses and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provision of the Companies Act, 1956.
<b>Increase of capital by the Company</b>		
4		The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction is given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with or without a right of voting at general meeting of the Company in conformity with Section 86 and 87 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act.
5		Subject to provisions of the Act and the provisions of these Articles the new shares may be of any kind including shares with differential voting right or with a preferential or qualified right to dividends and in the distribution of assets of the Company, and with a right of voting at general meeting of the Company in conformity with Section 86 and 87 of the Act.
<b>Redeemable Preference Share</b>		
6		Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Share, which are liable to be redeemed, and the resolution authorizing such issue shall prescribe the manner, terms and condition of redemption
<b>Reduction of Capital</b>		
7		The Company may (subject to the provisions of Section 78, 80 and 100 to 105 of the Act) from time to time by special Resolution, reduce its share capital and any capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This Articles is not to derogate from any power the Company would have if it were omitted.
<b>Sub-division and consolidation of shares</b>		
8		Subject to the provision of these Articles, the Company shall have power to alter the conditions of the Memorandum relating to Share capital as follows, that is to say it may.
	(a)	Increase its Share capital by such amount as it thinks expedient by issuing new Shares
	(b)	Consolidated and divide all or any of its Share capital into Share of large denomination than its existing Shares.
	(c)	Sub-divide its Share or any of them into Shares of smaller amount than is fixed by the Memorandum so, however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived.
<b>Modification of rights</b>		
9		Whenever the capital by reason of the issue of equity share capital with or without differential rights. Preference Shares or any other securities or otherwise is divided into different classes of shares all or any of the rights and privileges attached to each class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act be varied, modified, commuted, affected or abrogated or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class provided such variation, modification etc. or agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution

		passed at a separate General Meeting of the holders of shares of that class and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power the Company would have if this Article were omitted.
<b>Power to issue sweat equity shares</b>		
10		the Company may exercise the powers of issuing sweat equity shares conferred by section 79A of the Act of a class of shares already issued subject to the following conditions.
	(i)	the issue of sweat equity share is authorized by a special resolution passed by the company in general meeting.
	(ii)	the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued.
	(iii)	Not less than one year has at the date of the issue elapsed since the date on which the Company was entitled to commence business.
	(iv)	The sweat equity shares issued in accordance with the regulations made by the SEBI in the behalf.
<b>Further issue of capital</b>		
13		Subject to the provisions 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 provisions 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 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 of shares shall not be given to any persons or persons without the sanction of the company in the General Meeting. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.
14	(1)	Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:
	(a)	Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on 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 favor 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 favor 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 the 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 (a) of sub-clause (1) hereof) in any manner whatsoever.
	(a)	If a special resolution to the effect is passed by the company in General Meeting, or
	(b)	Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favor 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 and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
(3)		Nothing is sub-clause (c) of (1) hereof shall be deemed:
	(a)	To extend the time within which the offer should be accepted; or
	(b)	To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favor 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 attached to the debenture issued or loans raised by the company:
	(i)	To convert such debenture or loans into shares in the company; or
	(ii)	To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise.
		PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term.
	(a)	Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
	(b)	In the case of debentures or loans or other than debentures issued to or loans obtained from Government 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.
<b>Deposit and call etc. to be a debt payable immediately</b>		
16		The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
<b>Share Certificates</b>		
18		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 its 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 one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons the company shall not be borne to.
<b>Company not bound to recognize any interest in share other than that of registered holder</b>		
21		Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any shares, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.
<b>Distinctive number of securities</b>		
22		The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
<b>Buy-Back of shares/ securities of the Company</b>		
23		The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company save as provided by Section 77 of the Act.
24		The Company shall have the power, subject to the provisions of Section 77A, 77AA, 77B and other applicable provisions of the Act, to purchase any of its equity shares or other specified securities as may be permitted by law on such terms, conditions and in such manner as may be prescribed by law from time to time in respect of such purchase.
<b>CALLS</b>		
<b>Directors may make calls</b>		
31		The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay

		the amount of every call so made on him to the Company or where payable to the person or persons and at all times and places appointed by the Board. A call may be made payable by installments.
32		Whenever any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Articles, shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.
<b>Call to date from resolution</b>		
34		A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board and may be made payable by the Members whose names appears on the Register of Members on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.
<b>Call may be revoked or postponed</b>		
35		A call may be revoked or postponed at the discretion of the Board.
<b>Liability of joint holders</b>		
36		The joint-holder of a share shall be jointly and severally liable to pay all calls in respect thereof.
<b>Sums deemed to be calls</b>		
38		Any sum, which by the terms of issue of a shares become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and modified.
<b>Payment in anticipation of calls may carry interest</b>		
41	(a)	The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up; and upon the moneys so paid in advance, or upon so much thereof, from time to time and any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member one months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.
	(b)	No member paying any such sum in advance shall be entitled to 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.
<b>Company's lien on shares/ Debentures</b>		
42		The Company shall have a first and paramount lien upon all the share/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 conditions 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 a waiver of the Company's lien if any, on such shares/ debentures. The Directors may at any time declare any share/ debentures wholly or in part to be exempt from the provisions of the Articles.
43		Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares as against the transferor.
<b>FOREITURE OF SHARES</b>		
46		If any Member fails to pay any call or installment of a call on or before the day appointment for the payment of the same or any such extension thereof as foresaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expense that may have been incurred by the Company by reason of such non-payment.
<b>Default of payment, shares to be forfeited</b>		
48		If the requirements of any such notice as aforesaid are not complied with, every or any shares in respect of which such notice has been given , may at any time thereafter, but before payment of all calls or installments, interest and expense and other moneys due in respect thereof, be forfeited by a resolution of the Board to the effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share not actually paid before the forfeited.
<b>Evidence of forfeiture</b>		
53		A declaration in writing that the declarant is a Director or Secretary of the Company and that a

		share in the Company has been duly forfeited in accordance with these Articles 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 shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
<b>TRANSFER AND TRANSMISSION OF SHARES</b>		
<b>Register of Transfer</b>		
57	a)	The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share or debenture.
	b)	The Company shall not be required to maintain Register of Transfers for entering particulars of transfer and transmission of securities in dematerialized form.
	c)	Register of transfer may be maintained in a media as permitted by law including in any of electronic media.
<b>Instrument of Transfer</b>		
58		A Common form of transfer shall be used and the instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their registrations thereof.
59	a)	The Instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. Such evidence shall accompany the Instrument of Transfer as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.
	b)	Every depository shall, on receipt of intimation from a participant register the transfer of security in the name of the transferee.
	c)	Nothing contained in Section 108 of the Companies Act or the Articles which are inconsistent with the provisions of Depositories Act shall apply to a transfer of shares effected by a transferor or transferee both of whom are entered as beneficial owners in the records of a depository
<b>Directors may refuse to register a transfer</b>		
61		Subject to the provision of Section 111A of the Act and Section 22A of the Securities Contract (Regulation) Act, 1956, the directors may, at their own absolute and uncontrolled discretion and without 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 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 alien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
<b>Notice of application when to be given</b>		
62		Where, in the case of partly paid share, an application for registration is made by the transferor, the company shall give notice of the application to the Transferee in accordance with the provisions of Section 110 of the Act.
<b>Title to shares of deceased holders</b>		
64		The executors or administrators of a deceased Member or the holder of a Succession Certificate in respect of the shares of a deceased Member or the legal representatives of a deceased member (not being one of two or more joint-holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives shall have first obtained Probate or Letters of Administration or succession Certificate as the case may be from a duly constituted court in India, provided that in any case the Board may dispense with the production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as the Member.
65		No share shall in any circumstances be transferred to any minor insolvent or person of unsound mind.
<b>The Company is not liable for disregard of notice prohibiting registration of transfer</b>		

69		The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to an transfer of shares made or purported to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereof if the Board shall so think fit.
70		The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration.
<b>NOMINATION</b>		
72		Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debenture of the Company shall vest in the event of his death.
73		Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
74		Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
<b>BORROWING POWERS</b>		
<b>Borrowing Powers</b>		
77		Subject to the provisions of Sections 38a, 292 and 293 of the Act and Regulations made thereunder and directions issued by the Reserve Bank of India, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposit from members either in advance of calls or otherwise and generally raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.
78		Subject to the provisions of these articles hereof, the payment or repayment of moneys borrowed as foresaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit, by resolution passed at a meeting of the Board and in particular by the issue of bonds, debentures or debenture-stock of the Company, either unsecured or secured by mortgage or charge over upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
<b>SHARE WARRANTS</b>		
81		The Company may issue share warrants subject to, and in accordance with, the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing, signed by the person registered as holder of the share, from time to time, require as to identity of the person signing the application, on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
82		The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition of calling a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposits, as if his name was inserted in the Register of Members as the holder of the share included in the deposited warrant.
83		Not more than one person shall be recognized as depositor of the share warrant.
84		The Company shall, on two days written notice, return the deposited share warrant to the depositor.

85	(a)	Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.
	(b)	The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant and he shall be a member of the Company.
<b>CONVERSION OF SHARE INTO STOCK AND RECONVERSION</b>		
<b>Shares may be converted into stock</b>		
87		The Company in General Meeting may convert any paid-up shares into stock, and when any shares shall have been converted into stocks, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred if no such conversion had taken place or as near thereto as circumstances, will admit. The Company may at any time convert any stock into paid-up shares of any denomination.
<b>MEETING OF MEMBERS</b>		
<b>Annual General Meeting</b>		
89		The Company shall in each year hold a General Meeting as its Annual General Meeting in accordance with the provisions of the Act, in addition to any other meetings in that year.
<b>On receipt of requisition, directors to call Meeting and in default requirements may do so.</b>		
93		Upon the receipt of any such requisition the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office and cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitioners or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the Meeting but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.
<b>Meeting called by requisitionists</b>		
94		Any Meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board. A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing, but a General Meeting may be called after giving shorter notice if consent is accorded thereto:-
	(i)	in the case of an Annual General Meeting, by all the members entitled to vote thereat; and
	(ii)	in the case of any other meeting, by members of the Company holding not less than 95% of such part of the paid up share capital of the Company as gives a right to vote at the meeting.
		Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be passed at a meeting and not on the others, those members shall be taken in to account for the purposes of this clause in respect of the latter.
95		Notice of every meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
96		Such notice shall be given:
	(i)	to every member of the Company;
	(ii)	To the persons entitled to a shares in consequences of the death or insolvency of a member by sending it through the post or by courier in a prepared letter addressed to them by name; or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and
	(iii)	To the auditor or auditors for the time being of the Company in any manner authorized by Section 53 in the case of any member or members of the Company.
<b>Chairman of General Meeting</b>		
102		The Chairman (if any) of the Board of Directors or in his absence the Vice-Chairman (if any) and in his absence the Managing Director (if any) of the Company, shall be entitled to take the Chair at every General Meeting whether Annual or Extra-ordinary. If there be no such Chairman of the directors, or if at any Meeting he shall not be present within fifteen minutes of the time appointed for holding such Meeting or if he shall be unable or unwilling to take the chair then the members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be Chairman.
<b>Question at General Meeting how decided.</b>		
105		At any General Meeting at resolution put to the vote of the meetings shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands a poll is ordered

		to be taken by the Chairman of the Meeting of his own motion or on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than Rupees 50,000 has been paid up.
106		The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
107		Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hand, has carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minutes Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
108		In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a second or casting vote in addition to the vote or votes to which he may be entitled as a Member.
109		If a poll is demanded as aforesaid the same shall subject to these articles be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the City or town in which the Office of the Company is for the time being situated and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons or persons who made the demand.
<b>VOTES OF MEMBERS</b>		
<b>Member in arrears not to vote</b>		
113		No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll 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.
<b>Number of votes to which member entitled</b>		
114		Subject to the provisions of the Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any, preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares. In respect of every other shares with or without voting rights or with disproportionate voting rights his voting right shall be as mentioned in the said class of shares.
<b>Voting in person or by Proxy</b>		
118		Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.
<b>MINUTES OF MEETING</b>		
<b>Minutes of General meetings and inspection thereof by Members</b>		
129		The Company shall cause minutes of all proceedings of every General Meeting to be kept by making, within thirty days of the conclusion of every such Meeting concerned entries thereof in books kept for that purpose with their pages consecutively numbered.
130		Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a director duly authorized by the Board for the purpose.
<b>DIRECTORS</b>		
<b>Number of Directors</b>		
137		Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not be more than twelve.
<b>Provision to appoint ex-officio Director</b>		
139		Whenever directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as the "appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the director shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer

		shall have the right to appoint or nominate by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercise and enjoyed by the Directors of the Company including payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with the appointer.
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**Nominee Directors**

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140	(a)	Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any public financial institutions (hereinafter collectively or individually referred to as "the Corporation") or so long as the Corporation holds or continues to hold Debentures/ Shares in the Company as a result of underwriting or subscription or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Company may , by a agreement specifically entered in to between itself and the Corporation, give the right to Corporation to appoint one or more persons as Directors on the Board of Directors of the Company (which Director or Directors, is/are hereinafter referred to as "Nominee Director's")
	b)	The Corporation may at any time and from time to time remove the Nominee Director, appointed by itself and (may in the event of such removal and also in case of death or resignation of the Nominee Director, appoint another in his place and also fill any vacancy which may occur as a result of the Nominee Director ceasing to hold office for any reason whatsoever. Such appointment or removal shall be made in writing by the Corporation and shall be delivered to the Company at its office.
	(b)	The Board of Directors of the Company shall have no power to remove the Nominee Director from office.
	(c)	Each such Nominee Director shall be entitled to attend all general meetings, Board meetings and meetings of the Committee of which he is member, and he and the Corporation appointing him shall also be entitled to receive notices of all such meetings.
	(d)	The Nominee Directors so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or in the Corporation ceasing to hold Debentures/ Shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

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**Remuneration of Directors**

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146	(a)	Subject to the provisions of the Act, a Managing Director or Directors, who is in the whole-time employment of the Company may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other.
	(b)	Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either;
	(i)	by way of monthly, quarterly or annual payment with the approval of the Central Government; or
	(ii)	by way of Commission if the Company by a special resolution authorizes such payment.
147		The fee payable to a Director for attending a meeting of the Board or committee thereof shall be decided by the Board, from time to time, within the maximum limit of such fees hat may be prescribed under the Act or if not so prescribed, in such manner as the Company in General Meeting may from time to time determine.
148		If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors) the Board may arrange with such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution for the remuneration otherwise provided.
149		The directors may allow and pay to any Director, who travels for the purpose of attending and returning from meetings of the Board of Directors or any Committee thereof or General Meetings, or in connection with the business of the company, his travelling and hotel and other expense incurred by him in consequences or for the purpose of his attendance, and in connection with the business of the Company in addition to his fees for attending such meetings as above specified and other remuneration payable to him. Provided that if so desired by the Corporation appointing a Corporation Director, the Company may instead reimburse the Corporation appointing such Director any sums that may be paid by it to that Director in respect of his attendance at the meeting of the Board.

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**PROCEEDINGS OF THE BOARD OF DIRECTORS**

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**Meeting of Directors**

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156		The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit.
<b>Notice of Directors Meeting</b>		
157		Notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at the usual address in India to every other Director.
<b>Quorum at Board Meeting</b>		
158		Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third rounded off as one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such meeting.
<b>Directors may appoint Committee</b>		
164		Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to one or more Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
<b>Powers of the Board</b>		
169		The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless of these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting.
	(a)	Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
	(b)	Remit, or give time for the repayment of, any debt due by a Director,
	(c)	Invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
	(d)	Borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;
		Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or
	(e)	Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will in any financial year exceed fifty thousand rupee or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.
<b>MANAGEMENT</b>		
191		The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely Managing Director or Manager.
192		The Directors shall from time to time appoint a Secretary to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also appoint at any time any person or persons (who need not be the Secretary) to keep the Registers required to be kept by the Company. A director may be appointed as a Secretary and/or as a consultant and/or as an advisor.
<b>THE SEAL</b>		
195		The Company shall have a Common Seal and the Board of Directors shall provide for the safe custody thereof. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors in the presence of at least one Director or Two Director, if

		so required by law and such Director or Directors shall sign every instrument to which the seal be affixed in his/their presence. Such signatures shall be conclusive evidence of the fact that the seal has been properly affixed. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates ) rules, 1960.
<b>DIVIDENDS</b>		
<b>Division of profits and dividends in proportion to amount paid up</b>		
200		The profits of the Company, subject to any special rights relating thereof created or authorized to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up and to the period during the year for which the capital is paid-up on the shares held by them respectively.
<b>The Company in General Meeting may declare a dividend</b>		
201		The Company in general Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
<b>Dividends only to be paid out of profits</b>		
202		No dividend shall be declared or paid otherwise by the Company for any financial year except out of profits for the year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of the Company of such percentage of its profits for the year as may be prescribed or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:
	(a)	If the Company has not provided for depreciation for any previous financial year or years shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
	(b)	If the Company has incurred any loss in any previous financial year or years the amount of loss or any amount which is equal to the amount provided for depreciation for that year or these years whichever is less shall be set off against the profits of the Company for the years for which the dividend is provided to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub-section (2) of Section 205 of the Act or against both.
		Providing further that, no dividend shall be declared or paid for any financial year except out of the profits of the Company for the year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its percentage of its profits as may be allowed in accordance with that Section.
<b>Interim Dividend</b>		
203		The Board may, from time to time, pay to the Members such interim dividend as in their judgment the position of the Company justifies.
<b>Dividend, etc. to joint-holders</b>		
204		Any one of several persons who are registered as the joint-holder or any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
205		No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money be due or owing from time to the Company in respect of Such shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.
206		A transfer of shares shall not pass the right t any dividend declared thereon before the registration of the transfer. Provided, however, that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered, the company shall:
	(a)	Transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and
	(b)	Keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and may issue of fully paid up bonus shares in pursuance of sub-section (3) of section 205.
<b>Unpaid or Unclaimed Dividend</b>		
207		Where the company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the date of expiry of the said period of 30 days open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of NKG INFRASTRUCTURE LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

		Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Investor Protection and Education Fund established under Section 205C of the Act.
208		No unpaid or unclaimed dividend shall bear interest against the Company.
<b>Dividend and call together</b>		
209		Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the meeting fixes 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 dividend may, if so arranged between the Company and the Member, be set off against the calls.
<b>ACCOUNTS</b>		
210	(a)	The Books of Accounts shall be kept at the Registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours.
	(b)	The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts or books or documents of the Company or any of them, shall be open for inspection to members not being directors and no member (not being Directors) shall have any right of inspection to any books of account or document of the Company, except as conferred by law or unauthorized by the Directors or by the Company in the General Meeting.
	(c)	Balance Sheet and Profit & Loss Account will be audited once in a year by a qualified auditors for correctness as per provisions of the Act.
<b>AUDIT</b>		
211	(a)	The remuneration of the auditors shall be fixed by the Company in the Annual General Meeting as otherwise decided or that remuneration of the auditors approved by the Directors may be fixed by the Directors.
	(b)	The first Auditor of the Company shall be appointed by the Board of Directors within one month from the date of incorporation of the Company and the Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.
	(c)	At each Annual General Meeting the Company shall appoint an Auditor to hold Office from the conclusion of that Meeting till the conclusion of the next Annual General Meeting.
	(d)	The Board of Director may fill any casual vacancy in the Office of the Auditor and while any such vacancy continues the remaining Auditors, if any, may act, but where such vacancy is caused by resignation of the Auditors and vacancy shall be filled up by the Company in a General Meeting.
	(e)	Where the company has a branch office the provisions of section 228 of the Act shall apply.
	(f)	The Auditor's Report shall be read before the company in General Meeting and shall be open to inspection by any member of the company.
<b>SERVICE OF NOTICE AND DOCUMENTS</b>		
212	(1)	A notice or other document shall be given or sent by the company to any member either personally or by sending it by post or by courier to him to his registered address in India or if he has no registered address in India, by air mail post to the address outside India supplied to the company for the giving of notice to him.
	(2)	Where notice or other document is sent by post or by courier.
	(a)	Service thereof shall be deemed to be effected by properly , addressing prepaying and posting a letter containing the notice or document, provided that were 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 or without acknowledgement due and has deposited with the Company a sufficient sum to defray the expenses of doing so service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the members; and
	(b)	Such service shall be deemed to have been effected.
	(i)	in the case of notice of meeting at the expiration or forty-eight hours after the letter containing the same is posted or couriered, and
	(ii)	in any other case, at the time at which the letter would be delivered in the ordinary course of post or by courier.
	(2)	Notwithstanding any provisions to the contrary any notice or document to be served on a member who has not given an address in India for service of notice or documents shall be sent to such member by air mail and posted not less than twenty eight days before the same is to be saved as required by the act or by these Articles.
<b>WINDING-UP</b>		
227	(a)	If upon the winding up of the company the surplus assets shall be more than sufficient to repay the whole of the paid up capital, the excess shall be distributed amongst the members in proportion to the capital paid or which ought to have been paid on the shares at the commencement of the winding up held by them respectively, other than the amounts paid in advance of calls. If the surplus assets shall be insufficient to repay the whole of the paid up capital, such surplus assets shall be distributed so that as nearly as may be losses shall be borne

		by the members in proportion to the capital paid or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively other than the amounts paid by them in advance of calls.
		The article is to be without prejudice to the right and privileges amongst the holders of any Shares issued upon special terms and conditions and shall not be construed so as to confer upon them any right greater than those conferred by the terms and conditions of issues.
<b>INDEMNITY</b>		
229		Subject to Section 201 of the Companies Act, 1956, every Director, Managing Director, Whole-time Director, Manager, Secretary or officer of the Company or any (whether an officer of the Company or not) employed by the company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Managing Director, Whole-time Director, Manager, Secretary, Officer, employee or Auditor in defending bonafide any proceeding whether Civil or Criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by Court.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid Closing Date.

#### *Material Contracts in relation to this Issue*

1. Letters of appointment dated May 19, 2010 and May 28, 2010 to the Book Running Lead Managers from our Company appointing them as the Book Running Lead Managers.
2. Agreement among our Company and the Book Running Lead Managers dated June 22, 2010.
3. Memorandum of Understanding dated June 17, 2010 between our Company and Registrar to the Issue.
4. Escrow Agreement dated [●] among our Company, the Registrar to the Issue, the Escrow Collection Banks, the Book Running Lead Managers and the Syndicate Members.
5. Syndicate Agreement dated [●] among our Company, the Book Running Lead Managers and the Syndicate Members.
6. Underwriting Agreement dated [●] among our Company, the Book Running Lead Managers, the Syndicate Members and the Registrar to the Issue.
7. Agreement dated October 30, 2007 among NSDL, our Company and the Registrar to the Issue.
8. Agreement dated October 15, 2007 among CDSL, our Company and the Registrar to the Issue.

#### *Material Documents*

1. Our Memorandum and Articles, as amended from time to time.
2. Our certification of incorporation.
3. Resolution passed by our Board dated June 4, 2010 in relation to this Issue.
4. Shareholders' resolution in relation to this Issue dated June 5, 2010.
5. Shareholders' resolution dated April 1, 2008 confirming appointment of the Managing Director of our Company, Mr. Pradeep Kumar Garg.
6. Shareholders' resolution dated April 1, 2007 confirming appointment of the Chairman of our Company, Mr. Naresh Kumar Garg.
7. Shareholders' resolution dated April 19, 2010 confirming appointment of the Vice Chairman of our Company, Mr. Surendra Kumar Garg.
8. Statement of Tax Benefits dated June 19, 2010 from M/s S.K. Mehta & Company, Chartered Accountants, regarding tax benefits available to our Company and its shareholders.
9. Report of the Auditors, M/s S.K. Mehta & Company, Chartered Accountants, dated June 19, 2010 in relation to our Company, prepared in accordance with Indian GAAP as required by Part II of Schedule II to the Companies Act and mentioned in this Draft Red Herring Prospectus.

10. Consent of the Auditors, M/s S.K. Mehta & Company, Chartered Accountants, for inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus.
11. Consent of the IPO grading agency, [●], for inclusion of their IPO grading report furnishing the rationale for its grading, in the form and context in which they will appear in the Red Herring Prospectus.
12. Consents of Bankers to our Company, Book Running Lead Managers, members of the Syndicate, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, legal counsel to the Issue, the Directors of our Company, the Company Secretary and Compliance Officer, as referred to, in their respective capacities.
13. In-principle listing approvals dated [●] and [●] received from the NSE and the BSE, respectively.
14. Due diligence certificate dated June 24, 2010 provided to the SEBI from the Book Running Lead Managers.
15. SEBI observation letter No. [●] dated [●].
16. Agreement dated March 12, 2010 entered into between our Company and Reliance Capital Limited for availing a debt facility of Rs. 33.71 million.
17. Agreement dated May 4, 2009 entered into between our Company and Reliance Capital Limited for availing a debt facility of Rs. 13.23 million.
18. Agreement dated December 3, 2009 entered into between our Company and Reliance Capital Limited for availing a debt facility of Rs. 6.21 million.
19. Agreements dated February 16, 2010 entered into between our Company and Reliance Capital Limited for availing a debt facility of Rs. 50.00 million.
20. Agreement dated March 26, 2010 entered into between our Company and Reliance Capital Limited for availing a debt facility of Rs. 2.00 million.
21. Agreements dated February 16, 2010 entered into between our Company and Reliance Capital Limited for availing a debt facility of Rs. 50.00 million.
22. Agreements dated May 31, 2010 entered into between our Company and Reliance Capital Limited for availing a debt facility of Rs. 61.95 million.
23. Copies of annual reports of our Company for the last five Fiscals.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our 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.

In accordance with Section 61 of the Companies Act, in the event any of the material contracts mentioned in this section are required to be modified or amended, post the filing of the Prospectus with the RoC, reference shall be made to the shareholders of our Company for the same.

## DECLARATION

We, the Directors, certify that all relevant provisions of the Companies Act and the guidelines issued by the GoI or the SEBI, as applicable, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or the rules made or regulations issued thereunder, and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### SIGNED BY THE MANAGING DIRECTOR

Sd/-  
**Mr. Pradeep Kumar Garg**

### SIGNED BY THE CHIEF FINANCIAL OFFICER

Sd/-  
**Mr. Rakesh Kumar**

### SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/- <b>Mr. Naresh Kumar Garg</b> , Chairman	Sd/- <b>Mr. Surendra Kumar Garg</b> , Vice Chairman
Sd/- <b>Mr. Pradeep Kumar Garg</b> , Managing Director	Sd/- <b>Mr. Devendra Kumar Garg</b> , Joint Managing Director
Sd/- <b>Mr. Pramod Kumar Garg</b> , Director	Sd/- <b>Mr. Rakesh Kumar</b> , Director
Sd/- <b>Mr. Biswajit Choudhuri</b> , Independent Director	Sd/- <b>Mr. Mohammed Shahid Aftab</b> , Independent Director
Sd/- <b>Mr. Tarun Kansal</b> , Director	Sd/- <b>Dr. Sunil Kumar Gupta</b> , Independent Director
Sd/- <b>Mr. Achin Garg</b> , Independent Director	Sd/- <b>Mr. Anil Kumar Aggarwal</b> , Independent Director

Date: June 24, 2010  
Place: New Delhi.