

**Draft Red Herring Prospectus
Dated [●], 2007**

Please read Section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated
and become Red Herring Prospectus upon RoC filing)
100% Book Building Issue



M.S. KHURANA ENGINEERING LIMITED

(Our Company was incorporated as "M.S. Khurana Constructions Private Limited" under the provisions of the Companies Act, 1956 pursuant to a Certificate of Incorporation dated September 9, 1998. The name was changed to "M.S. Khurana Engineering Private Limited" on September 24, 1998. On August 12, 2002 the name changed to "M.S. Khurana Engineering Limited" on becoming a public limited company. Our Company has been allocated CIN U45201GJ1998PLC034638.)

Registered Office: 3rd floor, Jay Tower, Ankur Complex, Naranpura, Ahmedabad 380 013;
(There has been no change in the Registered Office of our Company since incorporation.)

Tel: + 91 79 2748 4349 / +91 79 2745 6975; **Fax:** +91 79 2748 5071; **E-mail:** ipo@mskhurana.com; **Website:** www.mskhurana.com

Contact Person: Mr. Jitesh Patel, Assistant Company Secretary and Compliance Officer

PUBLIC ISSUE OF 45,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER SHARE) AGGREGATING RS. [●] LACS BY M.S. KHURANA ENGINEERING LIMITED ('THE COMPANY' OR 'THE ISSUER'). THE ISSUE COMPRISES OF "NET ISSUE TO THE PUBLIC" OF 45,00,000 EQUITY SHARES AGGREGATING RS. [●] LACS. THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 29.45% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

Price Band: Rs. [●] To Rs. [●] Per Equity Share of Face Value of Rs. 10 Each

The Issue Price is [●] times of the Face Value at the Lower End of the Price Band and [●] times of the Face Value at the Higher End of the Price Band

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

This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, atleast 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and atleast 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10/- and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the higher end of the Price Band. The Issue Price (as determined and justified by the Book Running Lead Manager and our Company on basis of assessment of market demand for the Equity Shares by way of Book Building as stated in chapter titled "Basis of Issue Price" beginning on page [●]) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

M.S. Khurana Engineering Limited, 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

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India Limited (NSE). BSE shall be the Designated Stock Exchange for purpose of this Issue. We have received in-principle approval for the listing of our Equity Shares pursuant to letters dated [●] and [●] from BSE and NSE.

IPO GRADING

Our Company has not opted for IPO Grading since on the date of filing this DRHP it is not mandatory. However in the event it becomes mandatory our Company will get the issue graded

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 <p>UTI Securities Limited [Subsidiary of Securities Trading Corporation of India Limited] SEBI Reg. No.: INM 000007458 AMBI Reg. No.: AMBI / 083 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road Bandra (East), Mumbai – 400 051 Tel: +91 22 6751 5828 / +91 22 6751 5815; Fax: +91 22 6702 3194 Website: www.utisel.com; Email: mskipo@utisel.com Contact Person: Mr. Sumeet Lath/Ms. Sujaya Shetty</p>	 <p>Bigshare Services Private Limited SEBI Regn. No.: INR0000001385 E-2/3, Ansa Industrial Estate Saki Vihar Road, Saki Naka Andheri (East), Mumbai – 400 072. Tel: +91 22 28473747/ 3474/ 0652/ 0653; Fax: +91 22 28475207 Website: www.bigshareonline.com E-mail: ipo@bigshareonline.com Contact Person: Mr. N.V.K Mohan</p>

ISSUE PROGRAMME

BID / ISSUE OPENS ON : [●]

BID / ISSUE CLOSES ON : [●]

TABLE OF CONTENTS

CONTENTS		Page No.
SECTION I - DEFINITIONS AND ABBREVIATIONS		
DEFINITIONS		1
ISSUE RELATED TERMS		1
CONVENTIONAL / GENERAL TERMS		4
COMPANY / INDUSTRY RELATED TERMS		5
ABBREVIATIONS		6
SECTION II - GENERAL		
PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA		8
FORWARD LOOKING STATEMENTS		9
SECTION III - RISK FACTORS		10
SECTION IV - INTRODUCTION		
SUMMARY		20
THE ISSUE		23
SUMMARY OF FINANCIAL INFORMATION		24
GENERAL INFORMATION		26
CAPITAL STRUCTURE		32
SECTION V - OBJECTS OF THE ISSUE		
OBJECTS OF THE ISSUE		44
BASIC TERMS OF THE ISSUE		54
BASIS OF ISSUE PRICE		56
STATEMENT OF TAX BENEFITS		59
SECTION VI - ABOUT US		
INDUSTRY OVERVIEW		68
OUR BUSINESS		81
KEY INDUSTRY REGULATIONS AND POLICIES		108
HISTORY AND OTHER CORPORATE MATTERS		110
OUR MANAGEMENT		116
OUR PROMOTERS AND THEIR BACKGROUND		130
CURRENCY OF PRESENTATION		134
DIVIDEND POLICY		134
SECTION VII - FINANCIAL INFORMATION		
AUDITOR'S REPORT		135
OTHER GROUP COMPANIES / VENTURES OF PROMOTERS		174
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS		188
SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION		
OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES		198
GOVERNMENT/ STATUTORY AND BUSINESS APPROVALS		204
OTHER REGULATORY AND STATUTORY DISCLOSURES		210
SECTION IX - ISSUE RELATED INFORMATION		
TERMS OF THE ISSUE		219
ISSUE PROCEDURE		225
SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION		
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION		254
SECTION XI - OTHER INFORMATION		
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION		285
DECLARATION		287

SECTION I – DEFINITIONS AND ABBREVIATIONS**DEFINITIONS**

Term	Description
“M.S. Khurana”, “our Company”, “the Company” and “Issuer”	Unless the context otherwise requires, refers to M.S. Khurana Engineering Limited, a public limited company incorporated under the Companies Act.
“we”, “us” and “our”	Unless the context otherwise requires, refers to M.S. Khurana.
Promoter(s)	Unless the context otherwise requires, refers to Mr. Sudhir Khurana, Mr. Ashish Khurana, Mr. Vikram Khurana, Mr. Vishal Khurana, Mrs. Mira Khurana, Mrs. Nicole Khurana and Mrs. Geeta Khurana
Subsidiary/ Concessionaire	Unless the context otherwise requires, refers to our subsidiary, M.S. Khurana Infrastructure and Toll Road Private Limited
Group/Associate Companies/ Firms/ Ventures	Unless the context otherwise requires, refers to companies / other ventures promoted by our Promoters (s) i.e. Madhav Healthcare Private Limited; Minar Trading and Services Limited; M.S. Khurana Builders Private Limited; Aashiana Recreation Projects Private Limited; West India Hospitality Private Limited; Westinn Limited; Panorama Builders Private Limited; Scope Consultancy Private Limited; M/s. Suruchi Builders; M/s. West India Equipments; M/s. Attune Inc.; M/s. Mira Marketing and M/s. Kohinoor Crushing Stone
Defects Liability Period	Shall mean, the period after the date of completion of the Project within which our Company shall be liable for any defect that arises out of the work done by us and shall not receive compensation for any expense incurred for rectifying the same.
Concession Agreement	The agreement dated November 23, 2005 between our Subsidiary and GSRDC for the execution of Construction, Improvement and widening of Bhuj – Nakhatrana Road on BOT basis.

ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue.
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, allocation of Equity Shares pursuant to this Issue.
Allottee	The successful Bidders to whom Equity Shares are being / have been allotted.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-	The form in terms of which the Bidder shall make an offer to subscribe to the

Term	Description
Application Form	Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM / Book Running Lead Manager	UTI Securities Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by our Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Gujarat, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It will become a Red Herring Prospectus after filing with the Registrar of Companies, Gujarat, at Ahmedabad at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Gujarat, at Ahmedabad after the Pricing Date.
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account (s)	Account (s) opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to this Issue, the Escrow Collection Banks, the Refund Bank, the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s) / Banker (s) to the Issue	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for this Issue will be opened, in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally accepted accounting principles in India.
Issue	The issue of 45,00,000 Equity Shares of Rs. 10/- each fully paid up at the Issue Price aggregating Rs. [●] Lacs.
Issue/ Bidding Period or Bidding /	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit

Term	Description
Issue Period	their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Funds Portion	That portion of the Issue, being 5% of the QIB portion or 1,12,500 Equity Shares available for allocation on a proportionate basis to Mutual Funds only.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion	The portion of this Issue being atleast 15% of the Issue consisting of 6,75,000 Equity Shares of Rs. 10/- each aggregating Rs. [●] Lacs, available for allocation to Non Institutional Bidders.
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in-Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. [●] and the maximum price ("Cap Price") of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLM finalises the Issue Price.
Project	Purchase of Plant and Machinery for Construction Business; To invest in wholly owned subsidiary M.S. Khurana Infrastructure and Toll Road Pvt. Ltd. a Special Purpose Vehicle incorporated for the execution of the Construction, Improvement and widening of Bhuj – Nakhatrana Road (NH 42) on BOT basis; To meet the additional working capital requirements; General Corporate Purposes
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Gujarat, containing <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Bankers to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of upto 22,50,000 Equity Shares of Rs. 10/- each aggregating Rs. [●] Lacs being upto 50% of the Issue available for allocation to QIBs. 5% of the QIB Portion i.e. 1,12,500 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations,

Term	Description
	insurance companies, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs.
Refund Account	The no-lien account maintained by the Refund Bank to which the surplus money shall be transferred on the Designated Date.
Refund Bank	Shall mean the Escrow Collection Bank who has been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode where payment through electronic mode may not be feasible, in this case being [●]
Registrar/ Registrar to this Issue	Bigshare Services Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 1,00,000/- in any of the bidding options in this Issue.
Retail Portion	Consists of 15,75,000 Equity Shares of Rs. 10/- each aggregating Rs. [●] Lacs, being atleast 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member (s)	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member is appointed by the BRLM
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.
U.S. GAAP	Generally accepted accounting principles in the United States.
Indian GAAP	Generally accepted accounting principles in India.

Notwithstanding the foregoing, in the chapter titled “Main Provisions of Articles of Association”, Statement of Tax Benefits” and “Financial Information” on pages [●], [●] and [●], defined terms have the meaning given to such terms in the Articles of Association of our Company.

CONVENTIONAL / GENERAL TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of our Company.
Auditors	The statutory auditors of our Company, being M/s. Dharmendra Shah & Co., Chartered Accountants.
Board of Directors / Board	The Board of Directors of our Company or a Committee thereof.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.

Term	Description
Director(s)	Director(s) of our Company unless otherwise specified.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Insurance Act	Insurance Act, 1938, as amended from time to time.
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company.
Non Resident	All eligible Bidders, including NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, who are persons not resident in India as defined under FEMA.
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, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended from time to time.
Registered Office	3 rd floor, Jay Tower, Ankur Complex, Naranpura, Ahmedabad 380 013
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

COMPANY / INDUSTRY RELATED TERMS

Term	Description
AAI	Airport Authority of India
AMC	Ahmedabad Municipal Corporation
AUDA	Ahmedabad Urban Development Authority
BOQ	Bill of Quantities
BOT	Build Operate Transfer
BOOT	Build Own Operate Transfer
DBFO	Design Build Finance and Operate
DRE	Dispute Review Expert
D.O.S	Department of Space
Employer	The Government / semi-Government authorities with whom we enter into contracts for our projects.
EMD	Earnest Money Deposit
EPC	Engineering, Procurement and Construction
EERP	Earthquake Emergency Reconstruction Program
EPCO	Environment Planning and Co-ordination Organisation
EWS	Economically Weaker Section
FRL	Finished Road Level
G.I.D.C	Gujarat Industrial Development Corporation
GSRDC	Gujarat State Road Development Corporation Limited
GUDC	Gujarat Urban Development Corporation
IFSE	Indian Financial System Code
ISRO	Indian Space Research Organisation
JV	Joint Venture
KVA	Kilo Volt Ampere
LOA	Letter of Acceptance
MoRTH	Ministry of Road, Transport and Highways

Term	Description
MLD	Million Litres Per Day
NH	National Highways
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NOC	No Objection Certificate
O&M	Operation and Maintenance
PMGSY	The Pradhan Mantri Gram Sadak Yojana
PIU	Project Implementation Unit
PWD	Public Works Department
R & D	Research and Development
RUIDP	Rajasthan Urban Infrastructure Development Project
RFQ	Request for Qualification
RCC	Reinforced Concrete Cement
SAC	Space Application Centre
SSNNL	Sardar Sarovar Narmada Nigam Limited
SPV	Special Purpose Vehicle
SME	Small and Medium Enterprises
SVP	Sardar Vallabhbhai Patel

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AMBI	Association of Merchant Bankers of India
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CIN	Company Identification Number
DGFT	Directorate General of Foreign Trade.
DIN	Director Identification Number
DP	Depository Participant.
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders of M.S. Khurana Engineering Limited.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.

Abbreviation	Full Form
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
IFSC	Indian Financial System Code
MAPIN	Market Participant and Investor Database
MICR	Magnetic Ink Character Recognition
MW	Mega Watt
NAV	Net Asset Value.
NEFT	National Electronic Fund Transfer
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Gujarat, located at Ahmedabad.
RoNW	Return on Net Worth.
RTGS	Real Time Gross Settlement
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
Stock Exchanges	BSE and NSE
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.



SECTION II – GENERAL

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “M. S. Khurana Engineering Limited”, “M. S. Khurana” unless the context otherwise indicates or implies, refers to M. S. Khurana Engineering Limited. In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac” means “one hundred thousand”, the word “million (million)” means “ten lac”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”.

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from our Company’s restated financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and six months period ended September 30, 2006, prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of our Auditors, M/s. Dharmendra Shah & Co., Chartered Accountants, beginning on page [•].

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2005), are to the fiscal year ended March 31 of a particular year.

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

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI Guidelines. 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. Our Company has not attempted to explain these 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 financial data.

Market Data

Market data used in this Draft Red Herring Prospectus has been obtained from industry publications and internal Company reports. 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 market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer chapters titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages [●], [●] and [●] 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 nor the Book Running Lead Manager, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by BSE and NSE.

SECTION III – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Internal Risk Factors

Project Related Risks

1. ***We have not placed orders for plant and machinery proposed to be purchased out of the proceeds of this Issue. We may face cost overruns in relation to the same.***

We have not placed orders for plant and machinery amounting Rs. 2,382.78 Lacs of which Rs.1,437.78 Lacs is proposed to be funded from the Issue proceeds. We are subject to risks on account of inflation in the price of plant and machinery that we propose to acquire. This may require us to raise additional funds by way of additional debt or equity placement to complete our purchase of plant and machinery, which may impact our results of operations.

2. ***The objects of the Issue have not been appraised by any bank or financial institution.***

All the figures included under the "Objects of the Issue" are based on our own estimates, and there has been no independent appraisal of the same. Our estimation is based on quotation received from vendors and hence is subject to change at the time of placing final orders.

3. ***Our BOT Project is a toll based project; the success of the project depends upon the toll collections.***

The revenues from the BOT Project are estimated based on our survey of the existing traffic and expected road traffic on the road(s) where toll is to be collected. There can be no assurance that the estimations of expected road traffic made by us would be correct and any significant downward trend in actual road traffic would have an adverse effect on our consolidated financial results.

4. ***There has been a delay in the implementation of the BOT Project***

As per the Concession Agreement, completion period of twelve months from the Appointed Date was agreed to for the BOT Project. However, the period of twelve months from the Appointed Date expired on February 21, 2007, but the BOT Project was not completed since possession of some part of the land (forming a part of the service roads in the urban areas to be developed along with the main highway) has not yet been given by GSRDC due to some encumbrances, which is one of the obligations of the GSRDC under the Concession Agreement. The Concessionaire (M.S. Khurana Infrastructure and Toll Road Private Limited) had earlier communicated with GSRDC in this regard, and finally *vide* its letter bearing ref. No. MSKITRPL/GSRDCL/3794 dated March 1, 2007, put in its claim for extension of the BOT Project Completion period, concession period and all direct additional costs as a result of the delay, and asking for urgent removal of the encumbrances. There has been no response to this letter till date from GSRDC.

The toll can be collected by the Concessionaire only from the date on which fee notification is issued by Government of Gujarat. This notification would be issued after an independent consultant has issued the Completion Certificate or the Provisional certificate upon completion of

the BOT Project. Delay in completion of the project will leave the concessionaire with less toll collection period since the concession period (which includes construction and toll collection period) is thirteen years three months and two days commencing from February 21, 2006.

5. ***Part of the Issue proceeds shall be paid to one of our Group Companies, viz. M/s. West India Equipment as consideration for plant and machinery to be purchased from them.***

Out of the total plant and machinery cost of Rs. 2,382.78 lacs, which we intend to purchase from Issue proceeds, Rs. 136.68 lacs i.e. 5.74% of the total requirement shall be paid as consideration to one of our Group Companies, viz. M/s. West India Equipment.

6. ***Part of the Issue proceeds will be invested in our Subsidiary. Dividend income on our investment in the Subsidiary cannot be assured.***

Out of the total Issue proceeds, Rs. 1,366 lacs would be invested in our Subsidiary for the BOT project as equity participation by our Company. Dividend income is not assured on this equity participation.

7. ***Delay in receipt of IPO proceeds may require us to explore alternative financing sources for the BOT Project. It may also affect our other expansion plans.***

If there is a delay in receipt of IPO proceeds, or this IPO does not go through, it would require us to explore alternative sources to fund the equity portion of the SPV and/or raise further debts. Further, we also intend using the Issue proceeds, inter alia, for capital expenditure on plant and machinery and to meet our incremental working capital requirements. Delay/non-receipt may force us to abandon or scale down our proposed capital expenditure, and/or arrange for alternative financing for the same and for our working capital requirements. The aforesaid may affect our cash flow, borrowing capacity, increase our interest outgo and otherwise affect our operations and financial condition.

Business Related Risks

8. ***We are involved in 9 legal proceedings, if decided against us, could impact our income and financial condition.***

Our Company is involved in 9 legal proceedings, which are pending at various stages of adjudication before the Supreme Court, High Courts, City Courts and various Tribunals. Should any new developments arise, such as a change in any rulings which could increase our expenses and our current liabilities. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material adverse effect on our results of operations and cash flows. For further information regarding litigation, please refer to the chapter titled "Outstanding Litigations, Material Developments and other disclosures" on page [•].

The following table lays down the litigations pending which may have a negative financial bearing for our Company:

Matters pending against our Company	Number of Cases pending	Amount involved(Rs. in lacs)
Civil Cases	1	Not quantifiable
Tax Litigation	2	157.90
Labour Disputes	6	7.41

9. ***A substantial portion of our revenues have accrued from contracts executed in the State of Gujarat. Any natural disaster or breakdown of services and utilities, policies of the government in Gujarat could have material adverse effect on the business, financial position and results of operations of our Company.***

Currently most of our executed contracts have been in the State of Gujarat, and more than 80% of our current contracts, both in terms of number and value, are being executed at various locations in the State of Gujarat. As a result, any natural disaster or breakdown of services and utilities, policies of the government in Gujarat could have material adverse effect on the business, financial position and results of operations of our Company.

10. ***Our Company earns major revenues from contracts awarded to it by the Central, State Government and their agencies. Any slowdown in Government spending or changes in spending pattern may adversely affect the growth of our Company.***

A substantial portion of our revenues accrue from contracts awarded by Central Government/State Government/local government/their agencies, including government companies. Although it is generally perceived that investment in infrastructure projects is set to increase in the near future by the Government, there can be no assurance regarding the same. If there is a slowdown by the Government in its spending on infrastructure-related projects, of if such spending remains stagnant, or if there is change in the spending pattern or priority of the Government to focus on segments of infrastructure sector in which we do not have the requisite experience or expertise, it may affect our ability to bid for and be awarded contracts by the Government or Government agencies or Government companies.

11. ***Our projects are high value contracts. They typically entail a penalty for delay / non performance in execution of the project. In such situation we shall be liable to pay penalties, which may adversely impact our profitability.***

Most construction contracts are high-value contracts, and typically have stringent penalty clauses in case of delay in completion at our end, or performance that is not in accordance with pre-determined performance criteria. Timely completion of the contract in accordance with the performance criteria not only requires timely data and cooperation from our clients and their employees and agents, but also several third parties, typically those involved in supply of inputs like raw materials, labour etc. It is also linked to other factors like weather conditions, quality of raw materials, interactions with several government authorities and agencies involved in the process, among others. Many of these factors are outside our control. Although we attempt to have contractual provisions to safeguard our interests, we cannot assure that such safeguards would be adequate to protect us from penalty clauses wholly or in part. Liability for penalties and/or liquidated damages have the potential to significantly reduce the amounts payable to us by our clients, and may even lead to increased liabilities. These factors may have an adverse effect on our cash flows, financial condition and results of operations.

12. ***There are certain qualifications in the Auditors' report***

There are certain qualifications in the Annexure to the Auditors' report as required to be reported under Companies (Auditors Report) Order, 2003. For more details of the same, please refer section titled "Financial Information" beginning on page [•].

13. ***Our business is working capital intensive and needs substantial working capital and financing in the form of debt and /or equity to meet our requirements. We may not be able to finance the working capital needs at commercially reasonable or acceptable terms. These would affect our operations as well as ability to grow further and bid for future contracts.***

Our Company operates in a working capital intensive industry and we typically execute multiple contracts at the same time at geographically dispersed locations. It is customary in the industry in which we operate to provide bank guarantees or performance bonds in favour of clients to secure obligations under contracts. In addition, letters of credit are often required to satisfy payment obligations to suppliers and sub-contractors. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs. Depending on contractual conditions, revenues are received in pre-determined installments based on the work completed. All of these factors may result, or have resulted, in increase in our working capital needs. We may not be able to finance the working capital needs at commercially reasonable or acceptable terms. These would affect our operations as well as ability to grow further and bid for future contracts.

14. ***Increase in prices of raw materials, fuel costs, labour and other inputs may affect our profitability.***

Our construction operations require various raw construction materials including steel and cement. Fuel costs for operating our construction and other equipment also constitute a significant expense. We do not have any long-term contracts with suppliers for key raw materials like steel, cement or for fuel. These costs have been subject to inflation in the past, and may continue to exhibit such trend in the future. Labour costs, too, have shown a tendency to increase, sometimes substantially over a period of time. Our ability to pass on increases in such costs would be limited in contracts with limited price escalation provisions. This may lead to unanticipated increase in project costs, decrease in profitability or even losses from such contracts.

15. ***We depend on forming successful joint ventures to qualify for the bidding process for certain projects. The successful completion of projects will also depend on our joint venture partners and is therefore contingent on their performance.***

Pre-qualification is key to our winning major projects. In selecting contractors for major projects, clients generally limit the tender to contractors, who are pre-qualified, based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength etc.

Due to this we may need to enter into joint ventures with other bidders to be able to jointly qualify for the bid, and our performance is dependent upon the performance of the joint venture partners. Any default by our Joint Venture partners may affect our performance in that contract.

16. ***Projects included in our order book may be delayed or modified which could affect our cash flow position, revenues and earnings.***

Our order book as mentioned in the chapter titled "Our Business" beginning on page [•] does not necessarily indicate future earnings related to the performance of those works. Our order book comprises the unfinished and uncertified portion of projects that we have undertaken and includes the value of sub-contracting agreements that we enter into with our joint ventures for work to be performed by us. The orders in our order book are subject to cancellation and modification provisions contained in the various contracts and other relevant documentation.

17. Our operations may suffer a temporary setback if any of our key managerial personnel were to leave.

In the last three years only two key managerial personnel have resigned. While our key management has not seen significant changes in the past few years, we cannot assure that this would continue in the future. It may not be easy for us to replace the loss of one or more of our key managerial personnel quickly. This may affect the domain areas/projects as being managed/supervised by the relevant key managerial person(s).

18. Our Company did not have a whole-time Company Secretary for a period of more than a year.

Our Company did not have in employment a whole-time company secretary for a period of one year and two months from January 16, 2006 to March 01, 2007.

19. Any future issuance of Equity Shares by our Company may dilute your holding percentage in our Company.

To fund future growth plans of our Company we may raise capital by way of issuance of Equity Shares or convertibles in domestic or overseas market. Such further issuance of Equity Shares or convertibles could dilute your shareholding in our Company. Further, perception of such further issues may also affect the trading price of our Equity Shares.

Also, sale by the Promoters or major shareholders of their shareholding (subject to lock-in compliances) may affect the trading price of our Equity Shares.

20. Interests of Promoters/ Directors

Our Promoters are interested in the transaction entered into between our Company and the ventures where our Promoters are interested either as a promoter, director, partner and proprietor or otherwise.

For details please refer the heads “Interest of Directors” beginning on page [•], “Interest of Promoters” beginning on page [•] and “Statement of Related Parties Transactions” beginning on page [•].

21. The following are the details of the statutory penalties levied against our Company

Accounting year	Total Amount of penalty imposed (Rs. In Lacs)	Brief particulars regarding penalties	Remarks (paid/payable)
2001-2002	0.07	Penalties imposed by relevant RTO(Regional Transport Office), sales tax, octroi and provident fund among others	Paid
2002-2003	0.25	Penalties imposed by relevant RTO(Regional Transport Office) and sales tax	Paid
2003-2004	0.05	Penalties imposed by relevant RTO(Regional Transport Office) and sales tax	Paid
2004-2005	5.20	Penalties imposed by relevant RTO(Regional Transport Office), sales tax, octroi and provident fund.	Paid
2005-2006	1.91	Penalties imposed by relevant RTO(Regional Transport Office) and sales tax	Paid

22. **We have made the following application for renewal of license, which is pending:**

Application dated March 5, 2007 for Renewal of the Registration under the Contract Labour (Regulation & Abolition) Act, 1970 & Central Rules 1971 for the work of Construction of new domestic arrival block at S.V.P.I Airport, Ahmedabad. The validity of the license had expired on March 6, 2007 issued by the Assistant Labour Commissioner (Central), Ahmedabad

23. **We have certain Contingent Liabilities which we have not provided for as on September 30, 2006**

We have not provided for Contingent Liabilities as on September 30, 2006 as stated herein below. To the extent of these contingent liabilities becoming our actual liabilities, these will adversely affect our results of operations in future. Details of these contingent liabilities are as follows:

Particulars	(Rs. In Lacs)	
	As on 31 st March 2006	Six Months ended on 30 th Sept. 2006
Counter Guarantee Given to the bank	2,938.00	2,947.00
Taxation Matter under Appeal	1.28	1.28
Service tax Liability	64.80	0.00
Joint & several Liabilities in respect of Joint Venture Projects & Liabilities in respect of Gratuity	Not ascertainable	Not ascertainable
TOTAL	3,004.08	2,948.28

24. **Some of the entities promoted by our Promoters have incurred losses or have earned no profits in the last three fiscal years**

Details of the losses incurred by the entities promoted by our Promoters in the last three fiscal years are as follows:

Sr. No.	Name of the Entity	(Rs. in Lacs)		
		For the year ended March 31,		
		2004	2005	2006
1.	Madhav Healthcare Private Limited	(1.46)	(1.35)	(0.95)
2.	Aashiana Recreation Projects Private Limited	(0.17)	(0.19)	(0.16)
3.	Scope Consultancy Private Limited		(5.07)	(24.11)
4.	M/s. Kohinoor Crushing Stone	(0.05)	0.15	(2.07)

25. **There are certain group companies / firms in the group whose main objects are similar to those of our Company. There could therefore be a Conflict of interest with the ventures promoted by Promoters.**

We have 4 Group Companies / Partnership Firms viz. M. S. Khurana Builders Private Limited, Panorama Builders Private Limited, M/s Suruchi Builders, M/s Attune Inc. whose main objects are similar to those of our Company. However, each of these companies/partnership firms currently focus on segments which are different as compared to our Company. For details please refer to heading "Common Pursuits" under chapter "Other Group companies/ventures of Promoters" beginning on page [•].

26. ***The properties used by our Company for business, industrial and office purposes are not owned by us and we only have leasehold rights over the same.***

Out of the 7 properties being used by our Company for industrial, business and office purposes, including our Registered Office, we do not own any of the premises. For these premises, we have entered into rent agreements with our Promoters who are the lawful and rightful owners of the properties.

27. **There has been a negative cash flow in the following activities for the relevant years:**

(Rs. in Lacs)

Particulars	31.03.05	31.03.06	30.09.06
Net Cash flow from Operation Activities	(119.85)	519.94	475.06
Net Cash Flow from Investing Activities	(613.20)	(625.41)	(56.68)
Net Cash flow from Financing Activities	666.71	339.45	(572.52)

28. ***We operate in a highly competitive industry.***

Pricing is one of the factors that play a very important role in bagging contracts. The market is highly competitive with several players and this growing competition may result in reduction in our margins and revenues.

External Risk Factors

1. ***A slowdown in economic growth in India could cause our business to suffer.***

Our performance and the quality and growth of our assets are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect our business. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agriculture, commodity and energy prices or various other factors. In addition, the Indian economy is in a state of transition. The share of the services sector of the economy is rising while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business.

2. ***Our performance is linked to the stability of policies and the political situation in India. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.***

The role of the Indian central and state governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The present Government of India, which was formed in May 2004, consists of a coalition of political parties. The withdrawal of one or more of these parties from a coalition government can result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares. We cannot assure you that these liberalization policies will continue under the newly elected government. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

3. ***Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks, and other acts of violence or war, including those involving India, the United States or other countries, may negatively affect the Indian markets where our equity shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

After the December 13, 2001 attack in New Delhi and a terrorist attack on May 14, 2002 in Jammu, India, diplomatic relations between India and Pakistan became strained and there was a risk of intensified tensions between the two countries. The governments of India and Pakistan have recently been engaged in conciliatory efforts. However, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the market price of our equity shares.

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our equity shares.

4. ***Our operations are sensitive to weather conditions and adverse weather conditions could affect our productivity, business and results of our operations.***

5. ***We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.***

6. ***The price of our Equity Shares may be highly volatile.***

The prices of our Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- A. Volatility in Indian and global securities market;
- B. Our results of operations and performance;
- C. Performance of our competitors and perception in the Indian market about investment in the infrastructure sector;
- D. Changes in the estimates of our performance or recommendations by financial analysts;
- E. Significant development in India's economics liberalization and de-regulation policies; and
- F. Significant development in India's fiscal and environmental regulations.

There can be no assurance that the price at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

7. ***Our revenues are subject to a significant number of tax regimes and changes in the legislation governing the rules implementing them or the regulator enforcing them in any one of these countries could negatively and adversely affect our results of operations.***

Notes to Risk Factors:

1. Pre-Issue Net worth of our Company (as restated) as on March 31, 2006 and September 30, 2006 is Rs. 3,632.16 lacs and Rs. 4,056.98 lacs respectively. Pre-Issue Net worth of our Company on consolidated basis (as restated) as on March 31, 2006 and September 30, 2006 is Rs. 3,632.04 lacs and Rs. 4,119.23 lacs respectively.
2. Size of the Present Issue – Issue of 45,00,000 Equity Shares of Rs. 10/- each issued at a premium of Rs. [●] for cash, aggregating Rs. [●] lacs. The face value of the Equity Shares is Rs. 10/- and the issue price is [●] times the face value at the lower price band and [●] at the upper price band. The net issue to public would constitute 29.45% of the fully diluted post issue paid up capital of our Company.
3. The average cost of acquisition of Equity Shares of the promoters is given below

Sr. No	Name of our Promoters	Average cost of acquisition of shares (Rs.)
1.	Mr. Sudhir Khurana	8.00
2.	Mr. Ashish Khurana	8.00
3.	Mr. Vikram Khurana	8.00
4.	Mr. Vishal Khurana	3.00
5.	Mrs. Mira Khurana	8.04
6.	Mrs. Nicole Khurana	0.83
7.	Mrs. Geeta Khurana	0.82

4. Book value of the equity shares of our Company (as restated) as on March 31, 2006 and September 30, 2006 is Rs. 33.69 per share and Rs. 37.63 per share respectively. On consolidated basis Book value of the equity shares of our Company (as restated) as on March 31, 2006 and September 30, 2006 is Rs. 33.69 per share and Rs. 38.21 per share respectively.
5. Other than as disclosed under the head “Statement of Related Parties Transactions” beginning on page [●] appearing in the section titled “Financial Information”, none of the ventures of the promoters have business interest / other interest in our Company.
6. Other than as disclosed under the heads “Interest of Directors” beginning on page [●], “Interest of Promoters” beginning on page [●] and “Statement of Related Parties Transactions” beginning on page [●], the Promoters / directors / key management personnel of Our Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
7. For details on Loans and Advances made to any company in which our Directors are interested please refer to “Statement of Related Parties Transactions” appearing in Section titled “Financial Information” beginning on page [●].
8. Our Company has issued 32,53,920 Equity Shares for consideration other than cash on incorporation against the partners’ capital to our Promoters in consideration for the transfer of the partnership firm to the newly formed private limited company. Further, our company has issued 21,56,280 Equity Shares as bonus in the ratio of 1:4, by capitalization of free reserves.
9. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with BSE, the Designated Stock Exchange.

10. Investors may contact the BRLM or the Compliance officer for any compliant/clarification/information pertaining to the issue. For contact details of the BRLM please refer to the front cover page.
11. All information shall be made available by Our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
12. Investors are advised to refer to the chapter 'Basis of Issue Price' on page [●] before making an investment in this issue.
13. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.
14. For details of liens and hypothecation on the properties and assets of Our Company please see Section on 'Financial Information' beginning on page [●].
15. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associate Companies or Group Companies except the following:
 - a. Rs. 136.68 lacs i.e. 5.74% of the total value of plant and machinery (Rs. 2,382.78 lacs) to be purchased from the Issue proceeds will be paid as consideration to our Group Company, viz., M/s. West India Equipment
16. Our Company is considering a Pre-IPO placement with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the Issue Opening Date. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.
17. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. 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.
18. Our Company and the BRLM will update the Draft Red Herring Prospectus in accordance with the Companies Act and the SEBI DIP Guidelines and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.

SECTION IV – INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information contained in the chapters titled “Risk Factors” and “Financial Information” and related notes beginning on pages [●] and [●] before deciding to invest in our Equity Shares.

INDUSTRY OVERVIEW

India's economy is on the fulcrum of an ever-increasing growth curve. With positive indicators such as a stable 8 per cent annual growth, rising foreign exchange reserves of close to US\$ 166 billion, a booming capital market, the Government estimating FDI flow of US\$ 12 billion in this fiscal, and a more than 22 per cent surge in exports. The GDP grew by 7.4 per cent in the first quarter and 6.6 per cent in the second quarter of the current year, compared with 5.3 per cent and 8.6 per cent in the corresponding quarters of the previous year. The Economic Survey 2005-06 estimates that, the GDP will grow at 8.1 per cent. Growth of Gross Domestic Product (GDP) at constant prices in excess of 8.0 per cent has been achieved by the economy in only five years of recorded history, and two out of these five are in the last three years.

Industrial Growth

For the first time in the last 10 years, industrial growth in India has exceeded 10 per cent, which is driven by robust performances from manufacturing and construction sectors. Within industry, while manufacturing growth has accelerated steadily from 7.1 per cent in 2003-04 to 9.4 percent in 2005-06, construction growth has been in double digits in each of the last three years. Substantive commercial bank credit flows to the housing, real estate and retail sectors continue to provide support to the boom in construction sector.

Infrastructure Sector

In India, construction is the second largest economic activity after agriculture and has set off in a major way in the last two years and is witnessing impressive growth across various segments. A recent study indicates that India would be merely scratching the surface of the potential infrastructure opportunity with US\$ 191.51 billion of investments committed over the next five years. The sector is estimated to grow at a CAGR of 15% over the next few years.

Importance of Infrastructure

The importance of infrastructure for sustained economic development is well recognized in India. The country has made considerable progress in the last ten years in attracting private investment into the infrastructure sectors -- in telecommunications, ports and roads and in other individual projects. The sector is estimated to grow at a CAGR of 15 per cent over the next few years.

Clearly, it is a sector with colossal potential. According to the Economic Survey 2005-2006, India has the potential to absorb US\$ 150 billion of foreign direct investment in the next five years in the infrastructure sector alone.

The Committee on Infrastructure has estimated that India requires huge investments across infrastructure sectors. About Rs. 1.72 Trillion is needed for the national highway sectors by 2011-12, Rs. 400 billion of investment is estimated as the requirement for airports by 2009-10 and Rs. 500 billion is required for ports by 2011-12. The power sector alone requires an additional investment of Rs. 8 Trillion by 2011-12. A fast reform process would enable a further growth of these sectors. Regulators are changing their role to serve primarily as facilitators in the transition of the sector. Several positive developments in policy and legislation have helped create a sense of confidence in

the development of infrastructure. Various policy initiatives taken by the Regulators are given under the respective sector head under the chapter titled "Industry Overview" beginning on page [•].

During period from October 2005 to September 2006, around 17,978 projects related tenders were floated in the country (including corrigenda and addenda tenders with tenders for multiple works counted multiple times). Of with a total of 3130 tenders were floated in Maharashtra, 1593 in Chhattisgarh, 1489 in Madhya Pradesh and 1457 in Tamil Nadu.

BUSINESS OVERVIEW

Our Company is in the business of carrying on construction/infrastructure related activities. We have executed projects in various states namely Gujarat, Madhya Pradesh, Rajasthan and Maharashtra.

During all these years our company has executed all types of Civil Engineering works as enumerated below:-

1. Multistoried & specialized buildings such as Building for Industry, Hotels, Hospitals, I-Max Theatre, Terminal Building for Airports etc..
2. Mass Housing
3. Road, & Highways
4. Major & Minor Bridges
5. Irrigation Projects such as Canals, Syphons, Weirs, Falls etc. etc.
6. Treatment Plants such as Water Sewerage/Effluent Treatment Plants on Turnkey basis from concept to commissioning.
7. Drainage Works

Our Company has worked with various departments such as

- Gujarat P.W.D.,
- Central P.W.D.,
- Sardar Sarovar Narmada Nigam Limited,
- Municipal Corporation of Ahmedabad and Baroda,
- Ahmedabad Urban Development Authority (AUDA),
- Indian Petro Chemicals Corporation Limited,
- Airport Authority of India,
- Gujarat Council of Science City,
- Corporate Sector i.e. Arvind, Raymonds and Zydus Infrastructure Private Limited.

Our Company was originally started as a Partnership firm in the year 1968 by the name of M/s M. S. Khurana, Ahmedabad. The firm was jointly formed by Late Madhavdas S. Khurana along with his sons for carrying on business as building contactor having place of business at Ahmedabad. Subsequently the constitution of the firm was changed and in the year 1998 the partners as on that date viz. Mr. Sudhir Khurana, Mr. Ashish Khurana, Mr. Vikram Khurana, Mrs. Mira Khurana, Mrs. Geeta Khurana, Mrs. Nicole Khurana and Ms. Vandana Khurana agreed to carry on business of the firm in the form of a Private Limited Company. Subsequently in the year 2002 our company was converted into a public limited company and the name was changed from M.S. Khurana Engineering Private Limited to M.S. Khurana Engineering Limited.

BUSINESS STRATEGY & FUTURE PROSPECTS

Our bidding strategy is based on the market opportunities, the competitive environment and new focus areas. Further, for each project we consider the project risks involved, impact of location, local environment, and the availability of existing resources such as manpower, equipments and finance. Our major cost inputs are labour, materials and plant and machinery. Once this is assessed the other costs such as site overheads, corporate overheads, profit margin, interest and taxes are added

to arrive at the final cost for bidding. Based on the result of the tenders normally the lowest bidder is awarded the contract.

Our Strategic objective is to continue to improve and consolidate our position as a leading construction company and we aim to achieve by implementing the following strategies:

- **TO EXPAND IN NEW GEOGRAPHICAL AREAS**

- **FOCUSED BUSINESS MODEL**
 - ✓ **Focus on Specialised Building Projects**
 - ✓ **Focus on BOT Projects**

THE ISSUE

Equity Shares Offered:	
Issue by our Company ⁽²⁾	45,00,000 Equity Shares aggregating Rs. [●] Lacs.
Of which	
A) Qualified Institutional Buyers Portion ⁽¹⁾	22,50,000 Equity Shares aggregating Rs. [●] Lacs, constituting upto 50% of the Issue. 5% of the QIB Portion i.e. 1,12,500 Equity Shares aggregating Rs. [●] Lacs shall be available for allocation proportionately to mutual funds. The remaining i.e. 21,37,500 Equity Shares shall be available for allocation on proportionate basis to QIBs including Mutual Funds.
B) Non-Institutional Portion ⁽¹⁾	6,75,000 Equity Shares aggregating Rs. [●] Lacs, constituting not less than 15% of the Issue that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion ⁽¹⁾	15,75,000 Equity Shares aggregating Rs. [●] Lacs constituting not less than 35% of the Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	1,07,81,400 Equity Shares
Equity Shares outstanding after the Issue	1,52,81,400 Equity Shares
Use of Proceeds	Please refer to chapter titled "Objects of the Issue" for additional information.

Note:

1) Under subscription, if any, in any of the categories shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLM.

2) Our Company is considering a Pre-IPO placement with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the Issue Opening Date. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth selected unconsolidated financial information of our Company as of and for the periods ended March 31, 2002, 2003, 2004, 2005, 2006 and six month period ended September 30, 2006, all prepared in accordance with Indian GAAP, the Companies Act and restated under the SEBI Guidelines.

You should read the following information together with the information contained in the Auditors' report included in the Section titled "Financial Information" beginning on page [•] in this Draft Red Herring Prospectus.

SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. In Lacs)

PARTICULARS	As at March,31 st					As at 30 th
	2002	2003	2004	2005	2006	September, 2006
A. FIXED ASSETS :						
Gross Block	1,346.07	1,724.94	2,070.49	2,718.52	3,266.85	3,363.58
Less : Depreciation	122.27	198.45	248.66	404.63	552.77	655.85
Net Block	1,223.8	1,526.49	1,821.83	2,313.89	2,714.08	2,707.73
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	1,223.8	1,526.49	1,821.83	2,313.89	2,714.08	2,707.73
B. Investment	23.32	23.15	22.05	39.24	138.24	118.63
C. Current Assets, Loans and Advances;						
Inventories	289.34	421.54	594.54	733.51	1,050.48	532.89
Sundry Debtors	248.65	346.54	209.59	829.64	1,137.12	895.02
Cash and bank Balances	393.77	380.56	563.43	497.09	731.07	576.93
Loans and Advances	287.02	178.09	285.80	677.96	920.71	1,379.42
Other Current Assts	480.56	758.6	956.44	779.56	1,015.82	1,206.99
Sub Total (1)	1,699.34	2,085.33	2,609.80	3,517.76	4,855.20	4,591.25
Current Liabilities and Provisions	919.93	903.89	1,025.34	1,180.51	1,839.78	1,608.05
Deferred Tax Liability	40.64	61.53	77.71	90.27	113.55	119.72
Sub Total (2)	960.57	965.42	1,103.05	1,270.78	1,953.33	1,727.77
Net Current Assets (1 - 2)	738.77	1,119.91	1,506.75	2,246.98	2,901.87	2,863.48
D. Loans Funds :						
Secured Loans	382.28	655.02	845.51	1,543.64	2,122.03	1,632.86
Unsecured Loans	44.42	45.87	63.22	92.89	0.00	0.00
Total	426.70	700.89	908.73	1,636.53	2,122.03	1,632.86
E. Networth (A+B+C-D)	1,559.19	1,968.66	2,441.9	2,963.58	3,632.16	4,056.98
F. Represented by						
1. Share Capital	808.56	862.51	862.51	862.51	1,078.14	1,078.14
2. Share Application Money	269.75	0.00	0.00	0.00	0.00	0.00
3. Reserves	485.33	1,110.96	1,582.66	2,102.82	2,556.22	2,992.06
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Reserves (Net of Revaluation Reserves)	485.33	1,110.96	1,582.66	2,102.82	2,556.22	2,992.06
Total	1,563.64	1,973.47	2,445.17	2,965.33	3,634.36	4,070.20
Less : Misc. Expenditure	4.45	4.81	3.27	1.75	2.20	13.22
Total	1,559.19	1,968.66	2,441.90	2,963.58	3,632.16	4,056.98

SUMMARY OF STATEMENT OF PROFITS AND LOSSES, AS RESTATED**(Rs. In Lacs)**

Particulars	Year ended March, 31 st					Six months ended on 30 th Sept 2006
	2002	2003	2004	2005	2006	
Income						
Contract Receipt	3,447.67	5,916.99	7,026.74	7,437.58	10,159.92	5,138.54
Other Income including disclosed income	91.79	129.98	67.21	50.06	119.82	42.28
Net difference in closing stock and WIP	261.56	132.2	173.00	139.33	318.44	(517.60)
TOTAL	3,801.02	6,179.17	7,266.95	7,626.97	10,598.18	4,663.22
Expenditure						
Material Cost	1,901.69	2,707.73	3,222.43	3,589.62	5,395.73	1,999.77
Construction Cost	1,349.64	2,265.60	2,812.35	2,480.13	3,290.55	1,566.80
Administrative Overhead	277.20	362.14	422.57	597.67	636.26	312.63
Financial Overheads	39.31	59.3	88.88	127.58	204.18	113.20
Other Overheads	6.98	29.95	47.15	105.88	41.04	12.64
Depreciation	58.42	82.15	105.69	147.25	184.02	103.08
TOTAL	3,633.24	5,506.87	6,699.07	7,048.13	9,751.78	4,108.12
Net Profit before tax and extraordinary items	167.78	672.30	567.88	578.84	846.40	555.10
Taxation	20.00	46.27	80.00	46.00	154.10	113.09
Tax On the Block Demand	0.00	195.30	0.00	0.00	0.00	0.00
Deferred Tax Liability	40.64	20.90	16.18	12.56	23.28	6.17
Profit After Taxation	107.14	409.83	471.70	520.28	669.02	435.84
Adjusted Profit	107.14	409.83	471.70	520.28	669.02	435.84
Carry forward from previous year	378.19	485.33	873.58	1325.52	1823.89	2229.18
Profit available for appropriation	485.33	895.16	1345.28	1845.8	2492.91	2665.02
General Reserve	0.00	21.58	19.76	21.91	48.10	0.00
Capitalization During the year on issue of Bonus Shares	0.00	0.00	0.00	0.00	215.63	0.00
Balance carried to balance sheet	485.33	873.58	1,325.52	1,823.89	2,229.18	2,665.02

GENERAL INFORMATION

M.S. KHURANA ENGINEERING LIMITED

(Our Company was incorporated as “M.S. Khurana Constructions Private Limited” under the provisions of the Companies Act, 1956 pursuant to a Certificate of Incorporation dated September 9, 1998. The name was changed to “M.S. Khurana Engineering Private Limited” on September 24, 1998. On August 12, 2002 the name changed to “M.S. Khurana Engineering Limited” on becoming a public limited company. Our Company has been allocated CIN U45201GJ1998PLC034638.)

Registered Office: 3rd floor, Jay Tower, Ankur Complex, Naranpura, Ahmedabad 380 013;
(There has been no change in the Registered Office of our Company since incorporation.)

Tel: + 91 79 2748 4349 / +91 79 2745 6975;

Fax: +91 79 2748 5071

E-mail: ipo@mskhurana.com;

Website: www.mskhurana.com

Contact Person: Mr. Jitesh Patel, Assistant Company Secretary, Compliance Officer

Registration Number: 04- 34638

Company Identification Number (CIN): U45201GJ1998PLC034638

Registrar of Companies: Registrar of Companies, Gujarat, situated at RoC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013.

Board of Directors

Our current Board of Directors consists of the following:

Sr. No.	Name	Designation
1.	Mr. Sudhir Khurana	Chairman
2.	Mr. Ashish Khurana	Managing Director
3.	Mr. Vikram Khurana	Joint Managing Director
4.	Mr. Vishal Khurana	Whole-time Director
5.	Mr. Mayur Parikh	Independent Director
6.	Mr. N.H. Tekwani	Independent Director
7.	Mr. Peetambar Bhojraj Balani	Independent Director
8.	Mr. Govind Narayan Tambe	Independent Director

For details of our Directors, please refer chapters titled “Our Promoters and their Background” and “Our Management”

Compliance Officer

Mr. Jitesh Patel

Assistant Company Secretary

3rd floor, Jay Tower,

Ankur Complex, Naranpura,

Ahmedabad 380 013

Tel: + 91 79 2748 4349 / +91 79 2745 6975

Fax: +91 79 2748 5071

E-mail: ipo@mskhurana.com

Website: www.mskhurana.com

Company Secretary

Mr. Kinjal Shah

3rd floor, Jay Tower,
Ankur Complex, Naranpura,
Ahmedabad 380 013
Tel: + 91 79 2748 4349 / +91 79 2745 6975
Fax: +91 79 2748 5071
E-mail: ipo@mskhurana.com
Website: www.mskhurana.com

Bankers to our Company

Union Bank of India

C.U.Shah Chambers
Ashram Road Branch,
Ahmedabad 380 014
Tel. No.: +91 79 2754 0617, +91 79 2754 2613
Fax No.: +91 79 2754 1711
Email: cbashramroad@unionbankofindia.com

ISSUE MANAGEMENT TEAM

Book Running Lead Manager

UTI SECURITIES LIMITED

[Subsidiary of Securities Trading Corporation of India Limited]
SEBI Reg. No.: INM 000007458
AMBI Reg. No.: AMBI / 083
1st Floor, Dheeraj Arma,
Anant Kanekar Marg, Station Road
Bandra (East), Mumbai – 400 051
Tel: +91 22 6751 5828 / +91 22 6751 5815
Fax: +91 22 6702 3194
Website: www.utisel.com
Email: mskipo@utisel.com
Contact Person: Mr. Sumeet Lath/Ms. Sujaya Shetty

Registrar to this Issue

Bigshare Services Private Limited

SEBI Reg. No.: INR0000001385
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.
Tel: 91-22-2856 0652
Fax: 91-22-2847 5207
Website: www.bigshareonline.com
Email: ipo@bigshareonline.com
Contact Person: Mr. N V K Mohan

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

Legal Advisors to the Issue**M/s. Crawford Bayley & Co.**

State Bank Buildings, 4th floor
N. G. N. Vaidya Marg
Fort, Mumbai – 400 023
Tel. : +91 22 2266 3713
Fax : +91 22 2266 0355
E-mail: sanjay.asher@crawfordbayley.com

Escrow Collection Banks

Bankers to the Issue will be appointed before filing of the Red Herring Prospectus with RoC.

Brokers to the Issue

All brokers registered with SEBI and member of the recognized stock exchange(s) can act as brokers to the Issue.

Syndicate Members

The Syndicate Member(s) shall be finalized before filing the RHP with RoC.

Auditors to our Company**M/s. Dharmendra Shah & Co.**

506, Mangalmurti Complex,
Opp. City Gold Cinema,
Ashram road,
Ahmedabad 380 009
Tel No: +91 79 2658 0002
Fax No.: +91 79 2658 0002
Email: dhshahca@hotmail.com

Credit Rating

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

Grading

Our Company has not opted for IPO Grading since on the date of filing this DRHP it is not mandatory. However in the event it becomes mandatory our Company will get the issue graded.

Trustees

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

Monitoring Agency

As the net proceeds of the Issue will be less than Rs. 50,000 Lacs, under the SEBI Guidelines it is not required that a monitoring agency be appointed by our Company.

Appraisal

The project has not been appraised by any independent financial institution/BRLM.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason therefore.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, Our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after Our Company become liable to repay it, i.e. from the date of withdrawal, then Our Company, and every Director of Our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Book Building Process

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

1. Our Company
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members.

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, not less than 15% of the Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

Pursuant to amendments to SEBI DIP Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Please refer to the section entitled "Issue Related Information" on page [●] for more details.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for bidding (see the paragraph titled "Who Can Bid" under the chapter "Issue Procedure" on page [●]);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.

Bid/Issue Programme

Bid/Issue opens on: _____	Bid/Issue closes on: _____
----------------------------------	-----------------------------------

Bids and any revision in Bids shall be accepted **only between 1000 hrs and 1500 hrs** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on

the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 1000 hrs and 1300 hrs** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 03rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

The Price Band will be decided by us in consultation with the BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20%.

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

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfill their underwriting obligations.

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 prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees in Lacs)
UTI Securities Limited 1 st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road Bandra (East), Mumbai – 400 051. Tel: +91-22-67515828/ 67515815 Fax: +91-22-67023194 Website: www.utisel.com E-mail: mkipo@utisel.com Contact Person: Mr. Sumeet Lath / Ms. Sujaya Shetty	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting is pursuant to the Underwriting Agreement dated [•].

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

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

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below:

Number of Equity Shares	Aggregate Value at Nominal Price	Aggregate Value at Issue Price
A. Authorised Capital		
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	
B. Issued, Subscribed and Paid-Up Capital before this Issue		
1,07,81,400 Equity Shares of Rs. 10/- each	10,78,14,000	[•]
C. Present Issue to the public in terms of the Draft Red Herring Prospectus		
45,00,000 Equity Shares of Rs. 10/- each	4,50,00,000	[•]
E. Issued, Subscribed and Paid-Up Capital after this Issue		
1,52,81,400 Equity Shares of Rs. 10/- each	15,28,14,000	[•]
E. Securities Premium Account⁽¹⁾		
Before this Issue		2,15,80,000
After this Issue		[•]

⁽¹⁾ The amount standing in the Securities Premium Account, on a pre-Issue basis, as on September 30, 2006 is Rs. 2,15,80,000. The increase in the Securities Premium Account as a result of the Issue will be completed only after the Issue Price is determined.

Our Company is considering a Pre-IPO placement with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the Issue Opening Date. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.

Notes to Capital Structure

1. Details of Increase / Reclassification of Authorised Equity Share Capital

Date of Increase	Details
March 2, 1999	Increase in Authorised Share Capital from Rs. 4,50,00,000/- to Rs. 6,00,00,000/- (45,00,000 Equity Shares of Rs. 10/- each and 15,000 Equity Shares of Rs. 1,000/- each)
March 5, 2001	Increase in Authorised Share Capital from Rs. 6,00,00,000/- to Rs. 8,50,00,000/- (45,00,000 Equity Shares of Rs. 10/- each and 40,000 Equity Shares of Rs. 1,000/- each)
March 4, 2002	Increase in Authorised Share Capital from Rs. 8,50,00,000/- to Rs. 13,50,00,000/- (95,00,000 Equity Shares of Rs. 10/- each and 40,000 Equity Shares of Rs. 1,000/- each)
September 10, 2002	Sub-division of shares as follows: <ul style="list-style-type: none"> • Sub-division of each of 38,500 issued and subscribed equity shares of Rs. 1,000 each into 100 equity shares of Rs. 10 each credited as fully paid up • Sub-division of each of 1,500 un-issued equity shares of Rs. 1,000 each into 100 equity shares of Rs. 10/- each.
September 30, 2006	Increase in Authorised Share Capital from Rs. 13,50,00,000/- to Rs. 20,00,00,000/- (2,00,00,000 Equity Shares of Rs. 10/- each)

2. Capital Build-up: Our existing Equity Shares have been subscribed and allotted as under

Date of Allotment/Reduction	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative No. of Shares (of Rs. 10/- each)	Cumulative No. of Shares (of Rs. 1000/- each)	Nature of payment of consideration	Reasons for Allotment/Reduction	Cumulative Securities Premium Account	Cumulative Paid-up Capital (Rs.)
9-Sep-98	32,53,920	10	10	32,53,920	-	Other than cash	Incorporation	-	3,25,39,200
31-Mar-99	3,31,700	10	10	35,85,620	-	Cash	Further Issue of Equity Shares	-	3,58,56,200
31-Mar-99	15,000	1,000	1,000	-	15,000	Cash	Further Issue of Equity Shares	-	5,08,56,200
31-Mar-01	16,500	1,000	1,000	-	31,500	Cash	Further Issue of Equity Shares	-	6,73,56,200
31-Mar-01	4,50,000	10	10	40,35,620	-	Cash	Further Issue of Equity Shares	-	7,18,56,200
30-Nov-01	7,000	1,000	1,000	-	38,500	Cash	Further Issue of Equity Shares	-	7,88,56,200
30-Nov-01	2,00,000	10	10	42,35,620	-	Cash	Further Issue of Equity Shares	-	8,08,56,200
20-Aug-02	5,39,500	10	50	47,75,120	-	Cash	Further Issue of Equity Shares	2,15,80,000	8,62,51,200
10-Sep-02	-	10	-	86,25,120	-	-	Sub-division of each of 38,500 equity shares of Rs. 1,000 each into 100 equity	-	8,62,51,200

Date of Allotment/Reduction	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative No. of Shares (of Rs. 10/- each)	Cumulative No. of Shares (of Rs. 1000/- each)	Nature of payment of consideration	Reasons for Allotment/Reduction	Cumulative Securities Premium Account	Cumulative Paid-up Capital (Rs.)
							shares of Rs. 10 each as fully paid up		
25-Feb-06	21,56,280	10	-	1,07,81,400	-	Other than cash	Bonus (1:4)	-	10,78,14,000

3. Equity Shares issued for consideration other than cash

On conversion of the partnership firm M/s. M.S. Khurana, Ahmedabad under Part IX of the Companies Act, 1956, to M.S.Khurana Constructions Private Limited, 32,53,920 Equity Shares of Rs. 10/- each, were allotted to the Original Subscribers to the Memorandum on incorporation of our Company against the outstanding partners' capital, details of which are as follows:

Name of the Partner / Member	Partners' Capital as on the date of conversion (in Rs.)	No. of Equity Shares allotted on incorporation	Face Value (in Rs.)
Mr. Sudhir Khurana	47,25,800	4,72,580	10
Mr. Ashish Khurana	90,33,300	9,03,330	10
Mr. Vikram Khurana	44,91,900	4,49,190	10
Mrs. Mira Khurana	1,39,36,300	13,93,630	10
Mrs. Vandana Khurana	3,01,900	30,190	10
Mrs. Nicole Khurana	25,000	2,500	10
Mrs. Geeta Khurana	25,000	2,500	10
TOTAL	3,25,39,200	32,53,920	10

Further, our company has issued 21,56,280 Equity Shares as bonus in the ratio of 1:4, by capitalization of free reserves.

4. Promoters' Contribution and Lock-in details in respect of Promoters, whose names figure in the Draft Red Herring Prospectus as Promoters in the chapter on "Our Promoters and their Background" is as under:

a. Capital built up of the promoters is detailed below:

Sr. No.	Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Nature of Payment	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	Locked in for (No. of Years)	% of post issue paid up capital
1.	Sudhir Khurana	9-Sep-98	Other than cash (conversion of partnership firm)	4,72,580	10/-	10/-	1	
		25-Feb-06	Bonus 1:4	1,18,145	10/-	-	3	
		Total (A)		5,90,725				3.87
2.	Ashish Khurana	9-Sep-98	Other than cash (conversion of partnership firm)	9,03,330	10/-	10/-	1	
		25-Feb-06	Bonus (1:4)	2,25,832	10/-	-	3	
		Total (B)		11,29,162				7.39
3.	Vikram Khurana	9-Sep-98	Other than cash (conversion of partnership firm)	4,49,190	10/-	10/-	1	
		25-Feb-06	Bonus (1:4)	1,12,298	10/-	-	3	
		Total (C)		5,61,488				3.67
4.	Vishal Khurana	7-Jul-06	Cash (Purchase)	3,50,500	10/-	3/-	1	
		Total (D)		3,50,500				2.29
5.	Mira Khurana	9-Sep-98	Other than cash (conversion of partnership firm)	13,93,630	10/-	10/-	1	
		25-Feb-06	Bonus (1:4)	3,48,408	10/-	-	3	
		30-Aug-06	Cash (Purchase)	37,737	10/-	10/-	1	
		Total (E)		17,79,775				11.65

Sr. No	Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Nature of Payment	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	Locked in for (No. of Years)	% of post issue paid up capital
6.	Nicole Khurana	9-Sep-98	Other than cash (conversion of partnership firm)	2,500	10/-	1	1	
		May 25, 2001	Cash (Purchase)	4,100	1000/-	100/-	-	
		May 25, 2001	Cash (Purchase)	2,77,000	10/-	1	3	
		10-Sep-02	Subdivision of 4100 Equity Shares of Rs. 1000/- each to 4,10,000 Equity Shares of Rs. 10/- each	4,10,000	10/-	-	3	
		25-Feb-06	Bonus (1:4)	1,72,375	10/-	-	3	
		Total (F)		8,61,875				
7.	Geeta Khurana	September 9, 1998	Other than cash (conversion of partnership firm)	2,500	10/-	10/-	1	
		May 25, 2001	Cash (Purchase)	54,700	10/-	1/-	3	
		May 25, 2001	Cash (Purchase)	10,900	1000/-	100/-	-	

Sr. No.	Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Nature of Payment	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	Locked in for (No. of Years)	% of post issue paid up capital
		September 10, 2002	Subdivision of 10,900 Equity Shares of Rs. 1000/- each to 10,90,000 Equity Shares of Rs. 10/- each	10,90,000		-	3	
		February 25, 2006	Bonus (1:4)	2,86,800	10/-	-	3	
		Total (G)		14,34,000				9.38
		Grand Total (A+B+C+D+E+F+G)		67,07,525				43.89

b. As per clause 4.13.1 of the SEBI DIP Guidelines the below mentioned shares of the promoters (eligible for lock-in) shall be locked-in on LIFO basis (i.e. shares that have been issued last shall be locked in first) for a period of 3 years from the date of allotment in the public issue:

Sr. No.	Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Nature of Payment	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	% of post issue paid up capital
1	Sudhir Khurana	25-Feb-06	Bonus 1:4	1,18,145	10/-	-	
		Total (A)		1,18,145			0.77
2	Ashish Khurana	25-Feb-06	Bonus (1:4)	2,25,832	10/-	-	
		Total (B)		2,25,832			1.48
3	Vikram Khurana	25-Feb-06	Bonus (1:4)	1,12,298	10/-	-	
		Total (C)		1,12,298			0.73
4	Mira Khurana	25-Feb-06	Bonus (1:4)	3,48,408	10/-	-	
		Total (D)		3,48,408			2.28

Sr. No.	Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Nature of Payment	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	% of post issue paid up capital
5	Nicole Khurana	25-May-01	Cash (Transfer)	2,77,000	10/-	1/-	
		10-Sep-02	Subdivision of shares	4,10,000	10/-	-	
		25-Feb-06	Bonus (1:4)	1,72,375	10/-	-	
		Total (E)		8,59,375			
6	Geeta Khurana	25-May-01	Cash (Transfer)	54,700	10/-	1/-	
		10-Sep-02	Subdivision of shares	10,90,000	10/-	-	
		25-Feb-06	Bonus (1:4)	2,86,800	10/-	-	
		Total (F)		14,31,500			
Grand Total (A+B+C+D+E+F)				30,95,558			20.26

Other than the above the entire pre-issue capital of our Company shall be locked in for a period of one year from the date of allotment of Equity Shares in the public issue.

(i) Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-issue Equity Share capital of our Company held by our Promoters shall be locked in by our Promoters for a period of three years from the date of allotment in this Issue. The Equity Shares, which are being locked-in for three years, are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines:

We confirm that the minimum Promoter's contribution of 20% which is subject to lock-in for three years, does not consist of:

- Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity Shares issued to promoters on conversion of partnership firms into limited company in the last one year.
- Equity Shares with a contribution less than Rs. 25,000/- per application from each individual and less than Rs. 1,00,000/- from firms and companies.
- Equity Shares acquired by the Promoter's during the preceding three years resulting from bonus issue, out of revaluation reserves or for consideration other than cash.
- The Equity Shares issued to Promoter's during the preceding one year at a price lower than the Issue Price.

- Any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary

(ii) The lock-in shall start from the date of allotment of Equity Shares in the Public Issue.

(iii) Specific Written consent has been obtained from our Promoters whose securities have been included as part of promoter's contribution subject to lock-in and that these securities will not be disposed/sold/transferred by the promoters during the period starting from the date of filing this Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in this Draft Red Herring Prospectus.

(iv) In terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

In terms of clause 4.15 of the SEBI Guidelines, locked-in securities held by promoters may be pledged only with banks or Financial Institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of Equity Shares is one of the terms of sanction of loan. The Equity Shares locked-in by our Promoters for three years are not pledged to any party.

The entire pre-Issue Equity Share Capital of our Company, comprising 1,07,81,400 Equity Shares, shall be locked in for a period of one year from the date of the Allotment of Equity Shares in this Issue, of which 30,95,558 Equity Shares held by Mr. Sudhir Khurana, Mr. Ashish Khurana, Mr. Vikram Khurana, Mrs. Mira Khurana, Mrs. Nicole Khurana and Mrs. Geeta Khurana as the Promoters shall be locked in for three years from the date of Allotment of Equity Shares in this Issue.

c. Capital Build up of persons who form part of the Promoter Group is detailed below:

Sr. No	Name	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	% of post issue paid up capital
1.	Mr. Raj Khurana	July 7, 2006	Cash	24,000	10/-	3/-	0.16
2.	Mr. Ramesh Khurana	July 7, 2006	Cash	26,000	10/-	3/-	0.17

5. Details of Purchases / Sales / Financing in the Company's Equity Shares by the Promoter's Group /Director's of our Company during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI

The Promoter's Group / Directors of Our Company have not purchased and/or sold/financed any securities of Our Company during the past 6 months.

6. Shareholding pattern of our Company prior and post this Issue

Name of the Shareholders	Pre-Issue Equity Capital		Post-Issue Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
A. Promoters				
Mr. Sudhir Khurana	5,90,725	5.48	5,90,725	3.87
Mr. Ashish Khurana	11,29,162	10.47	11,29,162	7.39
Mr. Vikram Khurana	5,61,488	5.21	5,61,488	3.67
Mr. Vishal Khurana	3,50,500	3.25	3,50,500	2.29
Mrs. Mira Khurana	17,79,775	16.51	17,79,775	11.65
Mrs. Nicole Khurana	86,1,875	7.99	8,61,875	5.64
Mrs. Geeta Khurana	14,34,000	13.30	14,34,000	9.38
Sub-Total (A)	67,07,525	62.21	67,07,525	43.89
B. Promoter Group				
Mr. Raj Khurana	24,000	0.22	24,000	0.16
Mr. Ramesh Khurana	26,000	0.24	26,000	0.17
Sub-Total (B)	50,000	0.46	50,000	0.33
Others				
C. Bodies Corporate				
Ageek Stamp Private Limited	4,84,000	4.49	4,84,000*	3.17*
Incy Cybertech Private Limited	5,00,000	4.64	5,00,000*	3.27*
Mukund Security and Investment Limited	5,07,000	4.70	5,07,000*	3.32*
PBP Technologies Private Limited	5,00,000	4.64	5,00,000*	3.27*
Sarva Shakti Synthetics Limited	5,04,000	4.67	5,04,000*	3.30*
Umiya Financing Consulting Private Limited	4,95,000	4.59	4,95,000*	3.24*
XMO Technologies Private Limited	6,08,875	5.65	6,08,875*	3.98*
M/s. New Age Builders	4,25,000	3.94	4,25,000*	2.78
Sub-Total I	40,23,875	37.33	35,98,875*	26.33
D. Public*	-	-	45,00,000	29.45
Grand Total (A+B+C+D)	1,07,81,400	100.00	1,52,81,400	100.00

* - The Allotment, if any, pursuant to the Issue, to any of the above-mentioned Bodies Corporate, will be included in the public category in the post-Issue shareholding.

7. Particulars of top ten shareholders:

- a. Particulars of the shareholders 2 years prior to the date of filing of this Draft Red Herring Prospectus with SEBI i.e March 28, 2005(will be updated before filing with RoC)

Serial No.	Name of the shareholder	Number of Equity Shares	% of total existing pre-Issue capital
1.	Mrs. Mira Khurana	13,93,630	12.93
2.	Mrs. Geeta Khurana	11,47,200	10.64
3.	Mr. Ashish Khurana	9,03,330	8.38
4.	Mrs. Nicole Khurana	6,89,500	6.40
5.	Mr. Sudhir Khurana	4,72,580	4.38
6.	Mr. Vikram Khurana	4,49,190	4.17
7.	Mr. Somabhai Ambalal Patel	1,50,000	1.39
8.	Mr. Vishnubhai Gadabhai Prajapati	1,00,000	0.93
9.	Mr. Kalpesh Poonambhai Prajapati	1,00,000	0.93
10.	Mr. Babulal Ramaram Chaudhary	1,00,000	0.93
	Total	55,05,430	51.08

- b. Ten days prior to the date of filing this Draft Red Herring Prospectus with SEBI i.e March 18, 2007 (will be updated before filing with RoC)

Serial No.	Name of the shareholder	Number of Equity Shares	% of total existing pre-Issue capital
1.	Mrs. Mira Khurana	17,79,775	16.51
2.	Mrs. Geeta Khurana	14,34,000	13.30
3.	Mr. Ashish Khurana	11,29,162	10.47
4.	Mrs. Nicole Khurana	8,61,875	7.99
5.	XMO Technologies Private Limited	6,08,875	5.65
6.	Mr. Sudhir Khurana	5,90,725	5.48
7.	Mr. Vikram Khurana	5,61,488	5.21
8.	Mukund Security and Investment Limited	5,07,000	4.70
8.	Sarva Shakti Synthetics Limited	5,04,000	4.67
9.	PBP Technologies Private Limited	5,00,000	4.64
10.	Incy Cybertech Private Limited	5,00,000	4.64
	Total	89,76,900	83.26

- c. As on the date of filing of this Draft Red Herring Prospectus with SEBI i.e March 28,2007 (will be updated before filing with RoC)

Serial No.	Name of the shareholder	Number of Equity Shares	% of total existing pre-Issue capital
1.	Mrs. Mira Khurana	17,79,775	16.51
2.	Mrs. Geeta Khurana	14,34,000	13.30
3.	Mr. Ashish Khurana	11,29,162	10.47

Serial No.	Name of the shareholder	Number of Equity Shares	% of total existing pre-Issue capital
4.	Mrs. Nicole Khurana	8,61,875	7.99
5.	XMO Technologies Private Limited	6,08,875	5.65
6.	Mr. Sudhir Khurana	5,90,725	5.48
7.	Mr. Vikram Khurana	5,61,488	5.21
8.	Mukund Security and Investment Limited	5,07,000	4.70
8.	Sarva Shakti Synthetics Limited	5,04,000	4.67
9.	PBP Technologies Private Limited	5,00,000	4.64
10.	Incy Cybertech Private Limited	5,00,000	4.64
	Total	89,76,900	83.26

8. Our Company, Directors, Promoters and the BRLM have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
9. Our Company has not raised any bridge loan against the proceeds of this Issue.
10. An over-subscription to the extent of 10% of the Net Issue to the public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum Bid size in this Issue. Consequently, the actual allotment may go up to a maximum of 10% of the Issue as a result of which the post-Issue paid up capital after the Issue would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Issue paid up capital is locked-in.
11. In the case of over-subscription in all categories, upto 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the Mutual Fund Portion in the QIB Portion will also be eligible for allocation in the remaining QIB portion. 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 this Issue Price.
12. Under subscription, if any, in any category shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLM.
13. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures
14. Our Company does not have any ESOS or ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS or ESPS scheme from the proposed Issue.
15. Our Company has not revalued its assets since inception.

16. Our Company has capitalized its free reserves once since inception and the details for the same are as follows:-

Date	Particulars	Number of Equity Shares	Face Value per share (in Rs.)	Amount (in Rs. Lacs)
February 25, 2006	Bonus (1:4)	21,56,280	10	215.62

17. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date.
18. The Equity Shares offered through this public issue shall be made fully paid-up as the entire money of Rs. [●] per Equity Share (face value of Rs. 10/- + premium of Rs. [●]) is being called on Bid.
19. The BRLM shall inform the non-transferability details to both the Depositories NSDL and CDSL. The details of lock-in shall be provided to BSE, the Designated Stock Exchange, where the Equity Shares of our Company are proposed to be listed.
20. The Equity Shares will be issued and traded on the BSE and NSE only in dematerialized form. Hence the market lot of the Equity Shares is 1 (One share).
21. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares and we shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
22. A Bidder cannot make a Bid for more than the size of the Issue, i.e., 45,00,000 Equity Share subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
23. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any in this Issue.
24. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing this Draft Red Herring Prospectus with SEBI until the Equity Shares issued/ proposed to be issued pursuant to this Issue have been listed, except the Pre-IPO placement, if any.
25. As on date of filing this Draft Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments which are convertible into Equity Shares.
26. The total number of members of our Company as on the date of filing this Draft Red Herring Prospectus is 17.

SECTION V - OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

The issue is being made to raise the funds for the following purposes:

1. Purchase of Plant and Machinery for Construction Business
2. To invest in wholly owned subsidiary M.S. Khurana Infrastructure and Toll Road Private Limited; a Special Purpose Vehicle incorporated for the execution of BOT Project i.e Construction, Improvement and widening of Bhuj – Nakhatrana Road (NH 42) on Build Operate Transfer basis;
3. To meet the additional working capital requirements
4. To meet the Public Issue Expenses
5. General Corporate Purposes
6. To list the Equity Shares offered through this Issue on BSE & NSE

FUNDS REQUIREMENT

The estimated funds required for the above objects is set forth below:

Sr. No	Particulars	Amount (Rs. in lacs)
1.	Purchase of Plant and Machinery for Construction Business	1,437.78
2.	Investment in wholly owned subsidiary M.S. Khurana Infrastructure and Toll Road Private Limited	1,366.00
3	Additional Working Capital Requirements	1,730.46
4	Public Issue Expenses	[•]
5.	General Corporate Purposes	[•]
	Total Fund Required	[•]

The objects clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Public Issue.

MEANS OF FINANCE

Particulars	Amount (Rs. In Lacs)
Initial Public Offering	[•]
Internal Accruals*	[•]
Total Means Of Finance	[•]

*As on September 30, 2006 our company has Cash & Bank Balance of Rs. 576.90 lacs, Debtors worth Rs. 895.02 lacs and total reserves and surplus of Rs. 2,992.06 lacs which will form part of internal accrual.

Proceeds from the Initial Public Offer would be crystallized on finalization of the Issue Price on conclusion of the book building process. Any shortfall in the cost of the project would be met from internal accruals and/or debt. Further, the amount that is in excess of the funds required for the proposed project and issue expenses will be utilized for General Corporate Purposes, which would be in accordance with the policies of our Board made from time to time.

In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s)/ financial institutions and/or utilizing internal accruals.

Project Details

1. PURCHASE OF PLANT AND MACHINERY FOR CONSTRUCTION BUSINESS

Our Company is in the business of carrying on construction/infrastructure related activities. Since inception our Company has been engaged in the activity of Engineering, Procurement and Construction (EPC). Recently we have also forayed into BOT contracts. Large investments are required in capital equipment for executing different kinds of EPC projects and BOT projects.

The additional equipments which we propose to buy through the proceeds of this issue will help us completing the existing assignments faster and will also help us in bidding for new assignments.

We propose to procure capital equipments worth Rs. 2,382.78 Lacs which will be financed as under:

(Rs. in Lacs)

Particulars	Amount
Proceeds from Public Issue	1,437.78
Finance facility available from SREI Infrastructure Finance Limited	945.00
Total	2,382.78

SREI Infrastructure Finance Limited, vide its letter dated December 10, 2006, has agreed to provide finance for the various construction equipments which our Company proposes to procure. Main terms and conditions of SREI Infrastructure Finance Limited

Asset Description	Various standard construction equipment
Nature of facility	Finance assistance by way of hypothecation
Facility amount	Not more than Rs.945.00 lacs.
Period of Transaction	36 months including moratorium period of 30 days.
Mode of Payment	Monthly in Arrears.
R.T.E.	0.25% of the asset cost (Non refundable at any circumstances).
Installment	Rs. 31.68 Lacs in 35 monthly Installments.
Duties, Taxes & other charges etc.	Any duty, taxes, legal charges, demand draft charges, bank charges or contingency etc. applicable on the above assets at present or levied during the tenure of entire transaction shall be on your account.
Variation of Installments	The Installments are based on the SBR (Srei Benchmark Rate) currently at 11%. In case, the said lending rate changes, the finance charges will stand changed by Re 0.50 for every Rs.1000/- of hire charges for every 0.50% change in the lending rate or part thereof.
Guarantee	Personal Guarantee of all promoter directors.
Security	First and exclusive charge on the asset described under asset description by way of hypothecation in favour of SREI. Charge to be registered with RoC within stipulated time frame.

Commencement of Installments	The payment of Installments date shall commence on 1 st , 8 th , 15 th , and 22 nd of every month based on the payment, subject to maximum moratorium of 30 days from the date of payment.
Unpaid liability	Any amount remained unpaid on due date would be unpaid liability.
Compensation for unpaid liability	Borrower shall pay on demand Re 1/- Per thousand per day with monthly rest on the entire unpaid liability.
Foreclosure premium	2% of the un recovered capital.
Documentation	Finance agreement and other documentation as may be required by SREI.
Other terms	1. The asset should be registered with all appropriate authorities and name of SREI should be endorsed as financier. 2. Any other terms and conditions as may be prescribed by central credit committee of SREI

List of Plant & Machinery which we intend to procure through the proceeds of the issue is as follows:

Indigenous

Sr. No.	Name of the Machinery	Name of the Supplier	Estimated Cost per unit (Rs. In Lacs)	Quantity	Total Cost (Rs. In Lacs)	Date of Quotation
1	Chasis for Transit Mixer (Note 1)	Ashok Leyland Ltd.	13.40	4	53.60	05.12.2006
2	Transit Truck Mixers Mounted (Note 2)	Schwing Stetter	10.59	4	42.36	19.01.2007
3	Batching Plant (Note 2)	Schwing Stetter	92.12	1	92.12	19.01.2007
4	Asphalt Batch Mix Plant (Note 2)	Appollo Equipment India	450.02	1	450.02	05.12.2006
5	Volvo Excavtors EC240 B LC (Note 3)	West India Equipments	61.20	1	61.20	23.03.2007
6	Volvo Excavtors EC290 B LC (Note 3)	West India Equipments	75.48	1	75.48	23.03.2007
7	Mascon Construction System	Mascon Engineering Limited	13,158 per sq. mtr	11,400 sq. mtr	1,500.00	23.03.2007
	TOTAL.....				2,274.78	

Imported

Sr. No.	Name of the Machinery	Name of the Supplier	Estimated Cost per unit (U.S. \$)	Estimated Cost per unit (Rs. In Lacs)	Quantity	Total Cost (Rs. In Lacs)	Date of Quotation
1	Truck Mounted Concrete Pump (Note 3a)	Schwing Stetter	2,40,000	108.00	1	108.00	19.01.2007
	TOTAL.....					108.00	

Note1: Inclusive of VAT @ 12.60%

Note2: Inclusive of Excise @ 16.32% and Sales Tax @ 4% after addition of excise duty

Note3: Inclusive of Sales Tax @ 2%

Note3a: Conversion rate assumed as 1U.S.\$ = Rs. 45

The above cost of each item is indicative and based on quotations received from vendors.

We do not intend purchasing any second hand plant and machinery from the proceeds of this public issue.

Schedule of Implementation

Activity	Commencement Date	Completion Date
Obtaining Quotation	December 2006	March 2007 (Completed)
Placement of Order	August 2007	September 2007
Delivery of Machinery/Equipment	September 2007	November 2007
Deployment of Machinery/Equipment at Project Sites	November 2007	February 2008

2. INVEST IN WHOLLY OWNED SUBSIDIARY M.S. KHURANA INFRASTRUCTURE AND TOLL ROAD PRIVATE LIMITED; A SPECIAL PURPOSE VEHICLE INCORPORATED FOR THE EXECUTION OF BOT PROJECT I.E CONSTRUCTION, IMPROVEMENT AND WIDENING OF BHUJ – NAKHATRANA ROAD (NH 42) ON BUILD OPERATE AND TRANSFER BASIS

The State of Gujarat is one of the highly developed states in India and the Government of the State, in order to meet the requirements for an efficient and high quality system of road transportation has formulated a policy in 1996 called the "Road Policy" to enable private participation in the development, construction, management, operation and maintenance of roads within the State. In furtherance of this, the Government enacted the Gujarat Infrastructure Development Act, 1999. Vide Item 2 of Schedule 1 of this Act, Roads, Bridges and Bypasses is one of the sectors eligible for private participation for the infrastructure projects. In pursuance of this, the Government of Gujarat had set up the Gujarat State Road Development Corporation (GSRDC). The GSRDC was authorised to implement the work of improvement and widening of km 5/2 to km 50/0 of Bhuj – Nakhatrana Road in Gujarat and its operation and maintenance on a BOT basis. Our Company has had wide experience in the execution of infrastructure projects such as Highways, City Roads, Airports etc. (please refer to chapter titled "Our Business" on page [•] for further details).

An SPV by the name of "M.S. Khurana Infrastructure and Toll Road Pvt. Ltd" has been created for carrying out the project. This SPV has signed a concession agreement on November 23, 2005 with GSRDC.

Initially the cost of construction in the BOT Project as estimated by our Company was Rs.2,945.00 lacs. Since, this comprises only the EPC cost, the total cost of the Project including other costs such as interest during construction, advisory cost, preliminary and other operative expenses, deposits etc. as estimated by the SPV is Rs. 3,901.00 lacs;

The cost of the Project is proposed to be financed as under:

(Rs. in lacs)	
Particulars	Amount
Investment in the form of Equity by Our Company	1,366.00
Debt	2,535.00
Total	3,901.00

The entire equity portion of Rs. 1,366.00 Lacs in the SPV is proposed to be funded out of the proceeds of this Issue. However, in order to avoid delays in the implementation schedule, our Company has, as on February 28, 2007 given unsecured loans aggregating Rs. 311.18 lacs to the SPV and intends to continue to fund the SPV by way of further unsecured loans till the SPV is funded by way of our investment in the SPV's equity. Once we fund the equity portion of the SPV, the entire unsecured loans then outstanding would be recalled by our Company.

Union Bank of India, vide its sanction letter dated January 31, 2006, agreed to part finance the BOT project to the extent of Rs. 2,535.00 lacs.

Main terms and conditions of the sanction are as follows:

Of the total amount of Rs. 2,535.00 lacs sanctioned by Bank, till February 28, 2007 bank has already disbursed Rs. 2,080.56 lacs

S. No.	Condition	Details
1.	Margin	35%
2.	Rate of interest	BPLR minus 0.75 %. BPLR subject to change from time to time.
3.	Security	<ul style="list-style-type: none"> (i) Charge over Receivables in Escrow Account; (ii) Personal/corporate guarantees from the following persons/entities: <ul style="list-style-type: none"> (a) Mr. Sudhir Khurana (b) Mr. Ashish Khurana (c) Mr. Vikram Khurana (d) Mr. Vishal Khurana (e) Corporate Guarantee of M.S. Khurana Engineering Limited
4.	Repayment Schedule	<p>Repayable in 36 quarterly installments after a moratorium period of 18 months from the date of disbursement.</p> <p>Interest to paid separately every month even during moratorium.</p>

Details of the Build Operate and Transfer (“BOT”) project

The project road length of 44.6 km which starts from 5 km to 50 km from the existing National Highway – NH 8A near Bhachau passing through Bhuj, Nakhtrana ending near Lakhpat. This road provides connectivity to Nakhtrana, Dayapar, Panendhro, Lakhpat and Mandvi with Bhuj. The Bhuj – Nakhtrana Road is a section of the State Highway No. 42 and has significant economic importance as it provides connectivity to the lignite mine and limestone deposits in Panendhro and surrounding areas. It also provides connectivity to the beach towns of Mandvi and Jakhau port.

Financial Closure / Appointed Date: February 21, 2006

Timeline for the Construction of the BOT Project: As per the Concession Agreement, completion period of twelve months from the Appointed Date was agreed to for the BOT Project. However, the period of twelve months from the Appointed Date expired on February 21, 2007, but the BOT Project was not completed since possession of some part of the land (forming a part of the service roads in the urban areas to be developed along with the main highway) has not yet been given by GSRDC due to some encumbrances, which is one of the obligations of the GSRDC under the Concession Agreement. The Concessionaire had earlier communicated with GSRDC in this regard, and finally vide its letter bearing ref. No. MSKITRPL/GSRDCL/3794 dated March 1, 2007, put in its claim for extension of the BOT Project Completion period, concession period and all direct additional costs as a result of the delay, and asking for urgent removal of the encumbrances.

The toll can be collected by the Concessionaire only from the date on which fee notification is issued by Government of Gujarat. This notification would be issued after the independent consultant has issued the Completion Certificate or the Provisional certificate upon completion of the BOT Project.

Concession Agreement

Concessionaire: M.S. Khurana Infrastructure and Toll Road Private Limited

Concession Period*: Thirteen years, three months and two days commencing from the Appointed Date, subject to extension, if any, granted by GSRDC.

** Includes both construction period and toll collection period*

Some of the major Obligations of Concessionaire (M.S. Khurana Infrastructure and Toll Road Pvt. Ltd):

- i. Make or cause to be made, necessary applications, to the relevant Governmental Agencies for all Applicable Permits.
- ii. Concessionaire agrees not to make any amendments to the Project Agreements without the prior written consent of GSRDC and if making any amendments, to give prior notice of 30 days of the same to GSRDC.
- iii. Develop, design, engineer, finance, procure, construct, operate and maintain the project highway during the concession period.
- iv. To complete the BOT Project within 12 months of the Appointed Date. However, the same has not been completed pending possession of certain lands from GSRDC, as discussed in the paragraph titled “Timeline for the Construction of the BOT Project” in this section hereinabove.
- v. Undertake debt service payments in accordance with the financing documents.

Some of the major Obligations of GSRDC:

- i. Enable access to site, free from encumbrances
- ii. Assist and provide all reasonable support to the Concessionaire in obtaining Applicable permits.
- iii. Assist in obtaining police and traffic clearances, subject to laws and payment of applicable charges.

Rights of M.S. Khurana Infrastructure and Toll Road Pvt. Ltd:

M.S. Khurana Infrastructure and Toll Road Pvt. Ltd shall be entitled during the concession period to levy and collect fees from the user of the project highway.

Project Revenue

The SPV will derive its income from the toll proceeds.

For further details regarding the rights and obligations of the SPV and GSRDC please refer to the Concession Agreement listed under chapter titled “Material Contracts and Documents for Inspection”.

Schedule of Implementation

Activity	Commencement Date / Expected Commencement Date	Completion Date / Expected Completion Date	Status
Signing of Concession Agreement	November 23, 2005	-	Already Signed
Financial Closure	November 23, 2005	February 21, 2006	Completed
Design & Re-engineering	June 2006	May 2007	In Progress
Mobilisation of Machinery, Manpower	June 2006	June 2006	Completed
EPC and Project Management	June 2006	March 2007	Completed
Toll Collection	June 2007	As per the Concession Period	Yet to Commence

3. ADDITIONAL WORKING CAPITAL REQUIREMENT

The business of our Company has grown manifold over the years. Considering the existing growth rate, orders in hand and orders expected to be received in near future our company would require additional working capital, which is estimated below:

	September 30, 2006 (Audited)		March 31, 2008 (Estimated)	
	Holding Period in days	Amount (Rs In Lacs)	Holding Period in days	Amount (Rs In Lacs)
Current Assets				
Inventories	19	532.89	31*	1,465.07
Debtors	31	895.02	40**	1,890.41
Loans & Advances		1,379.42		1,500.00
Project Deposits & Deposit		1,206.99		1,750.00

	September 30, 2006 (Audited)		March 31, 2008 (Estimated)	
	Holding Period in days	Amount (Rs In Lacs)	Holding Period in days	Amount (Rs In Lacs)
Current Assets				
Total Current Assets (A)		4,014.32		6,605.48
Creditors & Other Liabilities	42	946.66	40**	1,531.23
Provision for Taxation		661.38		525.00
Total Current Liabilities (B)		1,608.04		2,056.23
Working Capital Gap C = (A-B)		2,406.08		4,549.25
Financed by:				
-Banks (D)		887.89		1,300.00
-Working Capital funded by our Company(C) - (D)		1,518.79		3,249.25
Working Capital funded by our company as on September 30, 2006				(1,518.79)
Additional Working Capital Requirement				1,730.46

*Average of inventories during the last five financial years (FY 2001 to FY 2005)

** Based on no of days during the last two years (2005 and 2006)

4. PUBLIC ISSUE EXPENSES

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

(Rs. in lacs)

Particulars	Amount	% of total Issue Expenses	% of total Issue size
Book Running Lead Manager fees	[•]	[•]	[•]
Registrars fees	[•]	[•]	[•]
Underwriting commission @ [•]%	[•]	[•]	[•]
Legal Advisor's fees	[•]	[•]	[•]
Printing & Distribution Charges	[•]	[•]	[•]
Advertisement and Marketing expenses	[•]	[•]	[•]
Brokerage and selling expenses	[•]	[•]	[•]
Stock Exchange fees for providing bidding terminals	[•]	[•]	[•]
SEBI and Stock Exchanges fees on filing of Offer Document	[•]	[•]	[•]
Other Miscellaneous expenses	[•]	[•]	[•]
Total	[•]	[•]	[•]

5. GENERAL CORPORATE PURPOSES

After meeting the fund requirements in relation to other specified objects, the balance proceeds from this issue, if any, would be utilised by us towards General Corporate Purposes including but not limited to repayment of loans.

Deployment of Funds by our Company in the Project

We have incurred the following expenditure on the project till February 28, 2007. The same has been certified by M/s. Dharmendra Shah & Co., Chartered Accountants vide their certificate dated March 15, 2007.

(Rs. In Lacs)	
Deployment of Funds	Amount
Public Issue Expenses	15.73
Unsecured Loans to M.S. Khurana Infrastructure and Toll Road Pvt. Ltd for the BOT project	311.18
Total	326.91

(Rs. In Lacs)	
Sources of Funds	Amount
Internal Accruals	326.91
Total	326.91

Details of Balance Fund Deployment

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

Particulars	Already Incurred	(Rs. In Lacs)					Receipt of Unsecured Loans given to SPV	Total
		FY 2006-07	FY 2007 - 08					
		Q4	Q1	Q2	Q3	Q4		
Purchase of Plant and Machinery for Construction Business	-	-	-	145.00	1,292.78	-	-	1,437.78
Invest in wholly owned subsidiary M.S. Khurana Infrastructure and Toll Road Private Limited	311.18*		-	1,366.00*	-	-	(311.18)*	1,366.00
Additional Working Capital Requirement	-	-	-	-	-	1,730.46	-	1,730.46
Public Issue Expenses	15.73	-	[•]	[•]	[•]	[•]	-	[•]
Total	326.91	[•]	[•]	[•]	[•]	[•]	[•]	[•]

* Being amount of Rs. 311.18 lacs given by way of an unsecured loan to the SPV as on February 28, 2007 to meet the fund requirements of BOT project. These loans have been given out of our internal accruals, to meet immediate fund requirements pending receipt of Issue proceeds. We will fund the equity portion of Rs. 1,366.00 Lacs in the SPV on having access to Issue proceeds. Once we fund the equity portion of the SPV, the unsecured loans as given by our Company to the SPV will then be recalled by our Company.

Interim Use of Funds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration. GILT edged securities and other 'AAA+' rated interest bearing securities as may be approved the Board of Directors or a Committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. We also intend to apply part of the proceeds of the Issue, pending utilization for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions. Should we utilize the funds towards temporary reduction in utilization of short-term working capital facilities, we undertake that we would ensure consistent and timely availability of the issue proceeds so temporarily deposited in the working capital facilities to timely meet the fund requirement of the project.

Monitoring of Utilisation of Funds

Our Company has not appointed any Monitoring Agency for monitoring the utilization of Issue Proceeds. However, the Audit Committee appointed by our Company will also monitor utilization of the funds for the project.

No part of the proceeds of this issue will be paid as consideration to our promoters, directors, key managerial employees or companies promoted by our promoters except the following:

- Rs. 136.68 lacs i.e. 5.74% of the total value of plant and machinery (Rs. 2,382.78 lacs) to be purchased from the Issue proceeds will be paid as consideration to our Group Company, viz., M/s. West India Equipment.

BASIC TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus and other terms and conditions as may be incorporated in the Prospectus, Bid-cum-Application Form, the Revision form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Principal Terms and Conditions of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and Bid-Cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies 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 our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment. See the section titled “Main Provisions of Articles of Association” beginning on page [●] for a description of the Articles of Association.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Draft Red Herring Prospectus at a price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of our Company.

For further details on the main provisions of our Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer section titled “Main Provisions of Articles of Association” beginning on page [●].

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors.

Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share.

Allocation and Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of Allocation and Allotment, see "Statutory and Other Information".

BASIS OF ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building.

Investors should read the following summary with the Risk Factors included from page number [●] to [●] and the details about our Company and its financial statements included in the Draft Red Herring Prospectus. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors:

1. Our Company is a profit making Company since inception.
2. We have carried out various turnkey projects like Construction Of New Domestic Departure Building at SVP Airport, Ahmedabad, Construction of Knit Fabric Plant and E.T.P. work at Santej, Strengthening and Paving of State Highway-24 (Rajkot-Morbi) in Gujarat , construction of Expressway in Zone-V including Structures & Toll Plaza work as a part of Vadodara Expressway Project, Construction of 2500 Nos. residential units for E.W S in AUDA area, Ahmedabad (Krishnadhama-I) over the period of last ten years as detailed in the chapter titled "Our Business" on page [●].
3. We has gained experience in carrying out different types of construction/infrastructure related projects namely Multistoried & specialized buildings, Mass Housing ,Road & Highways, Major & Minor Bridges, Irrigation Projects, Treatment Plants.
4. In execution of the Mass Housing Project we have used latest technology of Mascon System.
5. Our Company has entered into Joint Venture with Nagarjuna Construction Company Limited for Construction of New Domestic Arrival Block at S.V.P Airport, Ahmedabad.
6. We have technically qualified management team with low attrition rate, led by promoters having more than decade's experience in the industry.
7. Order book of Rs.23,865.55 Lacs as on January 01,2007.
8. Low Debt-Equity ratio of 0.18:1 as on September 30, 2006.
9. Our Company has achieved a CAGR of 31.02% in Turnover and CAGR of 58.08% in Profit after tax during the period from 2001-02 to 2005-06

Quantitative Factors

All the ratios mentioned herein below are based on stand alone results of our Company.

1. Adjusted Earnings Per Share

Particulars	PAT (in Rs. Lacs)	No. of Shares	EPS (Rs.)	Weight
2003-04	471.70	1,07,81,400	4.38	1
2004-05	520.28	1,07,81,400	4.83	2
2005-06	669.02	1,07,81,400	6.21	3
Weighted Average EPS			5.44	
September 30, 2006	435.84	1,07,81,400	4.04**	

** EPS for six months ended September 30, 2006 has not been annualised

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

Particulars	P/E at the lower end of the price band	P/E at the higher end of the price band
Based on 2005-06 EPS of Rs. 6.21	[●]	[●]
Based on weighted average EPS of Rs. 5.44	[●]	[●]

Industry P/E: Construction	P/E Ratio
Highest – Mahindra Gesco*	100.80
Lowest – Lok Housing*	1.90
Average*	26.30

*Source: Capital Market, Volume XXII/01, March 12 -25, 2007 (Construction)

3. Return on Net Worth

Particulars	RONW %	Weight
2003-04	19.32	1
2004-05	17.56	2
2005-06	18.42	3
Weighted Average	18.28	6.00
September 30, 2006	10.74	

Minimum Return on Total Net Worth needed after the Issue to maintain pre-Issue EPS of Rs. 6.21 is [●]%

4. Net Asset Value (Rs.)

	Particulars	At the lower end of the price band (Rs. [●])	At the higher end of the price band (Rs. [●])
a)	As on March 31, 2006	33.69	33.69
b)	After Issue	[●]	[●]
c)	Issue Price	[●]	[●]

NAV as on September 30, 2006 is Rs. 37.63

5. Comparison of Accounting Ratios with Peer Group Companies

Based on the Products portfolio and turnover, given below is the comparison of Accounting Ratios with Peer Group Companies

Particulars	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Pratibha Industry	8.6	12.2	24.4	57.6
Tantia Construction	5.3	13.5	57.4	47.7
Valecha Engineering	12.2	11.1	11.6	170.4
JMC Projects	1.5	30.5	7.2	49.6
M. S. Khurana Engineering Limited (as on March 31, 2006)	6.21	-	18.28	33.69
M. S. Khurana Engineering Limited (for six months ended September 30, 2006)	4.04	-	10.74	37.63

*Source: Capital Market, Volume XXII/01, March 12 -25, 2007 (Construction)

6. The face value of our shares is Rs.10/- per share and the Issue Price of Rs. [●]/- is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.
7. The BRLM believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.
8. The final issue price would be determined based on the demand from the investors.

STATEMENT OF TAX BENEFITS

Dharmendra Shah & Co., Chartered Accountants of Our Company, have certified vide their letter dated March 15, 2007, that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter-alia, will be available to Our Company and the members.

Certificate from Dharmendra Shah & Co, Chartered Accountants:

To,
The Board of Director
M. S. Khurana Engineering Ltd.
"Jay" 3rd Floor, Ankur Complex,
Naranpura, Ahmedabad : 380 013.

Dear Sir,

We hereby report that the enclosed annexure states the possible tax benefits available to M S Khurana Engineering Limited (the "Company") and its shareholders under the current tax laws presently in force in India. Further the Tax Benefit mentioned in the Annexure shall be subject to the Amendments proposed in Finance Bill – 2007 after the Bill is enacted in Parliament. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the company may or may not choose to fulfill.

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

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

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

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

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO M S KHURANA ENGINEERING LIMITED (THE “COMPANY”) AND IT’S SHAREHOLDERS

1. Benefits available to the Company – under the Income Tax Act, 1961 (the ‘Act’)

◆ Exemption under section 80IA.:

The Company is eligible to deduction under section 80IA of the Act in respect of the profits and gains derived from the eligible projects (undertakings) of infrastructure development for a period of 10 consecutive years, falling within the first 15 years, beginnings from the year in which eligible undertaking start developing the Infrastructure facility on complying with the conditions specified in the said section. The Finance Bill- 2007 has proposed an Explanation to Section 80IA so as to clarify that nothing contained in the said Section shall apply to a person, who execute a works Contract with the Undertaking or Enterprise as the case may be.

◆ Exemption under Section 10(23G) :

In accordance with and subject to the provisions of section 10(23G) of the Act, the Company will be eligible to claim exemption on any by way of dividends (other than dividends exempt under section 10(34) of the Act), interest or long – term capital gain from investments made by way of shares or long – term finance in specified enterprise, wholly engaged in specified business or projects and which have been approved by the Central Government.

◆ Dividend Exempt under Section 10(34) :

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt as per the provisions of Section 10(34) of the Act.

◆ Computation of Capital Gains :

1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “Long Term Capital gains”. Capital Gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

3. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus application surcharge and education cess).

4. As per the provision of section 111A of the Act, short – term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax (“STT”) shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

◆ Exemption of capital gain from income tax :

1. According to section 10(38) of the Act, long term capital gains on sale of equity shares of units of an equity oriented fund where the transaction of sale is chargeable to STT shall be exempt from tax.

2. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital assets shall not be chargeable to tax to the extent such capital gains subject to the limit & other amendments proposed in the Finance Bill-2007 are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred to converted into money.

2. Benefits available to resident shareholders :

◆ Dividends exempt under Section 10(34) :

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

◆ Computation of capital gains :

1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holdings. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

2. Section 48 of the Act, which prescribes the mode of computation of the capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

3. As per the provisions of Section 112 of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4. As per the provisions of section 111A of the Act, short term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).

◆ Exemption of capital gain from income tax :

1. According to section 10(38) of the Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.

2. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains subject to the limit & other amendments proposed in the Finance Bill-2007, are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

3. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

◆ Rebate under section 88E :

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

3. Benefits available to Non-resident Indian shareholders :

◆ Dividends exempt under Section 10(34):

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

◆ Computation of capital gains :

1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holdings. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

2. Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non - residents. Computation of capital gains arising on transfer of shares in case of non residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e. sale proceeds less cost of acquisition / improvement) computed in the original foreign currency is then reconverted into Indian Rupees at the prevailing rate of exchange.

3. In case investment is made in Indian rupees, the long term capital gain is to be computed after indexing the cost. According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4. As per the provisions of section 111A of the Act, short term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).

◆ Options available under the Act :

Where shares have been subscribed to in convertible foreign exchange – Option of taxation under Chapter XII-A of the Act :

1. Non – Resident Indians [as defined in Section 115C(e) of the Act]; being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII – A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

2. According to the provisions of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

3. According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset of savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means fully value of the consideration received of accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset of saving certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or saving certificates are transferred.

4. As per the provisions of Section 115G of the Act, Non – Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

5. Under Section 115H of the Act, where the Non – Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

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

◇ Exemption of capital gain from income Tax :

1. According to section 10(38) of the Act, long term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

2. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains subject to the limit & other amendments proposed in the Finance Bill-2007, are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

3. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

◇ Rebate under section 88E :

Section 88E provides that where the total income of a person includes income chargeable under the head “Profit and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

4. Benefits available to other Non – residents:

◇ Dividends exempt under section 10(34):

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

◇ Computation of capital gains :

1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term

capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "Short term capital gains".

2. Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non – residents. Computation of capital gains arising on transfer of shares in case of non residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e. sale proceeds less cost of acquisition / improvement) computed in the original foreign currency is then reconverted into Indian Rupees at the prevailing rate of exchange.

3. In case investment is made in Indian rupees, the long term capital gain is to be computed after indexing the cost. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4. As per the provisions of section 111A of the Act, short term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

◆ Exemption of capital gain from income tax :

1. According to section 10(38) of the Act, long term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.

2. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains subject to the limit & other amendments proposed in the Finance Bill-2007 are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

3. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

◆ Rebate under section 88E :

Section 88E provides that where the total income of a person includes income chargeable under the head, "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business.

Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

5. Benefits available to Foreign Institutional Investors ('FIIs')

- ◇ Dividends exempt under section 10(34) :

Dividends (Whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

- ◇ Taxability of capital gains :

As per the provisions of section 115AD of the Act, FIIs will be taxed at rate of 20 percent on the Income other than Dividend referred to in Section 115O of the Act in respect of income on Securities other than Units referred in section 115 AB of the Act.

As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under section 10(38) of the Act at the following rates :

Nature of Income	Rate of tax (%)
Long term capital gains	10
Short term capital gains	30

Provided the Amount of Income Tax calculated on the Income by way of Short Term Capital gain referred to in Section 111A shall be at the rate of 10%

The above tax rates would be increased by the applicable surcharge and education cess.

The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FIIs.

- ◇ Exemption of capital gain from Income Tax.

According to section 10(38) of the act, long term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax.

- ◇ Rebate under section 88E:

Section 88E provides that where the total income of a person includes income chargeable under the had "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

6. Benefits available to Approval Infrastructure Capital Funds / Companies / Co - Operative banks :

- ◇ Dividends exempt under section 10(34) :

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

- ◇ Exemption of capital gain from income tax.

According to section 10(38) of the Act, long term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax.

7. Benefits available to Mutual Funds :

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

8. Tax Treaty benefits :

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

9. Benefits available under the Wealth – tax Act, 1957:

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

10. Benefits available under the Gift – tax Act, 1958:

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

The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Further the Tax Benefit mentioned here in above shall be subject to the Amendments proposed in Finance Bill – 2007 after the Bill is enacted in Parliament. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

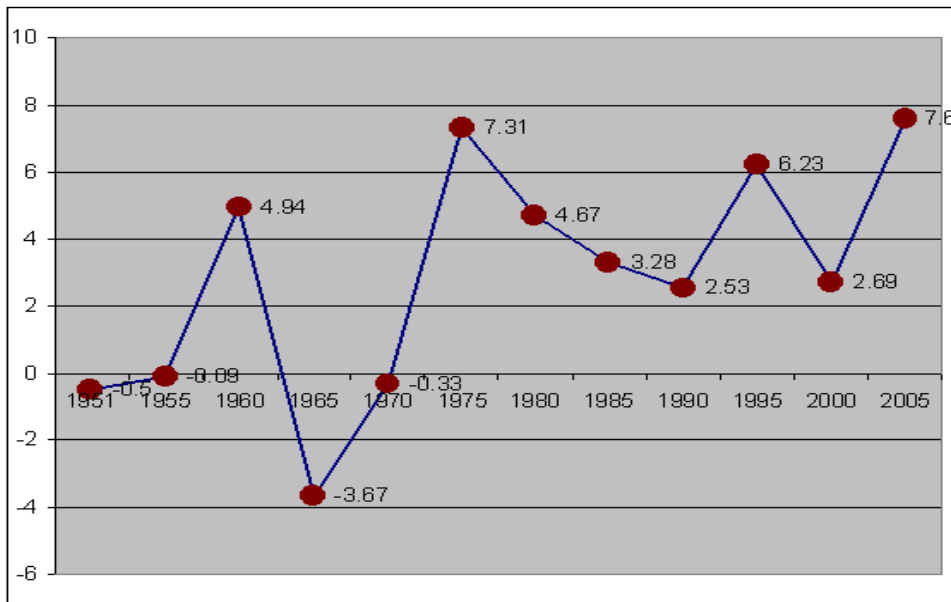
SECTION VI – ABOUT US

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based in such information.

The Indian Economy

India's economy is on the fulcrum of an ever-increasing growth curve. With positive indicators such as a stable 8 per cent annual growth, rising foreign exchange reserves of close to US\$ 166 billion, a booming capital market, the Government estimating FDI flow of US\$ 12 billion in this fiscal, and a more than 22 per cent surge in exports. The GDP grew by 7.4 per cent in the first quarter and 6.6 per cent in the second quarter of the current year, compared with 5.3 per cent and 8.6 per cent in the corresponding quarters of the previous year. The Economic Survey 2005-06 estimates that, the GDP will grow at 8.1 per cent. Growth of Gross Domestic Product (GDP) at constant prices in excess of 8.0 per cent has been achieved by the economy in only five years of recorded history, and two out of these five are in the last three years.



(Source: www.economywatch.com)

Industrial Growth

For the first time in the last 10 years, industrial growth in India has exceeded 10 per cent, which is driven by robust performances from manufacturing and construction sectors. Within industry, while manufacturing growth has accelerated steadily from 7.1 per cent in 2003-04 to 9.4 percent in 2005-06, construction growth has been in double digits in each of the last three years. Substantive commercial bank credit flows to the housing, real estate and retail sectors continue to provide support to the boom in construction sector.

Infrastructure Sector

In India, construction is the second largest economic activity after agriculture and has set off in a major way in the last two years and is witnessing impressive growth across various segments. A recent study indicates that India would be merely scratching the surface of the potential infrastructure opportunity with US\$ 191.51 billion of investments committed over the next five years. The sector is estimated to grow at a CAGR of 15% over the next few years.

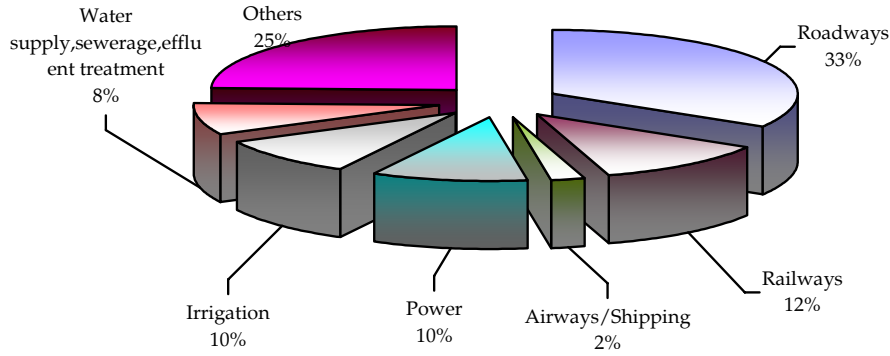
Importance of Infrastructure

The importance of infrastructure for sustained economic development is well recognized in India. The country has made considerable progress in the last ten years in attracting private investment into the infrastructure sectors -- in telecommunications, ports and roads and in other individual projects. The sector is estimated to grow at a CAGR of 15 per cent over the next few years.

Clearly, it is a sector with colossal potential. According to the Economic Survey 2005-2006, India has the potential to absorb US\$ 150 billion of foreign direct investment in the next five years in the infrastructure sector alone.

The Committee on Infrastructure has estimated that India requires huge investments across infrastructure sectors. About Rs. 1.72 Trillion is needed for the national highway sectors by 2011-12, Rs. 400 billion of investment is estimated as the requirement for airports by 2009-10 and Rs. 500 billion is required for ports by 2011-12. The power sector alone requires an additional investment of Rs. 8 Trillion by 2011-12. A fast reform process would enable a further growth of these sectors. Regulators are changing their role to serve primarily as facilitators in the transition of the sector. Several positive developments in policy and legislation have helped create a sense of confidence in the development of infrastructure. Various policy initiatives taken by the Regulators are given under the respective sector head in the forthcoming paragraphs.

During period from October 2005 to September 2006, around 17,978 projects related tenders were floated in the country (including corrigenda and addenda tenders with tenders for multiple works counted multiple times). Of with a total of 3130 tenders were floated in Maharashtra, 1593 in Chhattisgarh, 1489 in Madhya Pradesh and 1457 in Tamil Nadu. Given below is the graph showing percentage of break up of tenders floated in various infrastructure sector.



(Source: Projectmonitor. Vol.6 Issue 27 dated October 30,2006)

Infrastructure sector Performance (2003-06)

Sector	Unit	2003-04	2004-05	2005-06
Power	Billion units	558.34	587.42	615.75
Coal	Million Tonnes	355.71	377.27	401.52
Petroleum				
Crude Oil Production	Million Tonnes	33.37	33.98	32.20
Natural Gas Production	Billion Cubic metres	31.96	31.76	32.20
Railways				
Revenue freight traffic	Million Tonnes	557.39	602.78	667.39
Ports and Shipping				
Cargo handled at major ports	Million Tonnes	344.80	383.75	423.41
Telecommunications				
Addition in switching capacity	Million Tonnes	4.48	6.71	12.47
Telephone connections	Million	8.45	6.96	15.54
Cellphone connections	Million	13.46	14.87	28.17
Civil Aviation				
Passenger Traffic at international terminals	Million	23.09	14.92	16.84
Passenger Traffic at domestic terminals	Million	19.26	23.80	30.26
Roads				
Upgradation of national highways	Kilometres	5955.00	6913.00	5296.00

(Source: Indian Infrastructure Volume 9, No. 5 December 2006)

Current phase and future growth of various infrastructure sector are given as under:**1. ROADS**

The Indian road network, the largest in the world aggregating 3.32 million km, consists of 65,569 km of National Highways, 1,28,000 km of State Highways, 4,70,000 km of Major District Roads and about 26,50,000 km of other District and Rural Roads.

National Highways account for only about 2 per cent of the total length of roads, but carry about 40 per cent of the total traffic across the length and breadth of the country. Considering the importance of the National Highways and the rapid increase in traffic, the Government has taken up the National Highways Development Project (NHDP), involving a total investments of Rs. 2,20,000 crores upto 2012, which consists of the following components:

Four-laning of the Golden Quadrilateral (GQ; 5846 km) and NS-EW (NS-EW; 7,300 km) Corridors (NHDP I & II)

The NHDP Phase I and Phase II comprise of the Golden Quadrilateral linking the four metropolitan cities in India i.e. Delhi-Mumbai-Chennai-Kolkata, the North-South corridor connecting Srinagar to Kanyakumari including the Kochi-Salem spur and the East-West Corridor connecting Silchar to Porbandar besides port connectivity and some other projects on National Highways. Four-laning of the Golden Quadrilateral is nearing completion. The contracts for projects forming part of NS-EW corridors are being awarded rapidly for completion by December 2009. (Source: www.infrastructure.com)

Details of Achievement of Physical Targets and Achievements during the Tenth Plan period

Sl. No.	Name of scheme/project/programme	2006-07			Total %age of Achievement during the 2006-07 up to June- 2006
		Overall Target during the 2006-07 *	Target up to June-2006(Kms/No.)	Achievement up to June- 2006 (Kms/No.)	
1	Widening to 2-lanes	1157.00	215.47	300.23	139.64
2	Widening to 4-lanes	1323.00#	345.88	157.45	45.52
3	Strengthening	534.00	110.80	280.18	252.87
4	Improvement of Riding Quality	2087.00	455.00	489.88	107.66
5	Construction of Bypasses	11	2	1	50.00
6	Major Bridges	144	20	19	95.00
7	Minor Bridges				
8	ROB/RUB				

* Includes the Annual Targets for State PWDs, NHAI and BRO

Includes 2.5Km. length of widening to 8-lane in Delhi.

(Source : Website of MoRTH)

Future plans

The Government has set ambitious plans for upgradation of the National Highways in a phased manner in the years to come. The details are as under:

Four-laning of 10,000 kms (NHDP-III)

The Union Cabinet has approved the four-laning of 10,000 km of high density national highways, through the Build, Operation & Transfer (BOT) mode. The programme consists of stretches of National Highways carrying high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance.

Two laning of 20,000 km (NHDP-IV)

With a view to providing balanced and equitable distribution of the improved/widened highways network throughout the country, NHDP-IV envisages upgradation of 20,000 kms of such highways into two-lane highways, at an indicative cost of Rs.25,000 crore. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.

Six-laning of 6,500 kms (NHDP-V)

Under NHDP-V, the Committee on Infrastructure has approved the six-laning of the four-lane highways comprising the Golden Quadrilateral and certain other high density stretches, through PPPs on BOT basis. These corridors have been four-laned under the first phase of NHDP, and the programme for their six-laning will commence in 2006, to be completed by 2012. Of the 6,500 kms proposed under NHDP-V, about 5,700 kms shall be taken up in the GQ and the balance 800 kms would be selected on the basis of approved eligibility criteria.

Development of 1000 km of expressways (NHDP-VI)

With the growing importance of certain urban centres of India, particularly those located within a few hundred kilometers of each other, expressways would be both viable and beneficial. The Committee on Infrastructure has approved 1000 k.m. of expressways to be developed on a BOT basis, at an indicative cost of Rs.15,000 crore. These expressways would be constructed on new alignments.

Other Highway Projects (NHDP-VII)

The development of ring roads, by-passes, grade separators and service roads is considered necessary for full utilization of highway capacity as well as for enhanced safety and efficiency. For this, a programme for development of such features at an indicative cost of Rs.15,000 crore, has been mandated.

Types of Public Private Partnership in the construction Industry

While there are a number of forms of Public Private Partnership, the common forms that are popular in India and have been used for development of National Highways are -

- Build Operate and Transfer (BOT) Toll basis.
- Build Operate and Transfer (BOT) Annuity basis.
- Special Purpose Vehicle (SPV) basis

BOT (Toll) Model

- In a BOT (Toll) Model, the concessionaire (private sector) is required to meet the upfront/construction cost and the expenditure on annual maintenance.
- The Concessionaire recovers the entire upfront/construction cost along with the interest and a return on investment out of the future toll collection.

- The viability of the project greatly depends on the traffic (i.e., toll). However, with a view to bridge the gap between the investment required and the gains arising out of it, i.e., to increase the viability of the projects, capital grant is also provided (up to a maximum of 40% of the project cost has been provided under NHDP).

(i) BOT (Annuity) Model

- In an BOT (Annuity) Model, the Concessionaire (private sector) is required to meet the entire upfront/construction cost (no grant is paid by the client) and the expenditure on annual maintenance
- The Concessionaire recovers the entire investment and a pre-determined cost of return out of the annuities payable by the client every year.
- The selection is made based on the least annuity quoted by the bidders (the concession period being fixed).
- The client (Government/NHAI) retains the risk with respect to traffic (toll), since the client collects the toll.

(Source: Department of Road Transport and Highways)

(2) Build-Operate-Transfer

Build-Operate-Transfer (BOT) is a form of project financing, wherein a private entity receives a franchise from the public sector to finance, design, construct, and operate a facility for a specified period, after which ownership is transferred back to the public sector. During the time that the project proponent operates the facility, it is allowed to charge facility users appropriate tolls, fees, rentals, and charges stated in their contract to enable the project proponent to recover its investment, and operating and maintenance expenses in the project. At the end of the franchise period, the public partner can assume operating responsibility for the facility, contract the operations to the original franchise holder, or award a new contract or franchise to a new private partner.

BOT is now also used in the off-shoring and outsourcing of knowledge work. In these cases there is usually no government or public funding involved. Typically, a Western customer contracts with an Indian or Chinese vendor and the vendor builds and operates a customer call center or other business process for an extended period of time. However, the client retains the right to take over the operation ("transfer") at any time based on certain conditions and certain payments to the offshore partner.

Advantages of BOT projects

1. The government gets the benefit of the private sector to mobilize finances and to use the best management skills in the construction, operation and maintenance of the project.
2. The private participation also ensures efficiency and quality by using the best equipment.
3. The projects are conducted in a fully competitive bidding situation and are thus completed at the lowest possible cost.
4. No cost Overrun
5. The Client (Government/NHAI) does not have the burden of maintaining the highways.

PARTIES TO BOT PROJECTS

There are a number of major parties to any BOT project and all of them have particular reasons to be involved in the project. The contractual arrangements between those parties, and the allocation of risks, can be complex.

The major parties to a BOT project will usually include:

1. Government

A government department or statutory authority is a pivotal party. It will:

- grant the sponsor the "concession", that is the right to build, own and operate the facility,
- grant a long term lease of or sell the site to the sponsor, and
- often acquire most or all of the service provided by the facility.

The government's co-operation is critical in large projects. It may be required to assist in obtaining the necessary approvals, authorizations and consents for the construction and operation of the project. It may also be required to provide comfort that the agency acquiring services from the facility will be in a position to honour its financial obligations. The government agency is normally the primary party. It will initiate the project, conduct the tendering process and evaluation of tenders, and will grant the sponsor the concession, and where necessary, the off take agreement.

2. Sponsor

The sponsor is the party, usually a consortium of interested groups (typically including a construction group, an operator, a financing institution, and other various groups) which, in response to the invitation by the Government Department, prepares the proposal to construct, operate, and finance, the particular project. The sponsor may take the form of a company, a partnership, a limited partnership, a unit trust or an unincorporated joint venture.

3. Project Company

The project company may also be one of the sponsors. It will take construction and completion risks, that is, the risk of completing the project on time, within budget and to specifications.

4. Operator

The operator will be expected to sign a long-term contract with the sponsor for the operation and maintenance of the facility. Again the operator may also inject equity into the project.

5. Lenders

In a large project there is likely to be a syndicate of banks providing the debt funds to the sponsor. The banks will require a first security over the infrastructure created. The same or different banks will often provide a stand-by loan facility for any cost overruns not covered by the construction contract.

6. Other Parties

Other Parties includes turnkey contractors, fuel suppliers etc.

Special Purpose Vehicle

- The NHAI has also formed Special Purpose Vehicle (SPV) for funding road projects.
- SPVs are separate legal entities formed under the Companies Act, 1956.
- It involves very less cash support from the NHAI in the form of equity/debt; rest of the funds comes from Ports/Financial Institutions/beneficiary organisations in the form of

equities/debt.

The amount spent on developments of roads/highways is to be recovered in prescribed concession period by way of collection of toll fee by SPV.

Potentials

- 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.

(Source: <http://infrastructure.gov.in>)

Policy Initiatives

- Private participation through BOT toll-based and annuity based structures
- 100 per cent FDI allowed in the roads sector
- 10 year corporate tax holiday
- National Highways Authority of India (NHAI) permitted to participate in equity in BOT projects up to 30 per cent
- Duty-free import of specified modern high capacity equipment for highway construction
- Capital grant of 40 per cent of project cost by NHAI

(Source: dipp.nic.in)

2. AIRPORTS

Addressing the need for more efficient airports, the Indian Government has begun an aggressive drive to modernise existing airports. The international airport in Delhi and Mumbai are being upgraded with private sector participation. To ease matters further, the FDI cap in the sector has been moved to 49 per cent.

For the upgradation exercise, a joint venture will be formed in which the Airports Authority of India (AAI) and other public sector units will hold 26 per cent equity and the balance 74 per cent will be held by a strategic partner. The AAI has now identified 25 non-metro airports for development. These include Agatti, Aurangabad, Bhopal, Bhubaneswar, Coimbatore, Indore, Khajuraho, Nagpur, Patna, Port Blair, Rajkot, Trichy, Vadodra, Varanasi and Vishakhapatnam.

(Source: www.ibef.org)

India has 125 airports out of which 11 are international airports. These airports handled 60 million passengers and 1.3 million tones of cargo. Passenger's traffic grew at over 22% in 2004-05 over 2003-04 and cargo grew over 21.6% over the previous year. The Government aims to attract private investment in aviation infrastructure and the privatisation of the Delhi and Mumbai airports is in progress. New international airports at Bangalore and Hyderabad are being built by private consortia with a total investment of about Rs.4000 crores (US \$ 600 million)

Airport Statistics 2003-04

Airport	Passenger traffic (million, 2003-04)
Bangalore	3.2
Chennai	4.6
Delhi	10.3
Hyderabad	2.2
Kolkata	3.0
Mumbai	13.3

(Source: Director General of Civil Aviation, AAI)

Airport	Cargo (million, 2005-06)
Mumbai	0.28
Delhi	0.27
Chennai	0.16
Calcutta	0.03

(Source: <http://www.aai.aero>)
Performance of All Airports in India

Category	FY 2005	FY 2004	% Change
Aircraft Movement (in '000)			
International	162.03	132.97	21.9
Domestic	557.05	505.66	10.2
Total	719.08	638.63	12.6
Passengers (in million)			
International	19.41	16.63	16.7
Domestic	39.86	32.09	24.2
Total	59.27	48.72	21.7
Cargo (in '000 tonnes)			
International	822.03	693.18	18.6
Domestic	458.52	375.09	22.2
Total	1280.55	1068.27	19.9

Future Outlook:

- Passenger traffic is projected to grow at a CAGR of over 15% in the next 5 years - To cross 100 million passengers p.a. by 2010
- Cargo traffic to grow at over 20% p.a. over the next five years - To cross 3.3 million tonnes by 2010
- Major investments planned in new airports and upgradation of existing airports

(Source: <http://infrastructure.gov.in>)

Potential

- Favourable demographics and rapid economic growth point to a continued boom in domestic passenger traffic and international outbound traffic
- International inbound traffic will also grow rapidly with increasing investment and trade activity and as India's rich heritage and natural beauty are marketed to international leisure travellers.
 - Consequent high demand for investments in aviation infrastructure
- SME lending, a largely untapped market, presents a significant opportunity - SMEs account for 40% of the industrial output and 35% of direct exports
- The Government is taking steps to increase participation by private industry
- Major opportunities lie in:
 - Modernisation / upgradation of metro airports – induction of partners for Chennai, Kolkata expected subsequently
 - Greenfield airport projects planned in resort destinations and emerging metros such as Goa, Pune, Navi Mumbai, Greater Noida and Kannur.
- Estimated investment of about Rs.40,000 crores (US \$ 9 billion) for airport development over the next 5 years

(Source: <http://infrastructure.gov.in>)

Policy Initiatives

- Private equity participation in airport infrastructure modernisation permitted
- Private sector participation in Greenfield airports with FDI up to 100% equity stake
- Inland Air Travel Tax abolished
- Bilateral aviation agreements based on reciprocity initiated

(Source: dipp.nic.in)

3. PORTS

Indian ports handled cargo of 519 million tonnes in 2004-05, a 11.8% increase over 2003-04. 70% of the traffic at major ports by volume is dry and liquid bulk, remaining 30% is general cargo, including containers - Containerised cargo has grown at a rate of about 14% p.a. over the last 5 years. India has 12 major ports and 187 minor ports along 7,517 km long Indian coastline. Cargo handled by Major Ports has increased by 9.5% p.a. over last 3 years. Major ports handle nearly 75% of the total traffic. Of the 12 major ports, 11 are run by Port Trusts while the port at Ennore is a corporation under the Central Government. These ports handled 383.75 million tonnes of cargo in 2004-05. 2 major Government projects underway:

- Project "Sethusamundram": Dredging of the Palk Strait, in Southern India to facilitate maritime trade through it
- National Maritime Development Programme for modernisation and expansion of port capacities

A high level committee has finalised the plan for improving rail-road connectivity of major ports. The plan is to be implemented within a period of three years. Further, changes in customs procedures are being carried out with a view to reducing the dwell time and transaction costs. The government has also delegated powers to the respective Port Trusts for facilitating speedier decision-making and implementation. At the same time, several measures to simplify and streamline procedure related to security and customs are being initiated.

The National Maritime Development Programme is expected to bring a total investment of over Rs.50,000 crore in the port infrastructure. Such improvement in the scale and quality of Indian port infrastructure will significantly improve India's competitive advantage in an increasingly globalized world.

Government of India dominated maritime activity in the past. Policy direction is now oriented to encouraging the private sector to take the lead in port development activities and operations. Many Major ports now operate largely as landlord ports - International port operators have been invited to submit competitive bid for BOT terminals on a revenue share basis. Significant investment on BOT

basis by foreign players including Maersk (JNPT, Mumbai) and P & O Ports (JNPT, Mumbai and Chennai), Dubai Ports International (Cochin and Vishakhapatnam) and PSA Singapore (Tuticorin). Minor ports are already being developed by domestic and international private investors: Pipavav Port by Maersk and Mundra Port by Adani Group (with a terminal operated by P & O).

Future Outlook:

- Cargo handling at the major ports is projected to grow at 7.7% p.a. (CAGR) till 2011-12
- Traffic estimated to reach 877 million tonnes by 2011-12
- Containerised cargo is expected to grow at 15.5% (CAGR) over the next 7 years
- The New Foreign Trade Policy envisages doubling of India's share in global exports in next five years to \$150 billion (Rs.675000 crores)
- A large portion of the foreign trade to be through the maritime route: 95% by volume and 70% by value

(Source: <http://infrastructure.gov.in>)

Potential:

- Growth in merchandise exports projected at over 13% p.a. underlines the need for large investments in port infrastructure
- Investment need of \$13.5 billion (Rs.60,750 crores) in the major ports under National Maritime Development Program (NMDP) to boost infrastructure at these ports in the next 7 years.
- Under NMDP, 276 projects have been identified for the development of Major ports
- Public-Private partnership is seen by the Government as the key to improve Major and Minor ports. 64% of the proposed investment in major ports envisaged from private players
- The plan proposes an additional port handling capacity of 530 MMTA in Major Ports through:
 - Projects related to port development (construction of jetties, berths etc.)
 - Procurement, replacement and/or up-gradation of port equipment
 - Deepening of channels to improve draft
 - Projects related to port connectivity
- Investment need of \$4.5 billion (Rs.20,250 crores) for improving minor ports

(Source: <http://infrastructure.gov.in>)

Policy Initiatives

- Increased emphasis on modernisation and restructuring of ports
- Increased thrust on public-private partnerships for the development of ports and infrastructure for inland water transport
- Private investment to the tune of US\$ 2345 million is expected
- Private participation with respect to inland transport infrastructure connecting ports
- Investment requirement of US\$ 20 billion in maritime sector upto 2012

(Source: dipp.nic.in)

4. POWER

India has the fifth largest electricity generation capacity in the world, it has Low per capita consumption at 606 units; less than half of China. India has T & D network of 5.7 million circuit km, which makes us the 3rd largest in the world. Coal-fired plants constitute 57% of the installed generation capacity, followed by 25% from hydel power, 10% gas based, 3% from nuclear energy and 5% from renewable sources. Majority of Generation, Transmission and Distribution capacities are with either public sector companies or with State Electricity Boards (SEBs). Private sector participation is increasing especially in Generation and Distribution

Future Outlook:

- Over 90,000 MW of new generation capacity is required in the next seven years hence 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.

(Source: <http://infrastructure.gov.in>)

Potential:

- 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 privatised
 - 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 Government of India
 - 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

(Source: <http://infrastructure.gov.in>)

Policy Initiatives

- Central Electricity Regulatory Commission and State Electricity Regulatory Commissions set up
- Indian Electricity Grid Code established
- Accelerated Power Development and Reforms Programme formulated
- Electricity Act notified in 2003
- Automatic approval (RBI route) for 100% foreign equity in power generation and distribution
- Thermal Power completely delicensed

(Source: dipp.nic.in)

5. TELECOM

India is the fifth largest telecom services market in the world; \$17.8 billion revenues in FY 2005. Industry grew by about 36% in FY 2005 over FY 2004. There were around 142 million subscribers, 49 million fixed lines and 93 million wireless in March 2006. Telecom market has grown at about 25% p.a. over the last 5 years. Wireless segment subscriber base grew at 85% p.a.; fixed line segment at about 10% p.a. (Source: <http://infrastructure.gov.in>)

Future Outlook:

- India expected to be among the fastest growing telecom markets in the world - Projected growth of 40% p.a. to reach 250 million subscribers by December 2007
- Over 4 million new users are added every month – mostly in wireless
- Over 150% growth in telecom services is projected in 5 years
- India will require large investments in network infrastructure

(Source: <http://infrastructure.gov.in>)

Potential

- Favourable demographics and socio economic factors leading to high growth:
 - Growth of disposable income combined with changes in lifestyle
 - Increasing affordability - low tariffs, easy payment plans and handset financing
 - Increased coverage and availability of mobile services
- Investment opportunity of \$22 billion across many areas:
- Telecom Devices and Software for Internet, Broadband and Direct To Home Services. Set Top boxes, Gateway exchange, Modem, Mobile handsets and consumer premise equipments, Gaming devices, EPABX, Telecom Software
- Telecom Services for voice and data via a range of technologies
- Applications and Content development ranging from gaming to education
- Vodafone, Nokia, Elcoteq, Alcatel, LG, Ericsson are all investing in India

(Source: <http://infrastructure.gov.in>)

Policy Initiatives

- Introduction of 'Calling Party Pays' in May 2003
- Unified Access Services Licensing Regime introduced in Oct 2003
- Communication Convergence Bill 2001 to oversee national infrastructure for information based society
- Interconnection User Charge introduced in 2003-04
- No industrial licence required for telecom equipment manufacturing
- 100% FDI permitted in telecom equipment manufacturing.
- 74% to 100% FDI permitted for various telecom services
- 100% FDI permitted in telecom equipment manufacturing.

(Source: dipp.nic.in)

OUR BUSINESS

OVERVIEW

Our Company is in the business of carrying on construction/infrastructure related activities. We have executed projects in various states namely Gujarat, Madhya Pradesh, Rajasthan and Maharashtra.

Our Company was originally started as a Partnership firm in the year 1968 by the name of M/s M. S. Khurana, Ahmedabad. The firm was jointly formed by Late Madhavdas S. Khurana along with his sons for carrying on business as building contractor having place of business at Ahmedabad. Subsequently the constitution of the firm was changed and in the year 1998 the partners as on that date viz. Mr. Sudhir Khurana, Mr. Ashish Khurana, Mr. Vikram Khurana, Mrs. Mira Khurana, Mrs. Geeta Khurana, Mrs. Nicole Khurana and Ms. Vandana Khurana agreed to carry on business of the firm in the form of a Private Limited Company under the name and style of M.S. Khurana Constructions Private Limited under Section 566 of The Companies Act, 1956 vide certificate of incorporation dated September 9, 1998. The name of our Company was later changed from M.S. Khurana Constructions Private Limited to M.S. Khurana Engineering Private Limited and fresh certificate of incorporation was issued on September 24, 1998. Subsequently on August 12, 2002 in terms of special resolution passed dated July 15, 2002 under section 31 of The Companies Act, 1956 our Company was converted in to a public limited company and the name was changed from M.S. Khurana Engineering Private Limited to M.S. Khurana Engineering Limited.

The initial activities of the Partnership firm were to carry out Civil Engineering jobs comprising Residential Housing, Specialized Multi-storey Public Buildings, and Industrial Plants and Factories etc mainly in an around Ahmedabad, Gujarat.

Business of our Company grew over a period of time and apart from Ahmedabad, Gujarat our Company has started working in other states also i.e. Rajasthan, Madhya Pradesh, Maharashtra, Andhra Pradesh.

During all these years our company has executed all types of Civil Engineering works as enumerated below:-

8. Multistoried & specialized buildings such as Building for Industry, Hotels, Hospitals, I-Max Theatre, Terminal Building for Airports etc..
9. Mass Housing
10. Road & Highways
11. Major & Minor Bridges
12. Irrigation Projects such as Canals, Syphons, Weirs, Falls etc. etc.
13. Treatment Plants such as Water Sewerage/Effluent Treatment Plants on Turnkey basis from concept to commissioning.
14. Drainage Works

Our Company has worked with various institutions such as

- Gujarat P.W.D.,
- Central P.W.D.,
- Sardar Sarovar Narmada Nigam Limited,
- Municipal Corporation of Ahmedabad and Baroda,
- Ahmedabad Urban Development Authority (AUDA),
- Indian Petro Chemicals Corporation Limited,
- Airport Authority of India,
- Gujarat Council of Science City,
- Corporate Sector i.e. Arvind, Raymond and Zydus Infrastructure Private Limited.

MAJOR ASSIGNMENTS EXECUTED BY OUR COMPANY OVER A PERIOD OF LAST TEN YEARS

The major Engineering, Procurement & Construction (EPC) contracts executed by our Company over a period of ten years are as follows:

A. MULTISTORIED & SPECIALISED BUILDINGS

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
1	Civil construction work of Factory Building, Weigh Bridge, Security office, Underground water tank, Main Gate etc. at the factory complex at Mithirohar, Kutch	GPT stell Industries Pvt. Ltd 509, B Wing, 5th floor, Sagar Tech Plaza, Andheri (E), Mumbai 400 072. India	946.97
2	Const. Of New Domestic Departure Bidg. At SVP Airprt, Ahmedabad	Senior Manager,Engg.(C)-I Airport Authority of India, New Delhi - 110 003	1,440.00
3	Construction of New Terminal Complex at Bhuj Airport Bhuj : SH: Finishing work	Asst. general Manager Engg. (c) Airport Authority of India Bhuj Project Airport road, Bhuj - 370 001	278.69
4	Construction of New Terminal Complex at Bhuj Airport Bhuj : SH: Aluminium Glazing & Partition work	Asst. general Manager Engg. (c) Airport Authority of India Bhuj Project Airport road, Bhuj - 370 001	34.27
5	Construction of Municipal Office Building, Kankarvav Shopping Complex, Office, Garage & Ward Offices in Anjar.	GUDC, Gandhinagar	139.54
6	Construction of I-MAX Theatre at Science City, Bhadaj.	Project Manager, Gujarat Council of Science City, Gandhinagar	640.80
7	Construction of I-MAX Theatre at Science City, Bhadaj. (Internal Flooring - Finishing work only)	Project Manager, Gujarat Council of Science City, Gandhinagar	159.88
8	Construction of Cartosat Building & Thermovac Facility at SAC at Ahmedabad.	Space Application Centre, Civil Engineering Division, D.O.S., Ahmedabad.	921.25
9	Construction of Y03 & Y04 Building, Central Utility Building, Control Room & Cooling Tower Basing at Silvassa.	Reliance Filaments Pvt. Ltd., Silvassa.	1,100.00
10	Const. of Vibration Test Facility at SAC, Ahmedabad.	The Chief Const. Engg., Civil Engg. Dn, DOS, SAC, Ahmedabad	88.50
11	Construction of Bldg. for Communication Payload Lab under INSAT-III Project at SAC, Ahmedabad.	Space Application Centre, Civil Engineering Division, D.O.S., Ahmedabad.	239.79

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
12	Construction of A.G.Office Building for Audit-I at Ahmedabad.	Central P.W.Department, Ahmedabad.	450.00
13	Construction of Academic Block at Jagatpur at Ahmedabad.	Telecom Civil Division, Ahmedabad.	354.10
14	Construction of R.C.C.Retaining wall at ABHAYGHAT, Ahmedabad.	Central P. Work Dept., Ahmedabad.	136.48
15	Construction of Knit Fabric Plant and E.T.P. work at Santej, Nr.Ahmedabad.	The Arvind Mills Ltd., Ahmedabad.	2,418.00
16	Construction of Compressor Station at Vaghodia.	Gas Authority of India Limited, Delhi.	400.32
17	Construction of Multistoried Hotel Fortune Landmark at Usmanpura, Ahmedabad.	Westinn Limited., Ahmedabad. One of our group Company	1,670.00
18	Development of "ABHAYGHAT" i.e.Samadhi of Hon'ble Late Morarji Desai (Ex. P.M. of India) at Ahmedabad.	Central P.W.Department, Ahmedabad.	37.67
19	Construction of Main Plant Building at Silvassa.	Pushpa Impex Ltd., Silvassa.	150.00
	TOTAL OF A		11,606.26

B. MASS HOUSING

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
1	Construction of Residential Complex at Vejalpur, Ahmedabad	Executive Engineer, AUDA, Ahmedabad	1,365.46
2	Construction of 2400 Nos. residential units for E.W S in AUDA area, Ahmedabad (Krishnadharm-I)	Chief Executive Officer, Ahmedabad Urban Development Authority, Ahmedabad	1,944.71
3	Construction of 64 Nos. Residential Quarters at Bhuj	Executive Engineer, Rajkot Central Division, P.W.D, Rajkot.	167.04
	TOTAL OF B		3,477.21

C. ROADS & HIGHWAYS

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
1	Development of Parking area at Gujarat Science City, Ahmedabad	Project Manager, Gujarat Council of Science City, Ahmedabad	612.00
2	Strengthening of Main carriageway (from divided carriageway) between Km 23/0 to 44/420 of N.H providing toe wall & stone pitching on high embankment sola R.O.B approaches between Km 33/60 to 34/2 & 34/26 to 34/89	Executive Engineer, National Highway Division, Ahmedabad	811.10
3	Strengthening to Km 0/0 to 6/720 of Ahmedabad, link road joining to N.H. No 8 & 8A	Executive Engineer, National Highway Division, Ahmedabad	450.52
4	Construction of Car Parking, Approach road & Storm water drain at S.V.P. Airport, Ahmedabad	Asstt. Gen. Mgr. (Engg-Civil), AAI, S.V.P. International Airport, Ahmedabad - 03	164.35
5	Construction of AUDA Ring Road from Science City to Sanathal, Ahmedabad	The Executive Engineer, AUDA, Ahmedabad	1,871.73
6	Development of 132' Ring Road from Syamaprasad Mukherjee Over Bridge to Pooja Party Plot, Ahmedabad	The Executive Engineer, AUDA, Ahmedabad	662.10
7	Construction & Upgradation of Roads under PMGSY PackageNo MP 4503 Dist. Vidisha (MP)	Project General Manager, M. P. Rural Road Development Authority, Old Secretariate, Bhopal	364.11
8	Construction & Upgradation of Roads under PMGSY PackageNo MP 4502 Dist. Vidisha (MP)	Project General Manager, M. P. Rural Road Development Authority	700.57
9	Construction and upgradation of Roads under DMGSY PackageNo MP 3505 Dist. Sihor (MP)	Project General Manager, M. P. Rural Road Development Authority	636.49
10	Strengthening and Paving of State Highway-24 (Rajkot-Morbi) Ch. From Km. 47/500 to Km 70/192 in Gujarat	Som Datt Builders - NCC (JV) Rajkot-Morbi Highway, Rajkot	2,000.00
11	Land Development & construction of Road, Storm water Drain, Fencing & Street lighting etc. Rehabilitation site no. 2 in Kutch.	Project Manager, G.U.D.C, Gandhinagar	552.03
12	Const. of Expressway from Ch. 81.800 Km to 90 Km in Zone-V including Structures & Toll Plaza work as a part of the prestigious Ahmedabad Vadodara Expressway Project	LG E & C-NCC (JV), 211-212, Sarthik-II, Sarkhej-Gandhinagar Highway, Ahmedabad - 380 054.	3,381.60
	TOTAL OF C		12,206.60

D. MAJOR & MINOR BRIDGES

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
1	Construction of Underpass at Usmanpura, Gujarat High court & Akhbarnagar below active Railway Track in Ahmedabad	Ahmedabad Municipal Corporation.	1,605.00
2	Widening of Bridge across River Ayad at Udaipur	RUIDP, Udaipur	180.00

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
3	Restoration at Bridges in Earthwork affected area of Kutch District. Package No. EERP-BRIDGE-4	The Executive Engineer, State Road Project Division, Capital Project Bhavan,	611.48
4	Construction of bridges on NH NO. 8 between ch. 343.00 to 381.00 across river Damananga, Kolak & Bilkhadi	Rites Ltd, Delhi	850.00
	TOTAL OF D		3,246.48

E. IRRIGATION PROJECTS

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
1	Constructing Canal Earthwork and Structures of Vallabhipur Sub-Branch Canal from Ch.29.76 to 40.81 KM At Limdi.	Sardar Sarovar Narmada Nigam Limited, Dhandhuka.	4,480.40
2	Constructing Canal Earthwork & Structures of Vallabhipur Sub-Branch Canal Ch.53.00 to 60.66 KM At Dhandhuka	Sardar Sarovar Narmada Nigam Limited, Dhandhuka.	1,145.00
3	Constructing Fall Structures on Saurashtra Branch Canal at Ch. 5.15, 17.76 & 32.94 Km. near Kadi	Sardar Sarovar Narmada Nigam Limited, Kadi.	3,090.39
	TOTAL OF E		8,715.79

F. TREATMENT PLANTS

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
1	Design, Construction & Commission of 76 MLD Sewage Treatment Plant at Jaspur, Gandhinagar	The Executive Engineer, Capital Project Division No. 3, Gandhinagar	641.70
2	Design Construction & Commission of 66MLD Sewage Treatment Plant at Gajaravadi, Vadodara.	The Executive Engineer, Vadodara Municipal Corporation, Vadodara.	1,100.39
3	Construction of Sewage Treatment Plant at Kotra & Maholi, Bhopal.	Project Engineer, Bhoj Wetland Project, EPCO, Bhopal	800.00
4	Design & Construction of 45.5 MLD Water Treatment Plant at Rundh.	G. I. D.C., Ankleshwar.	296.12
5	Construction of 55 MLD Capacity Common Effluent Treatment Plant at Vapi.	G. I. D. C., Vapi.	1,152.00
	TOTAL OF F		3,990.21

G. DRAINAGE WORKS

Sr. No.	Name of Work / Project With Address	Name of Client/Owner	Value of the Work Executed (Rs. in Lacs)
1	Providing and laying Eastern trunk sewer line from Galaxy to Thakker bapanagar to Bapunagar	The Additional City Engineer, AMC , Ahmedabad	498.59
2	P/L Drainage pressure line from Harni HPS to Manek Pura Junction (Phase-II)	The Executive Engineer, Vadodara Municipal Corporation, Vadodara	590.22
3	P/L. RCC Drainage Gravity Trunk Main from Gotri Pond to Atladra STP	The Executive Engineer, Vadodara Municipal Corporation, Vadodara	490.08
4	Realigning, Training and Const of Kazi ka Nallah Drain, Mahaveer colony drain, Vaishali Nagar Diversion channel etc at Ajmer	Executive Engineer, RUIDP, Ajmer	293.98
5	Providing Sewage Collection system for Bhachau	GUDC, Gandhinagar	360.00
6	Providing, Laying, Jointing, Testing & Commissioning of Sanitary Sewers in PAL-III zone & Out fall sewers for Pal Zone including construction of manholes, service connections & appurtenances along with restoration of roads at Jodhpur	Superintending Engineer PIU-II, RUIDP, Jodhpur	414.94
7	P/L RCC Gravity Main from Sargasan to Jaspur Pumping Station for GTS.	The Executive Engineer Capital Project Division, Gandhinagar	394.09
8	P/L RCC Main Sewer line for Second Stage Collection System for GTS.	The Executive Engineer Capital Project Division, Gandhinagar	339.92
9	P/L RCC pipeline for West AUC Trunk Sewer from JM5A to JM8	City Engineer, Ahmedabad Municipal Corporation, Ahmedabad	180.58
10	Providing & Laying Secondary Sewer RCC pipeline for Part : VI Isanpur South & North and Narol Chowkdy.	Ahmedabad Municipal Corporation, Ahmedabad.	143.95
11	P/L C.I.Pipeline from Namnar intake to Main Headworks at Village Vardhari	P.H.Works Division, Godhara.	280.70
12	Providing & Laying 1000 MM dia. RCC pipeline for GIDC Effluent Disposal Scheme Trunk Main from from Ch.5.77 Km to 8.74 Km. at Ahmedabad.	Ahmedabad Municipal Corporation, Ahmedabad.	115.90
13	Providing & Laying 1000 MM dia. RCC pipeline for GIDC Effluent Disposal Scheme Trunk Main from from Ch. 8.74 Km. to 11.27 Km. at Ahmedabad.	Ahmedabad Municipal Corporation, Ahmedabad.	96.91
	TOTAL OF G		4,199.86
	GRAND TOTAL (A+B+C+D+E+F+G)		47,442.41

ASSIGNMENTS UNDER EXECUTION AS ON DECEMBER 31, 2006

The Engineering, Procurement & Construction (EPC) contracts that are currently under execution are as follows:

A. SPECIALISED BUILDING**(Rs. In Lacs)**

Sr. No.	Name of Work	Name of the Employer	Value of work Contract	Value of Work on hand as on December 31, 2006
1	Const. Of Pavilion for Planet Earth at Science City, Ahmedabad	The Member Secretary, Gujarat Council of Science City, Gandhinagar	1,790.66	519.24
2	Const. Of Terminal Building of Surat Airport at Surat	Asst. GM Engg (C) - I, Airports Authority of India, Surat	1,380.00	1,130.33
3	Construction of New Domestic Arrival Block at S.V.P.I. Airport, Ahmedabad (in Joint Venture with NCCL)	Asst. GM Engg (C) - I, Airports Authority of India, Ahmedabad	1,639.27	1,336.49
	TOTAL (A)		4,809.93	2,986.06

B. MASS HOUSING**(Rs. In Lacs)**

Sr. No.	Name of Work	Name of the Employer	Value of work Contract	Value of Work on hand as on December 31, 2006
1	Construction of 2500 Residential unit for EWS in AUDA area, Ahmedabad	Chief Executive Authority, Ahmedabad Urban Development Authority, Ahmedabad.	2,284.12	551.63
2	Construction of Residential quarters for Income-Tax Department at Vejalpur, Ahmedabad.	The Executive Engineer, CPWD, Gandhinagar	1,224.54	646.16
	TOTAL (B)		3,508.66	1,197.79

C. ROADS & HIGHWAYS**(Rs. In Lacs)**

Sr. No.	Name of Work	Name of the Employer	Value of work Contract	Value of Work on hand as on December 31, 2006
1	Construction of TP Roads in AUDA area	Chief Executive Authority, Ahmedabad Urban Development, Authority, Ahmedabad.	2,187.48	93.83
2	Improvement & Widening of Bhuj Nakhatrana Road (SH-	Managing Director, G.S.R.D.C., Gandhinagar.	3,300.00	1,277.34

Sr. No.	Name of Work	Name of the Employer	Value of work Contract	Value of Work on hand as on December 31, 2006
	42) from Km. 5/2 to 50/0 Km.			
3	Widening of the existing two lane of the Jetpur-Gondal section (Km 117+000 to Km 143+000) of NH-8 B to four lane (a part of East-West Corridor) Package C-1.- Bituminous work	D. R. Agrawal Infracon Private Limited, Disa.	2,532.90	2,112.91
4	Rehabilitation and Upgradation of Bhiladi-Jetpur Road Section of N.H. 8 B from km. 97.00 to 117.00 in the state of Gujarat (Package-II) (In JV with DRAIPL)	National Highway Authority of India, New Delhi	2,887.65	2,420.23
5	General Development works for Pharmaceutical S.E.Z. of Zydus Infrastructure at Matoda, Ahmedabad.	Zydus Infrastructure Private Limited., Ahmedabad.	2,132.04	1,935.14
6	Development of Kankaria Lake Front at Maninagar, Ahmedabad	Ahmedabad Municipal Corporation Ahmedabad	2,712.04	2,712.04
	TOTAL		15,752.11	10,551.49

D. IRRIGATION PROJECTS

(Rs. In Lacs)

Sr. No.	Name of Work	Name of the Employer	Value of work Contract	Value of Work on hand as on 31st December ,2006
1	Constructing of Khari-II canal Syphon (Slice-II) on Narmada Main Canal Ch. 356.422 Km.	Executive Engineer, Sardar Sarovar Narmada Nigam Ltd, Narmada Project Main Canal Div -19	5,521.00	4,182.07
2	Constructing NMC reach 357.196 Km to 361.576 Km (Slice-9A)	Executive Engineer, Sardar Sarovar Narmada Nigam Ltd, Narmada Project Main Canal Div -23	1,936.79	1,099.32
3	Constructing Weir, Diaphragm wall, retaining walls &	The Executive Engineer, A'bad Irrigation Div.,	1,208.85	84.48

Sr. No.	Name of Work	Name of the Employer	Value of work Contract	Value of Work on hand as on 31st December ,2006
	protection works of Sant Sarovar (Indroda) Scheme.	Ahmedabad.		
4	Construction of Drain Inlet on Sujlam- Suflam Spreading Canal between Ch. 229.215 Km & 239.970 Km	Executive Engineer, Sujlam-Suflam Division No. 2, Visnagar	170.98	170.98
5	Construction of Branch Canals No. 2A, 2B & 4 of Satya Sai Ganga Canal together with distributory system creating an irrigation potential of 42,027 acres including investigation, design and estimation. (Package No. 39) - (JV With Suryacon) 50:50)	The Superintending Engineer, Somasila Project Circle, Irrigation & CAD Department, Dargamitta, Nellore – 3, Andhra Pradesh	3,042.00	931.74
6	P/L cement concrete lining with paver in bed and side slopes of South Feeder Channel of Somasila Project in between km. 11.400 and km. 74.725 and Construction of Distributory System to create Irrigation Potential of 9212 acres including investigation, design and (Package No. 95) - (JV With Suryacon) 50:50)	The Superintending Engineer, Somasila Project Circle Irrigation & CAD Department Dargamitta, Nellore – 3, Andhra Pradesh	1,440.50	383.29
7	P/L cement concrete lining with paver in bed and side slopes of G.K. Canal (North feeder Channel) of Somasila Project in between km. 13.00 and km. 72.920 including investigation, design and estimation (Package No. : 96) (JV With Suryacon) 50:50))	The Superintending Engineer, Somasila Project Circle, Irrigation & CAD Department, Dargamitta, Nellore – 3, Andhra Pradesh	1,473.21	839.89
	TOTAL (D)		14,793.33	7,691.77

E. DRAINAGE WORK

				(Rs. In Lacs)
Sr. No.	Name of Work	Name of the Employer	Value of work Contract	Value of Work on hand as on 31st December, 2006
1	P/L 1800mm Dia R.C.C Gravity Trunk Pipeline from Shranikpark to Akota village and their related Jointing network	Executive Engineer, Drainage Project, Vadodara	679.11	243.25
2	Commissioning of Trunk Sanitary Sewers, connecting to out fall including construction Of manholes Appurtences along with restoration of roads in Topdara, Kundan Nagar Gulab bari and Mayo collage area at Ajmer. Contract PackageAJM/WW/05	Suprintendent Engineer, Rajasthan Urban Infrastructure Devlopment Project, PIU-Ajmer	1,278.62	469.38
3	Providing external water supply pipe line in EWS in AUDA area Ahmedabad (Job -151/ 04-05)	Chief Executive Authority, Ahmedabad Urban Development Authority, Ahmedabad.	240.70	206.26
4	P/L 600mm Dia NP4 R.C.C Gravity Trunk Pipeline from Bhavans School to APS GIDC	Executive Engineer, Drainage Project, Vadodara	519.55	519.55
	TOTAL		2,717.98	1,438.44
	TOTAL VALUE OF WORKS (A+B+C+D+E)		41,582.01	23,865.55

ORDER BOOK

Our order book comprises the unfinished and uncertified portion of projects that we have undertaken and includes the value of sub-contracting agreements that we enter into with our joint ventures for work to be performed by us. Our order book as of December 31, 2006, was Rs. 25,870.29 Lacs. The orders in our order book are subject to cancellation and/or modification provisions contained in the various contracts and other relevant documentation.

Segment Composition of Order Book:

(Amount Rs. In Lacs)

Segments	As on January 1, 2007	As on April 1, 2006	As on April 1, 2005	As on April 1, 2004
Specialised building	2,986.06	6,077.01	890.06	1,611.67
Mass housing	1,197.79	2,829.52	2,010.38	2,512.20
Irrigation projects	7,691.77	8,491.89	5,857.40	6,525.14
Roads & highways	10,551.49	14,425.11	1,127.24	31.62
Drainage work	1,438.44	1,834.51	2,702.54	3,250.53
Total	23,865.55	33,658.04	12,587.62	13,931.16

BOT PROJECT:

Our Company has recently forayed into BOT contracts, with our first contract being the roadway contract i.e. improvement and widening of Bhuj-Nakhatrana Road. We have incorporated a wholly owned subsidiary viz, M.S. Khurana Infrastructure and Toll Road Private Limited, as a Special Purpose Vehicle (SPV), to execute the BOT project. The total cost of the project is Rs 3,901.00 lacs, which is financed by way of term loan of Rs 2,535.00 lacs from Union Bank of India and balance of Rs 1,366.00 lacs from the public issue proceeds. The total concession period is 13 years 3 months and 2 days including construction period commencing from the Appointed Date, subject to extension granted by GSRDC, if any, pursuant to the application of the Concessionaire dated March 1, 2007.

BOT means Built Operate and Transfer. Generally the construction of roads-improvement and up gradation of existing road and construction of new road are given by the Government, Semi Government, Local Authority on BOT basis. In BOT Project tenders, scope of work is defined, toll rates are fixed, construction period and maintenance and operation requirement are also stipulated. The entrepreneur has to frame his proposal for a particular road project based on the scope of work, toll rates. The entrepreneur has to prepare his own estimate of the project cost considering present volume of traffic which will use the road and pay the toll, cost of operation and maintenance. After deriving the overall cost and volume of traffic the entrepreneur will quote the total concession period required to recover the investment made by him with profit. The purpose is that after particular concession period is over the road will be handed over back to the government authorities in a sound and good condition as specified in the concession agreement. The bidder has to **B**uilt the facility as per the specification and standards given by the party giving the contract, **O**perate the facilities for certain period of time for recovery of funds invested as well as profit and **T**ransfer the facilities back to the party.

BOT Contracts are awarded on the basis of tender floated by the party and concession agreement is executed specifying various clauses which include the obligation of bidder, obligation of party giving the contract, toll rates etc. which regulate particular BOT Contract. There are no options for BOT players to exit if the project turns unviable because of the wrong estimation of project cost, traffic volume and for any reasons attributed to concessionaire. If the project turns unviable on account of force majeure clause concessionaire will get the compensation as provided in the concession agreement under the force majeure clause.

PROJECT-SPECIFIC JOINT VENTURES AND STRATEGIC ALLIANCES:

In normal course of business, we bid for projects as the sole contractor of the project with full responsibility for the entire project, including, if required, the overall responsibility and sole discretion to select and supervise subcontractors. From time to time, on certain larger projects that require resources beyond those we may have available, such as financial strength, Technology, equipment, manpower or local content resources, or when we wish to share the risk on a particularly large project, we seek to make alliances through the formation of special purpose vehicles (SPVs) or project-specific joint ventures with other contracting, engineering and construction companies.

In a project-specific joint venture, each member of the joint venture shares the risks and revenues of the project according to a predetermined agreement. The agreements specifically assign the work to be performed by each party and the responsibilities of each party with respect to the joint venture, including how the joint venture will be managed and the equipment, personnel or other assets that each party will contribute or make available to the joint venture. The profits and losses of the joint venture are shared among the members according to a predetermined ratio. The fixed assets that are acquired by the joint venture are generally transferred to the respective joint venture members upon completion of the joint venture project. The agreements also set forth the manner in which any disputes among the members will be resolved. The construction contracts that the joint ventures enter into, or the joint ventures themselves, typically impose joint and several liabilities on the members. Thus, should the other member(s) of our joint ventures default on its or their duties to perform, we would remain liable for the completion of the project.

The SPV or project-specific joint venture typically terminates at the completion of the defect liability period, at which point the SPV or project-specific joint venture liquidates and dissolves.

Name of the Joint Venture	Other Party / Parties	Type of Arrangement	Project
NCC – MSKEL Joint Venture	Nagarjuna Construction Company Limited	Joint venture agreement dated February 14, 2005	Construction of New Domestic Arrival Block at S.V.P.I Airport, Ahmedabad
DRAIPL – MSKEL Joint Venture	Dineshchandra R.Agrawal Infracon Private Limited	Joint venture agreement dated November 26, 2005	Sub Contract Rehabilitation and Upgrading of Bhiladi-Jetpur Road Section of NH-8B (km 97.00 to km 117.00) Contract Package-II
MSK - Suryacon Joint Venture	Shree Surya Constructions	Joint Venture Agreement dated August 25, 2004 and Addendum to Joint Venture Agreement dated April 1, 2005	<ul style="list-style-type: none"> a. Construction of Branch Canals No. 2A and 2B and 4 of Satya Sai Ganga Canal together with distributory system b. Easening slopes to 1.5:1 and providing cement concrete lining with paver in bed and side slopes of South Feeder Channel of Somasila Project in between km. 11.400 and km 74.725 and construction of Distributory System to create Irrigation Potential of 1912 acres c. Easening slopes to 1.5:1 and providing cement concrete lining with paver in bed and side slopes of GK Canal of Somasila Project in between km. 13.00 and km 72.920

A. Location

We execute construction contracts for Government, Semi Government agencies all over India. Considering the nature of our Company's business the location of project depends upon the contracted site, which usually varies from project to project. Currently, we have projects at Ahmedabad, Vadodara, Gandhinagar, Ajmer, Nellore, Visnagar and Rajkot.

B. Plant & Machinery, Technology & Process**Plant & Machinery:**

To avoid dependence on lease or rented plant and machinery and to ensure smooth operation of the contracts, our Company has acquired many machineries. The list of machinery includes batching plants, Hot mix plants, earth work machineries, transit mixers, pavers, Generating sets, Tower cranes, Mascon System, concrete mixing plant etc. List of major plant and machineries acquired by us is as follows:

	SR. NO.	NAME OF MACHINERY / PLANT / EQUIPMENT	QUANTITY
I		EARTHWORK & ROAD WORK	
	1.	<u>EXCAVATORS</u>	
		• VOLVO EC240B	1
		• VOLVO EC140BLC	5
		• VOLVO EC290BLC	1
		• TATA HITACHI Ex-110	4
		• VOLVO EC55B	3
		• TATA 320 Dragline / Crane	1
		• JCB Back Hoe Loader	5
	2.	<u>MOTOR GRADER</u>	
		• VOLVO / G - 710 B	3
	3.	<u>EARTH COMPACTOR / ROLLERS</u>	
		• Vibratory Soil Compactor - ISD 100	6
		• Vibratory Tandem Roller - IDD 90	4
		• Static Rollers - 10 MT / Various makes	4
		• Pneumatic roller - RTR 220	1
		• Ashphalt Vibratory Compactor DD-80	1
		• Ashphalt Vibratory Compactor DD-90	2
	4.	<u>TIPPERS / TRUCKS</u>	
		• TELCO - 8 Cmt.	10
		• ASHOK LEYLAND - 10 Cmt.	4
		• ASHOK LEYLAND -14 Cmt. - 18 Cmt.	30
		• TELCO -10000 Lts. Tankers	8
		• TELCO - 4000 Lts. Bitumen sprayer	2
	5.	<u>TRACTORS WITH TROLLY</u>	
		• Mahindra & Mahindra	2
	6.	<u>DOZER</u>	
		• KOMATSU D 120	1
	7.	<u>AUTOMATIC PLANTS</u>	
	(A)	WET MIX	

SR. NO.	NAME OF MACHINERY / PLANT / EQUIPMENT	QUANTITY
	• 200 TPH / Maxomix	1
	• 100 TPH / Apollo	2
(B)	HOT MIX	
	• DM 45 / Apollo	1
	• DM 50 / Apollo	1
	• DM 60 / Apollo	1
	ASPHALT BATCH MIX PLANT	
	• ANP - 2000	1
8.	<u>PAVERS</u>	
	• DYNAPAC 18IC - 9.0 Mt Wide	1
	• IR-Titan-4360- Sensor Paver 5.5 Wide	2
	• RM 6 - Apollo / Mechanical 4.5 Wide	2
9.	<u>FRONT END LOADERS</u>	
	• JCB 430 Z	2
	• Volvo - L 45 B	1
	• Volvo - L 90 E - 3.2 Cum bucket	1
II	CONCRETE WORK	
10.	<u>CONCRETE BATCHING PLANTS</u>	
	• 45 Cmt. - Macons	1
	• 30 Cmt. - Maxmech	4
	• 30 Cmt. - Apollo	2
	• 8 Cmt. - (Mini) Universal	10
	• 10 Cmt. - (Mini) Gemzen	2
11.	<u>TRANSIT MIXERS</u>	
	• 6 Cmt. - Stetter	14
12.	<u>CONCRETE PUMPS</u>	
	• Schwing Stetter - BP 350 DXT (30 Cum/Hr)	3
	• Schwing Stetter - BP 1800 HDR (50 Cum/Hr)	1
13.	<u>TOWER CRANES</u>	
	• ALPHA - SP 453 Mobile	1
	• SOIMA - 3625 Mobile	1
	• ACE - 2418 Mobile	1
	• ZOOLION - TC 5013 B (Out Rigger Stationery)	1
III	OTHER MACHINERY	
14.	<u>GENERATORS</u>	
	• Supernova Engineers - 380 KVA	1
	• Well Point Dewatering Pumps	10
	• Shear Legs With Pully Blocks	15

For details about the Plant & machinery which we propose to buy through the proceeds of the issue, please refer section titled "Objects of the Issue" on page no [•].

Technology:

We enter into contracts primarily through a competitive bidding process. We solely execute most of our projects as the contractor. Technology to be used for a particular project is normally specified in the tender document. As a normal business trend, in order to qualify for a bid for new contracts of a particular technology, we should have in past implemented contracts using similar technology. However, in case we have no such past implemented contracts, we may go for Joint Ventures/collaboration. Out of the 22 contracts that are currently under execution, 5 contracts are being executed by joint ventures in which we are members.

Mass Housing by Mascon Construction System

The system is conceived and developed by W.J. Malone, a Canadian Civil Engineer in late 1970's. The system has been used successfully throughout the middle East and Asia over a period of 25 years to construct thousand of housing units from Double Story Row Housing to high-rise apartment buildings, and low cost of luxury housing. Use of Mascon system is most effective when combined with load bearing wall structural design, that is reinforced concrete walls and floor slabs with no need for brick / block works.

The Mascon System is unique in that it is a complete concrete farming system. The system forms all of the concrete in a building, including walls, floor slabs, columns beams, stairs, window hoods and balconies, at the same time it brings to field construction all the benefits of a factory assembly line – quality concrete farming work, by unskilled workers, at maximum rate of production. However, to achieves optimum benefit from the system, there must be sufficient repetition in the work to ensure a minimum cost per use. It is ideally suited, therefore, to Mass Housing.

Features of The Mascon Construction System

- **Adaptability and Versatility**

The Mascon aluminum formwork is very adaptable and versatile. The architect or engineer is not require to change the building's layout or structural design to suit the forming system. The only requirement of the Mascon System is that the dimensions of the building be rounded to the nearest 25mm.

The System is capable of forming the concrete for either of the two basis types of concrete structural design, namely;

Load bearing Wall Design – reinforced concrete walls and floor slabs with no need for brick/block work.

Column and Beam Deign – reinforced concrete columns, beams and floor slabs with brick/block infill for the walls. This design is often referred to as structural frame or R.C.C. frame.

- **Structural Design**

The structural design of a building can produce considerable cost savings. Load bearing wall design in a more cost effective structural design than columns and beams design, and cost comparisons invariably show saving of 15% to 20%. The Mascon System is admirably suited to load bearing wall construction, while traditional formwork consisting of plywood and timber is not, due to the high pressures of fresh concrete in the wall.

- **Durability**

Use of the Mascon System means that all of the concrete in the walls and floor slabs is poured together in one operation. The result is a monolithic reinforced concrete structure without any construction joints at the intersection of walls to floor slabs, nor at the intersection of walls with other walls. Any drops in the floor slabs (such as in the toilet, bathing areas) are also poured in a single operation with the rest of the slab and walls. The result is that there are no construction joints in the drop areas, and no problems of leaking joints.

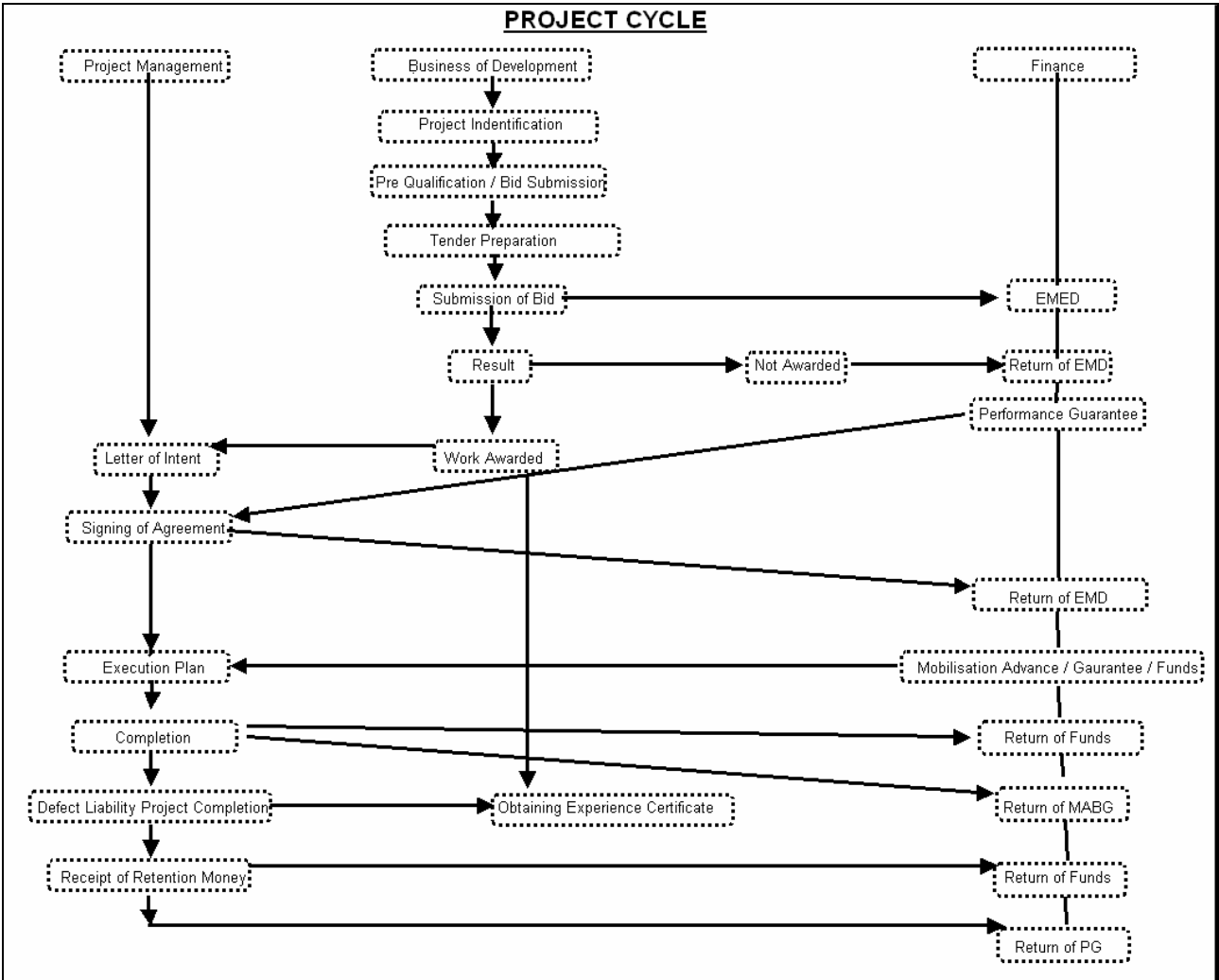
- **Quality of Construction**

Precision in fabricating the Mascon equipment results in accurate, consistent forming of the concrete, floor after floor, building after building, conforming to the most exacting standards of quality and accuracy.

- **Speed of Construction**

The Mascon System routinely constructs the superstructure of multi-storey buildings at a standard rate of four days per floor (concrete to concrete) – regardless of floor area size. The total amount of Mascon formwork equipment required to construct one building at any particular time is referred to as a “Set” of Mascon equipment.

PROCESS:



Project Cycle

The various stages involved in the two phases namely: Phase I (business opportunity leading upto the order) and Phase II (project management and execution) are further detailed below.

Phase I:

1. Awarding the contract
2. Expression of interest - called for by the project owner
3. Request for Qualification (RFQ) or Pre-qualification
4. Invitation to tender /request for proposal/ (RFP)
5. Obtain Document- purchase of tender document
6. Site Visit and Pre-Bid Queries
7. Post-qualification / Technical Documentation and Financial Bid
8. Submission of the tender along with Earnest Money Deposit ("EMD").
9. Award of the contract to the lowest bidder and issue of Letter of Intent
10. Signing of the contract along with submission of performance securities and refund of EMD

Phase : II

A) Execution of the project

1. Prepare the Project Cost and Analysis for execution, detailed execution plan, detailed resource plan and expenditure plan
2. Kick-off meetings
3. Mobilization of resources
4. Purchase of materials required in the project
5. Execution of the project as per execution plan
6. Raising monthly (as per tender condition) Running Account Bills

B) Project closure

1. Implement all project completion activities to the satisfaction of the client.
2. Receipt of final bill
3. Taking substantial completion certificate
4. Taking handing over certificate
5. Implementing Defect Liability/ O&M period, if there is any
6. Receive the final retention money after Defect Liability Period

Defect Liability Period

Normally all projects stipulate a defect liability period of 12 months from the date of handing over. Contractor is responsible to make good any defects that may arise as a consequence of inadequate

quality of supplies and workmanship during this period. The retention money / bank guarantee of equivalent amount which is held by the client (approximately 5-10%) is returned to the contractor on successful completion of the defect liability period.

C. Collaborations

Our Company has not entered into any technical collaboration or agreement

D. Infrastructure Facilities

Raw Materials

The requirement of raw materials like cement, steel, diesel, furnace oil, aggregate and bitumen is project specific and are determined by the total orders received for projects. This requirement is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply. The procurement of raw materials is centralized at the purchase department which is based on the delivery schedule of each project. A proper inventory system is maintained to ensure the availability of material when required. The materials purchased are tested before usage of the same. Our Company has a set of suppliers for cement, steel, diesel and bitumen with whom we enter into long term contracts, thus ensuring continuous supply and at a suitable price. The tender documents for most of the contracts awarded to our Company include contingencies for price escalation of raw materials. In the event of price escalation we would be indemnified as against the difference in cost after escalation as per the conditions of the tender document. In case of small requirements we procure raw material from local suppliers. Land near the construction site is taken on lease from Government or private parties for boulders, which are using the crushing plants installed at the site. In the mining activity there are really no raw materials, which are specifically required.

Water

Water is largely project specific and is procured locally by way of boring wells at the site.

Electricity

The construction projects are not power intensive. Power is required at site for running various machinery and equipment and also for lighting. Generally power requirements are met at site through normal distribution channel like State Electricity Board.

Manpower

As on January 31, 2007 the Company has a total of 665 employees out of which 307 are permanent and 358 are contractual. The detailed break-up of our employees is mentioned hereunder:

Division	Type	Skilled	Semi Skilled	Unskilled	Total
Head Office	Permanent	30	-	-	30
	Contractual	-	-	-	-
Pipe Manufacturing Plant	Permanent	1	3	-	4
	Contractual	-	-	-	-
Administrative Office (Project Site)	Permanent	60	90	123	273
	Contractual	78	125	155	358
Total		169	218	278	665

Environmental Clearance

Infrastructure projects are subject to a lot of environmental clearances. Any delay in the clearance can stall the project for a long time thereby causing losses. In projects executed by us environmental clearance is the obligation of the project authority.

E. Our Products

Types of Contracts

Our contracts types fall into the following categories:

- **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 bill of quantities ("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.
- **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 (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.
- **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.
- **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. Depending on the nature of the project and the project requirements, contracts may also contain a combination of aspects of any of the contract types discussed above.
- **Build Operate and Transfer (BOT) contracts** – BOT contracts are a relatively recent phenomenon developed to attract private sector investments in the development of projects in various sectors such as water supply, roads, bridges and power. Typically, BOT contracts involve the construction of an asset as required by the client, with partial or total financing arrangements provided by the bidders/contractors. BOT contracts require the successful bidder to construct, operate and maintain the asset over a pre-defined period (known as the "Concession Period") at its own expense. In return, the bidder is granted a right to collect revenues from the end users of the asset during the Concession Period through a pre-defined mechanism. For example, for road projects executed on a BOT basis, the bidder is permitted

to collect and keep tolls received from vehicles that use that road during the Concession Period. The bidder is required to transfer ownership of the asset back to the client at the end of the Concession Period. BOT contracts may provide for a "Take or Pay Clause" (i.e., even if the client does not utilize the constructed facility during the period of operation and maintenance, a predetermined amount of revenue is paid to the contractor by the client).

- **O & M** - Typically an O & M contract is issued for operating and maintaining facilities. This could be in any of the sectors such as water, highways, buildings and power. The contract specifies routine and periodic maintenance at a pre-determined time. While the contractor is paid for the maintenance based on the quoted rates which is largely a function of manpower, consumables and maintenance equipments to be deployed at the site.
- **Sub contracts** - It is a common practice in the industry to sub contract the whole or part of the work to sub-contractors. Sub contracts can be either piecemeal or back to back basis. In piecemeal contracts, the original contractor sub contracts a small part of the project work to a smaller contractor. In back to back contracts the entire project is executed by the sub contractor and paid to by the main contractor. In certain back-to-back contracts the sub contractor is a nominated sub contractor. It means that the client has approved of the sub-contractor and therefore the sub-contractor can reflect the work done as part of the pre-qualification criteria. The sub-contractors who are not so nominated cannot include such work done in the pre-qualification criteria for bidding for future projects

Competition

We operate in a competitive environment. Our competition depends on whether the project is in the civil construction sector or the infrastructure sector. It also depends on a host of other factors, such as the type of project, contract value and potential margins, the complexity and location of the project, the reputation of the client and the 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 is often the deciding factor in most tender awards. We mainly compete with domestic Indian entities in the different segments in which we operate. Some of key competitors are JMC Projects India Limited, Sadbhav Engineering Limited, Pratibha Industries Limited and Ranjeet Construction Company. Some of our competitors may have significantly greater resources than those available to us.

APPROACH TO MARKETING & PROPOSED MARKETING SETUP

Construction contracts for infrastructure works in India are substantially offered by the government sector that is Central government and the state governments. Funds for these are allocated through their budgetary support as well as through international and domestic financial institutions such as World Bank, Asian Development Bank, Japan Bank for International Cooperation, Housing and Urban Development Corporation, National Bank for Agriculture and Rural Development, etc. 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 addition to this, construction contracts are also offered by the private sector which follow a similar practice with regard to taking decision on capital construction works i.e. issue of tender notice for prequalification followed by bids from pre-qualified contractors and finalization of contract with the lowest bidder.

EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS, IF ANY

Till date we have not tendered for any projects / contracts involving work outside India. There are no export obligations as on date.

BUSINESS STRATEGY & FUTURE PROSPECTS

Our bidding strategy is based on the market opportunities, the competitive environment and new focus areas. Further, for each project we consider the project risks involved, impact of location, local environment, and the availability of existing resources such as manpower, equipments and finance. Our major cost inputs are labour, materials and plant and machinery. Once this is assessed the other costs such as site overheads, corporate overheads, profit margin, interest and taxes are added to arrive at the final cost for bidding. Based on the result of the tenders normally the lowest bidder is awarded the contract.

Our Strategic objective is to continue to improve and consolidate our position as a leading construction company and we aim to achieve by implementing the following strategies:

- **TO EXPAND IN NEW GEOGRAPHICAL AREAS**

We have executed projects in Madhya Pradesh, Maharashtra and Rajasthan. We are presently executing a project in Rajasthan for the Rajasthan Urban Infrastructure Development Project. We are also doing an irrigation project in the state of Andhra Pradesh in Joint Venture with a local construction company. We are in the process of identifying and quoting for the projects in other states.

- **FOCUSED BUSINESS MODEL**

- ✓ **Focus on Specialised Building Projects**

We have been undertaking specialised projects since last few years. We have built large buildings / structures that involve special methods of construction as well as special formwork systems and machinery / equipments for constructing the same. The following are the details of a few of them.

1. Large spanning folded plate structure slab for Indian Space Research Organisation.
2. Large diameter single skin concrete dome using climbing forms.
3. Underpass below active railway line using pushing technology.
4. Mass housing for Economic Weaker Section (EWS) using earthquake resistant monolithic concrete form work system imported from Canada (Mascon System).
5. Multistory hotel building with stone façade and superior finishes.
6. Large span theatre for I-Max Corporation having a screen size of 29m x 28m.
7. Irrigation structures such as fall structures and siphons below the river beds wherein the well point dewatering method is adopted.

Since we have the required skills to undertake these kinds of projects we would like to undertake more specialized projects.

- ✓ **Focus on BOT Projects**

With the increasing number of B.O.T. / B.O.O.T and EPC Projects coming up, our focus would mainly be on these types of projects. Our company has been trying to make an entry into the B.O.T. arena and has been awarded one project on the B.O.T. basis (Improvement and widening of Bhuj – Nakhatrana Road from Km 5/2 to 50/0). We will also be bidding for similar jobs in future.

- ✓ Having acquired experience in the design and execution of projects of Water Treatment Plants, Sewage Treatment Plants and Effluent Treatment Plants, we plan on procuring similar works from various Municipal Corporations, Urban Authorities as well as Private Industries / SEZ in the coming years.

COMPETITIVE STRENGTHS:

• **LONG STANDING EXPERIENCE IN THE CONSTRUCTION INDUSTRY**

Our Company originally formed in the year 1968 as a partnership firm has a long standing experience of 39 years in the construction Industry. Over these years we have acquired experience in the execution of multistoried and specialized Buildings, Highways, airport pavements and terminal buildings, treatment plants, large irrigation projects such as structures and main canals, large pipeline projects, major bridges, underpasses and mass housing projects.

• **CAPABILITY TO EXECUTE DIFFERENT KINDS OF CONTRACTS**

Having acquired experience in the execution of various kinds of projects in the past we are capable of undertaking & successfully completing different kinds of projects involving the execution of specialized buildings, Highways, airport pavements and terminal buildings, treatment plants, large irrigation projects such as structures and main canals, large pipeline projects, major bridges underpasses and mass housing projects etc.

• **LARGE FLEET OF CONSTRUCTION EQUIPMENT**

We have kept abreast with the latest construction technology and have acquired machinery from the manufacturers of international repute. We have, in our fleet of machinery, fully automatic concrete batching plants, transit mixers, concrete pumps, Boom placer pumps, canal lining pavers, Asphalt batch mix plants, sensor pavers, hydraulic excavators, vibratory rollers and dumpers etc. We also own huge quantity of formwork. Owning of such latest fleet of Machinery and equipment not only helps us execute the projects with speed, efficiency and quality but also qualifies us to quote for large projects.

• **EXPERIENCED AND DEDICATED MANAGEMENT TEAM**

It has been possible for us to achieve this growth in the business of our Company mainly because of the team effort of our experienced and dedicated team of Managers / Engineers having expertise in various disciplines. This is also evident from the fact that in the last three years only two key management personnel have left our organization.

• **MASS HOUSING FOR ECONOMICALLY WEAKER SECTION (EWS) WITH INNOVATIVE TECHNOLOGY**

Number of projects involving the construction of Mass housing for the Economically weaker section of the society are coming up and there are a very few companies experienced and qualified to quote for such projects because of the stringent pre-qualifying criteria. We have, till date, already constructed about 6,800 units, out of which 1890 units have already been handed over and the balance units would be handed over by the end of April 2007 to our clients, Ahmedabad Urban Development Authority. These housing units have been constructed by adopting the monothic type of construction methodology using special type of Aluminium shuttering (MASCON) imported from Canada.

• **SPECIALIZATION IN WATER TREATMENT PLANT AND SEWAGE TREATMENT PROJECTS**

We are in the field of constructing treatment plants since 18 years and have successfully completed 8 treatment plants. Tenders for 3 treatment plants are in the process of finalization.

CAPACITY AND CAPACITY UTILISATION

Our construction activity does not involve manufacturing activity; hence the installed capacity and its utilization cannot be determined.

R.C.C PIPE FACTORY

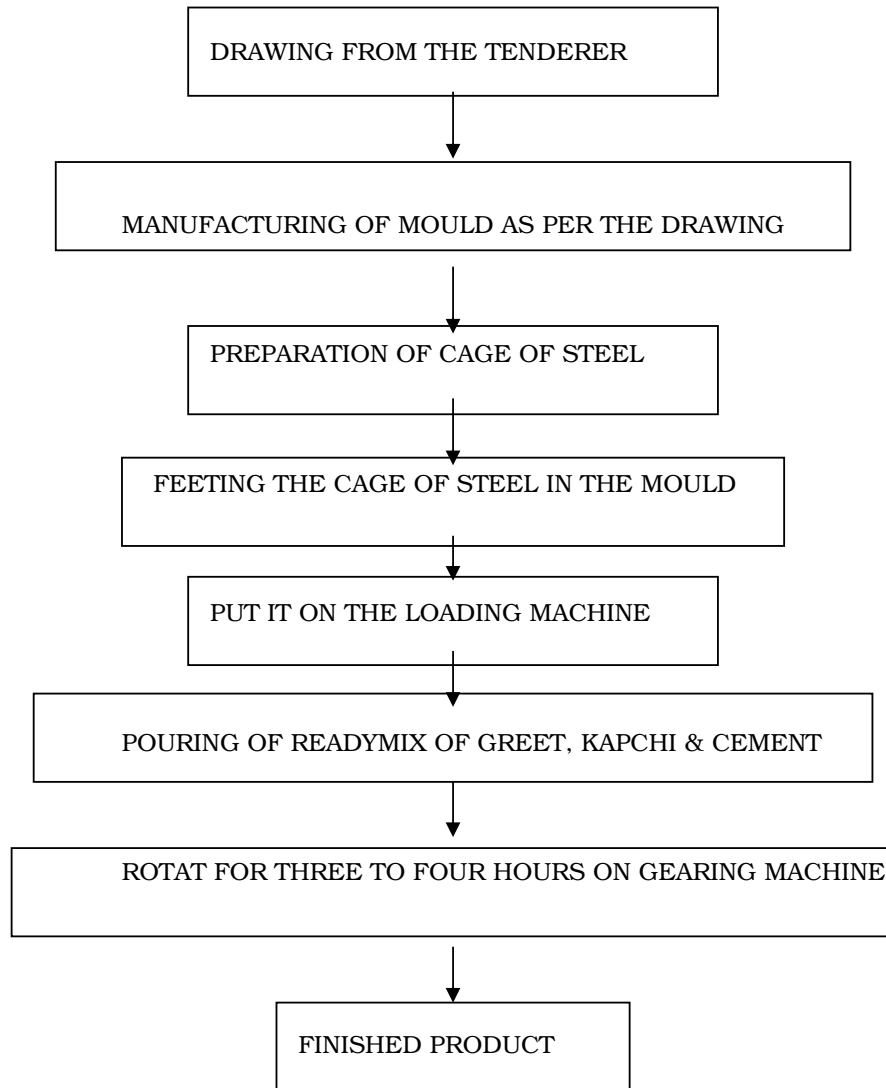
The company is in the business of manufacturing RCC Pipes which is mainly used in the construction activity. The Pipes manufactured at the plant is for captive consumption only. M/s Ashish Khurana Pipe Factory, a proprietary firm carrying on the business of manufacturing R.C.C. pipes which was owned by Mr. Ashish Khurana was dissolved in the year 2003-04 and subsequently in the year 2004, the plant and machinery of the firm was purchased by our Company. The plant is located at Survey No. 187/2, Karoli Village, Nr. Khatraj Chokdi, Taluka Kalol, Dist. Mehsana. The land and building is taken on lease from Mr. Ashish Khurana one of the director of the company for a period of 10 years from April 1, 2004.

- **Technology & Process:**

The technology used for manufacturing R.C.C. pipes is conventional. Reinforcement cage is prepared manually and kept inside the mould. There after steel mould is kept in molding machine which is rotated by an electrical motor at fast and varying speed. Concrete prepared in mixture is manually placed in to revolving steel mould. On completion of concreting, the mould is lifted from the machine and kept on the send bed or rail track. After this process, within a day steel mould is opened up and pipe is removed from the mould.

These pipes are kept in curing by immersing them in water for 10 to 15 days, on completion of curing, the pipe is taken out, tested and is ready fro dispatch.

Flow Chart:



• **INFRASTRUCTURE FACILITIES :**

1. **RAW MATERIAL:** Cement, Steel, Kapchi, Furnace Oil are the main raw material required for manufacturing and RCC pipe. The materials purchased are tested before usage as the manufacture pipes are as per ISI norms.
2. **WATER:** 150 mm dia, 6" borewell and 600 rft deep is sufficient for meeting the water requirement at the plant.
3. **ELECTRICITY:** The plant has adequate power supply position from the public supply utilities. It has a connected load 65 Kilo watt which is sufficient to meet the power requirements of the plant.

• **Installed Capacity and Utilized Capacity:**

1. **Installed Capacity:** Our Company manufactures R.C.C. pipes from 300 dia to 1800 dia pipes and the installed capacity of the plant is to manufacture 11,100 R.C.C. pipes of different dia.
2. **Utilised Capacity:** The utilization of capacity depends upon the requirement of R.C.C. pipe for the various contracts awarded to the company in the irrigation projects. The RCC pipes manufactured in the last three years is as follows :

Year	No. of Pipes (Different Diameter)	% Utilisation of the Installed Capacity
2003-04	2080	18.74%
2004-05	2413	21.74%
2005-06	1798	16.20%

Pipes manufactured at the plant are for captive consumption only and our Company is not marketing the product in the market.

INSURANCE

Our Company has obtained various Insurance Policies from ICIC Lombard General Insurance, IFFCO-TOKIO General Insurance Company Limited and United India Insurance Company Limited. We have obtained various insurance policies for our vehicles and machineries utilized for our construction business. We have secured insurance for TATA Hitachi Hydrolic Excavator, TATA Transit Mixer, Ashok Leyland Mixer, Paver Finisher, Ingersoll Rand IDD 90 machinery, Ingersoll Rand Asphalt Vibratory Compactor machinery, Mixing plants, Wet Mix Plant, Road Rollers, Vibratory Soil Compactor, Motor Rador, Wheel Loader, Cranes above 10 tonnes, Concrete Pump Machine. We have also acquired burglary insurance and standard fire and special perils policy for our Registered Office.

PROPERTY

Sr. No	Description of Property/ Area	Nature of Interest	Restricting Clause if any	Purpose	Term	Rentals
1.	Premises situated at B-1,B-2,B-3,B-4, Jay Tower, third floor, Ankur Commercial Complex, Naranpura, Ahmedabad	Rent Agreement dated November 1, 2003 between Mrs. Mira Khurana (the "Landlord") and our Company (the "Tenant")	No assignment or sub-letting of any part or whole of the property	Registered Office	Period of 6 years starting from November 2003	Rs. 40,000 per month
2.	Plot survey number 187/2, Karoli Village, Nr. Katrej Chokdi, Taluka Kalol, Gandhinagar district Area: 8088.60 sq.mts of non agricultural land and 895 sq.mts of	Rent agreement dated April 1, 2004 between Mr. Ashish Khurana (the "Landlord") and our Company (the "Tenant")	No assignment or sub-letting of any part or whole of the property	Industrial purpose	The tenancy is for a period of 10 years with effect from April 1, 2004 <i>vide</i> Supplement Rent Agreement dated February 27, 2007 between Mr. Ashish	Rs. 15,000 per month

Sr. No	Description of Property/ Area	Nature of Interest	Restricting Clause if any	Purpose	Term	Rentals
	super build up area for industrial purpose				Khurana (the "Landlord") and our Company (the "Tenant")	
3.	Survey No. 553/2, Ognaj, Ahmedabad Area: 2327 sq. mts.	Rent Agreement dated January 19, 2007 between our Company (the "Tenant") and Sudhir Khurana (the "Owner")	No alterations to be made on the land without the prior consent of the Owner.	Business purposes – used as storage space for construction equipment	Period of five years from April 1, 2004	Rs. 15,000 per month
4.	Flat No. N-401, 4 th floor, Sarjan Tower, Memnagar, Ahmedabad	Rent agreement dated January 19, 2007 between our Company (the "Tenant") and Vikram Khurana (the "Owner")	No alterations to be made in the premises without the prior consent of the Owner	Staff Residential purposes	Period of five years from April 1, 2004	Rs. 5,000 per month
5.	Survey No. 390, Paiki at Fatehwadi, Taluka Daskroi, Sarkhej-Bavla Road, Ahmedabad Area: 8062 sq.mts.	Rent agreement dated January 16, 2007 between our Company (the "Tenant") and Vikram Khurana (the "Owner")	No alterations to be made in the premises without the prior consent of the Owner	Business purposes – used as storage space for construction equipment	Period of five years from April 1, 2002	Rs. 10,000 per month
6.	Survey No. 390, Paiki at Fatehwadi, Taluka Daskroi, Sarkhej-Bavla Road, Ahmedabad Area: 8062 sq.mts.	Rent agreement dated January 16, 2007 between our Company (the "Tenant") and Ashish Khurana (the "Owner")	No alterations to be made in the premises without the prior consent of the Owner	Business purposes – used as storage space for construction equipment	Period of five years from May 1, 2004	Rs. 10,000 per month
7.	Flat No. A/92, Shri Krishna Tower, Naranpura, Ahmedabad	Rent agreement dated January 19, 2007 between our Company (the "Tenant") and Nicole Khurana (the "Owner")	No alterations to be made in the premises without the prior consent of the Owner	Staff Residential purpose	Period of five years from April 1, 2004	Rs. 5,000 per month

Purchase of Property:

There is no property which our Company has purchased or acquired or proposes to purchase or acquire, which is to be paid for wholly, or in part, from the net proceeds of this Issue.

KEY INDUSTRY REGULATIONS AND POLICIES

Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

The above law aims to provide for regulation of employment & conditions of service of the building and other construction workers as also their safety, health and welfare measures in every establishment, which employs or employed during the preceding year ten or more workers.

Some of the other main provisions of the Act are given below:

1. Provision for an Advisory Committee at the Central and the State levels with the function to advise the Governments concerned on such matters arising out of the administration of the Act as may be referred to it.
2. Provision for registration of each establishment within a period of sixty days from the commencement of work to ensure that there are no malpractices and to discourage non-compliance of law by circumventing.
3. Provision for registration of building workers as beneficiaries under this Act.
4. Provision for constitution a Building and Other Construction Workers' Welfare Board by every State Government to exercise the powers conferred on, and perform the functions assigned to it, under the Act.
5. Provision for immediate assistance in case of accidents, old age pension, loans for construction of house, premia for group insurance, financial assistance for education, to meet medical expenses, maternity benefits etc.
6. Provision for health and safety measures for the construction workers in conformity with ILO convention No.167 concerning safety and health in construction revising the Safety Provisions (Building) Convention, 1937. For this purpose comprehensive Central Rules i.e. Building and other Construction Workers (Regulation of Service and Conditions of Service) Central Rules, 1998 have been notified by the Central Government.
7. Provision 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.

The exceptional cases where this Act does not apply is only in respect of residential houses for own purpose constructed with a cost not exceeding Rs. 10 Lacs and such other activities to which the provisions of Factories Act, 1948 and Mines Act, 1952 apply.

Note: As on the date of filing this Draft Red Herring Prospectus, the Gujarat Government has not passed any notification or circular directing construction companies to obtain registration under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

Other than mentioned above there are no specific regulations in India governing the construction industry. Set forth below are certain significant legislations and regulations that generally govern this industry in India:

General

The Company is engaged in the business of providing integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects.

Contracts are executed in pursuance of tenders/quotations issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state. For details of such approvals please see "Government / Statutory and Business Approvals" on page [•].

Foreign Ownership

Under the Industrial Policy and FEMA, foreign direct investment up to 100% is permitted in construction and related engineering services.

However, our Company is into the manufacturing of RCC pipes of less than 100 cms. dia, which is an activity reserved for Small Scale Units, therefore, our Company can issue Equity Shares or convertible debentures to a non-resident upto 24% of its paid up capital under automatic route. Our Company requires a prior approval of the FIPB if we issue the Equity Shares in excess to 24% to persons/entities, if any, resident outside India other than erstwhile Overseas Corporate Bodies ("OCBS"). OCBs have been de-recognised as a class of investors in India with effect from September 16, 2003. As on date of filing this Draft Red Herring Prospectus with SEBI, we have not applied to the FIPB for increase in aforesaid 24% limit.

Environmental and Labor Regulations

Depending upon the nature of the projects undertaken by the Company, applicable environmental and labor laws and regulations include the following:

- Contract Labor (Regulation and Abolition) Act, 1970;
- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- Inter State Migrant Workers Act, 1979;
- Factories Act, 1948.
- Payment of Wages Act, 1936.
- Payment of Bonus Act, 1965.
- Employees' State Insurance Act, 1948.
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- Payment of Gratuity Act, 1972.
- Shops and Commercial Establishments Acts, where applicable.
- Environment Protection Act, 1986;
- Minimum Wages Act;
- Hazardous Waste (Management and Handling) Rules, 1989;
- Hazardous Chemicals Rules, 1989;
- Mines and Quarries Act, 1954;
- The Explosives Act, 1884;
- Workmen's Compensation Act, 1923;
- The Water (Prevention and Control of Pollution) Act, 1974 and
- The Air (Prevention and Control of Pollution) Act, 1981

HISTORY AND OTHER CORPORATE MATTERS

History and Major Events of our Company:

Our Company originally started as a Partnership firm in the year 1968 in the name and style of M/s M. S. Khurana, Ahmedabad. The firm was jointly formed by Late Madhavdas S. Khurana along with his sons for carrying on business as building contactor having place of business at Ahmedabad. Later the partnership carried out construction activity for government, semi-government entities and even for public and private sector entities. They also provided services as estate brokers. Subsequently the partnership was extended to include Ms. Vandana Khurana, Mrs. Nicole Khurana and Mrs. Geeta Khurana. Later the constitution of the firm was changed and in the year 1998 the partners as on that date viz. Mr. Sudhir Khurana, Mr. Ashish Khurana, Mr. Vikram Khurana, Mrs. Mira Khurana, Mrs. Geeta Khurana, Mrs. Nicole Khurana and Mrs. Vandana Khurana agreed to carry on business of the firm in the form of a Private Limited Company under the name and style of M.S. Khurana Constructions Private Limited under Section 566 of The Companies Act, 1956 *vide* certificate of incorporation dated September 9, 1998 bearing incorporation number 04-34638 issued by the Registrar of Companies, Gujarat.

Mr. Sudhir Khurana, Mr. Ashish Khurana, Mr. Vikram Khurana, Mrs. Geeta Khurana, Ms. Vandana Khurana, Mrs. Mira Khurana and Mrs. Nicole Khurana were the original subscribers to the Memorandum of the newly incorporated private limited company. Thereafter a Fresh Certificate of Incorporation dated September 24, 1998 was issued to our Company pursuant to change of name from "M.S Khurana Constructions Private Limited" to "M.S Khurana Engineering Private Limited".

Subsequently on August 12, 2002 a Fresh Certificate of Incorporation was issued to our Company for change of name from "M.S Khurana Engineering Private Limited" to "M.S.Khurana Engineering Limited". Our Registered Office is situated at Jay Towers, 3rd Floor, Ankur Complex, Naranpura, Ahmedabad, Gujarat-380 013, India.

Since incorporation, our Company has been involved in the construction business and has successfully completed various projects including all kinds of civil engineering projects, Mass Housing, multi-storey buildings, industrial projects, overhead tanks and underground reservoirs, structural steel works, water retaining structures, irrigation structures and infrastructure projects awarded by Government and semi-Government organizations such as the Airports Authority of India, regional and central public works departments, P&T, ONGC, IPCL, GIDC, GAIL and SIDCO etc., in addition to other private/public undertakings and entities.

Our Company later diversified its activities to include Environmental Infrastructure Projects and they have undertaken projects such as turnkey treatment plants from concept to completion, which include process design, structural designs, civil construction, mechanical and electrical construction and testing and commissioning the same. Our Company has executed the construction of Effluent Treatment Plant in India situated at Vapi having a capacity of 55 MLD. We have executed construction work of Sewage Treatment Plants at Pirana, and Water Treatment Plant at Rundh, Bharuch in Gujarat.

Our Company has kept pace with the latest construction technology and has acquired heavy Earth Moving Machinery, Concrete Batching Plants, Transit Mixers, Concrete Pumps and Vibratory Rollers.

Major Events

Year	Major Events
1998-99	Incorporation of our Company as "M.S Khurana Constructions Private Limited" on September 9, 1998 under the Companies Act, 1956
	Allotment of 32,53,920 Equity Shares to the original subscribers of our Company based on their capital in the Partnership firm, M/s. M.S. Khurana, Ahmedabad.
	Allotment of 3,31,700 Equity Shares of Rs. 10/- each
	Allotment of 15,000 Equity Shares of Rs. 1000/- each
	Change of name of Company to M.S Khurana Engineering Private Limited.
2001	Allotment of 23,500 Equity Shares of Rs. 1000/- each
	Allotment of 6,50,000 Equity Shares of Rs. 10/- each
2002	Conversion of Company into Public Limited Company as M.S Khurana Engineering Limited w.e.f .August 12, 2002.
	Allotment of 5,39,500 Equity Shares of Rs. 10/- each
	Sub-division of each of 38,500 equity shares of Rs. 1000/- each into 100 equity shares of Rs. 10/- each as fully paid up
	Completion of construction of Ahmedabad- Vadodara Express Way from 81.8 Km to 90 Km along with two storey toll plaza and 1500 meter approach pavement
2003	Completion of construction of Domestic Departure Building at Ahmedabad
	Completion of construction of Cartosat Building & Thermovac Facility, Vibration Test Facility & Payload Laboratory under INSAT-III Project at Space Application Center, Ahmedabad. Project owned by ISRO
2004	Completion of New Terminal building at Bhuj Airport Construction
	Completion of 3D-I Max Theatre at Science City, Ahmedabad
2005	Completion of construction of 132' Ring Road from Syamaprasad Mukherjee Over Bridge to Pooja Party Plot at Ahmedabad.
2006	Allotment of 21,56,280 Bonus Shares of Rs. 10/- each
	Carrying out the construction of 2500 residential units for economically backward classes in the area under the Ahmedabad Urban Development Authority (AUDA).
	Carrying out the construction of New Domestic Arrival Block at Sardar Vallabhbhai Patel International Air Port, Ahmedabad awarded by the Airport Authority of India.
	Completed the construction of 66 MLD Sewage Treatment Plant at Gajarawadi, Vadodara.
	Planet Earth – huge dome in science city – unsupported and designed by STUP (concrete specialists – firm in France) Consultants

Changes in the Registered Office of Our Company

There has been no change in the registered office of Our Company since inception.

Main Objects of Our Company

The main object of our Company, as stated in our MoA, is set forth below:

1. To undertake and/or direct all types of construction and maintenance of or/and acquire by purchase, lease, exchange, hire lands, properties, buildings, infrastructure structures, roads, tracks, air strips, ports, barrage and underways, dams, bridges, canal, airports, wind farms, power projects and estates of any tenure or any interest therein to sell, lease, let, mortgage or otherwise dispose off the same and to purchase, construct and sell or for any person freehold or leasehold lands, house properties, buildings, offices, factories, workshops, godowns, farm houses, farms and any kind of landed properties or any share/interest therein.

2. To carry on development any kind of projects and its allied works completely or partly the business of and act as promoters, organizers and dealers, developers of land, estates, properties, co-operative housing societies, associations, housing schemes, shopping-office complexes, townships, farms, farm houses, holiday resorts, hotels and motels.

The main objects clause of our MoA and the objects incidental or ancillary to the attainment of main objects enables us to undertake activities for which funds are being raised through this Issue. The existent activities of our Company are in accordance with the object clause of our MoA.

Changes in Memorandum Of Association of our Company

Date of Shareholders' Approval	Changes in the Memorandum of Association
September 10, 1998	Change in name of our Company from M.S Khurana Constructions Private Limited to M.S Khurana Engineering Private Limited
March 2, 1999	Increase in Authorised Share Capital from Rs. 4,50,00,000/- to Rs. 6,00,00,000/- (4500000 Equity Shares of Rs. 10/- each and 15000 Equity Shares of Rs. 1000/- each)
March 5, 2001	Increase in Authorised Share Capital from Rs. 6,00,00,000/- to Rs. 8,50,00,000/- (45,00,000 Equity Shares of Rs. 10/- each and 40000 Equity Shares of Rs. 1000/- each)
March 4, 2002	Increase in Authorised Share Capital from Rs. 8,50,00,000/- to Rs. 13,50,00,000/- (95,00,000 Equity Shares of Rs. 10/- each and 40,000 Equity Shares of Rs. 1000/- each)
July 15, 2002	Conversion of M.S Khurana Engineering Private Limited into M.S Khurana Engineering Limited.
September 10, 2002	Sub-division of shares as follows: <ul style="list-style-type: none"> • Sub-division of each of 38500 issued and subscribed equity shares of Rs. 1000 each into 100 equity shares of Rs. 10 each credited as fully paid up • Sub-division of each of 1500 un-issued equity shares of Rs. 1000 each into 100 equity shares of Rs. 10/- each.
September 30, 2006	Increase in Authorised Share Capital from Rs. 13,50,00,000/- to Rs. 20,00,00,000/- (2,00,00,000 Equity Shares of Rs. 10/- each)

Subsidiaries of our Company

Our Company has one subsidiary named M.S Khurana Infrastructure and Toll Road Private Limited. M.S Khurana Infrastructure and Toll Road Private Limited (100% subsidiary of M. S. Khurana Engineering Limited) was incorporated as a private limited company on October 25, 2005 pursuant to Certificate of Incorporation issued by the Assistant Registrar of Companies, Gujarat. The registered office of M.S Khurana Infrastructure and Toll Road Private Limited is located at B-2 &4 Jay Tower, Third Floor, Ankur Commercial Complex, Near Ankur Cross Roads, Ahmedabad-380013, Gujarat.

M.S Khurana Infrastructure and Toll Road Private Limited is a Special Purpose Vehicle incorporated for the execution of BOT Project i.e Construction, Improvement and widening of Bhuj – Nakhatrana Road (NH 42) on Build Operate Transfer basis;

Shareholding Pattern

The equity shareholding pattern of M.S Khurana Infrastructure and Toll Road Private Limited as on September 30, 2006 is as under:

Sr No.	Name of the Shareholder	No. of shares held	Percentage of shareholding
1.	M.S. Khurana Engineering Limited	9,999	99.99
2.	Mr. Vishal Khurana-Nominee of our Company	1	0.01
	Total	10,000	100

Board of Directors

The Directors on the Board of M.S Khurana Infrastructure and Toll Road Private Limited as on September 30, 2006 are:

1. Mr. Ashish Khurana
2. Mr. Vikram Khurana
3. Mr. Vishal Khurana

Financial Performance

For details of the financial performance of our Subsidiary, please refer chapter titled "Financial Information" beginning on page [•].

Shareholder's Agreement

As on date of filing this Draft Red Herring Prospectus with SEBI, there is no agreement entered into between our Company and our Shareholders in relation to our Company.

Other Agreements

Our Joint Ventures

A company may not at all times satisfy the pre-qualification requirements independently. In such cases, joint ventures between two or more companies aids in satisfying pre-qualification requirements.

The following are details of the existing joint ventures formed by our Company:

1. "Construction of New Domestic Arrival Block at S.V.P.I Airport, Ahmedabad"

Name: NCC -MSKEL Joint Venture

Partner: Nagarjuna Construction Company Limited

Details of Nagarjuna Construction Company Limited: Nagarjuna Construction Company Limited was originally incorporated as Nagarjuna Construction Company Limited having registration no. 01-11146 on March 2, 1990 having its registered office at 41, Nagarjuna Hills, Panjagutta, Hyderabad -500 082 and is registered with the Registrar of Companies, Registrar of Company, Andhra Pradesh.

The Paid-Up Equity Capital and turnover of Nagarjuna Construction Company Limited as on March 31, 2006 was Rs. 2066.20 Lacs and Rs. 1,84,944 Lacs, respectively.

Client: Airports Authority of India ("AAI"),

Contract value: Rs. 4098.18 Lacs

Profit Loss Ratio: Nagarjuna Construction Company Limited -60%
M.S Khurana Engineering Limited- 40%

Agreement: Joint venture agreement dated February 14, 2005

Validity: The joint venture agreement would terminate on:

- (a) completion of the Project under contract with the AAI including the Defect Liability Period and the winding up of the JV
- (b) Failure of the JV to agree on terms of the Contract with the AAI
- (c) Termination of the contract under terms and conditions of the contract and the winding up of the JV.

General Terms: Nagarjuna Construction Company Limited is the lead partner in this joint venture. The parties are to contribute in proportion to profit sharing ratio to the working capital as decided by the management board, and are responsible for qualitative and quantitative performance of their own respective work.

2. Sub Contract Rehabilitation and Upgrading of Bhiladi-Jetpur Road Section of NH-8B (km 97.00 to km 117.00) Contract Package-II

Name: DRAIPL-MSKEL Joint Venture

Partner: Dineshchandra R. Agrawal Infracon Private Limited ("DRAIPL")

Details of DRAIPL: DRAIPL was originally incorporated as Dineshchandra R. Agrawal Infracon Private Limited having CIN U45202GJ2003PTC43160 on November 7, 2003 having its registered office Agrawal Complex, Near Lions Hall, Disa 385535, Gujarat and is registered with the Registrar of Companies, Gujarat.

The Paid-Up Equity Capital and turnover of DRAIPL as on March 31, 2006 was Rs. 10.00 Lacs and Rs. 20,445.00 Lacs, respectively.

Client: National Highway Authority of India ("NHAI"),

Contract value: Rs. 6,400 Lacs

Profit-Loss Sharing Ratio:

DRAIPL -55%

MSKEL- 45%

Agreement: Joint venture agreement dated November 26, 2005

Validity: The joint venture agreement would terminate on completion of the defect liability period of the work. Further the JV Agreement can be modified by mutual consent of the Parties for effective execution of the Project if given on sub-contract.

General Terms: DRAIPL is the lead partner in this joint venture. The parties are to contribute to the working capital for carrying on business activity related to the contract as per mutual agreement.

3. JV for Water Resource Development Projects:

(i) Construction of Branch Canals No. 2A and 2B and 4 of Satya Sai Ganga Canal together with distributory system. (Contract Value Rs. 6,084.00 Lacs)

(ii) Easening slopes to 1.5:1 and providing cement concrete lining with paver in bed and side slopes of South Feeder Channel of Somasila Project in between km. 11.400 and km 74.725 and construction of Distributory System to create Irrigation Potential of 1912 acres (Contract Value - Rs. 2,881.00 Lacs)

(iii) Easening slopes to 1.5:1 and providing cement concrete lining with paver in bed and side slopes of GK Canal of Somasila Project in between km. 13.00 and km 72.920 (Contract Value - Rs. 2,946.43 Lacs)

Name: MSK- Suryacon JV

Partner: Shree Surya Constructions ("Suryacon")

Details of Suryacon: Suryacon is a partnership firm having its registered office at 27/1-1029-12 Nellore

The Partner's Capital and turnover of Suryacon as on March 31, 2006 was Rs. 204.00 Lacs and Rs. 796.00 Lacs, respectively.

Client: Irrigation & Command Area Development Department, Government of Andhra Pradesh;

Contract Value: Rs. 11,911 Lacs

Profit Loss Sharing Ratio:

Suryacon-2/3rd of profits

MSK-1/3rd of profits

Agreement: Joint Venture Agreement dated August 25, 2004 and Addendum to Joint Venture Agreement dated April 1, 2005

Additional Terms as per Addendum Agreement:

Suryacon is to be 'Lead Partner' of the JV. Suryacon is authorized to enter into tie-up arrangements or sub-contracts with other competent agencies for completion of any part or parts of the works. The JV shall terminate on the completion of the works including defect liability period.

Strategic Partners

As on date of filing this Draft Red Herring Prospectus with SEBI, we do not have any strategic partners.

Financial Partners

As on date of filing this Draft Red Herring Prospectus with SEBI, we do not have any financial partners.

OUR MANAGEMENT

BOARD OF DIRECTORS

Sr. No.	Name, Designation, DIN, Father's Name, Address and Occupation	Nationality	Age (in years)	Details of other Directorships
1.	<p>Mr. Sudhir Khurana Chairman DIN: 00059340 S/o Mr. Madhavdas Khurana</p> <p>60, Sanskar Bharti Society, Naranpura, Ahmedabad- 380013</p> <p>Businessman</p>	Indian	71	<p>Director:</p> <ul style="list-style-type: none"> i. Westinn Limited ii. Minar Trading & Services Limited iii. West India Hospitality Private Limited iv. Madhav Health Care Private Limited v. Aashiana Recreation Private Limited vi. Scope Consultancy Private Limited vii. Panorama Builders Private Limited
2.	<p>Mr. Ashish Khurana Managing Director DIN: 00059422 S/o Mr. Sudhir Khurana</p> <p>60, Sanskar Bharti Society, Naranpura, Ahmedabad- 380013</p> <p>Businessman</p>	Indian	41	<p>Director:</p> <ul style="list-style-type: none"> i. Westinn Limited ii. West India Hospitality Private Limited iii. M. S. Khurana Infrastructure & Toll Road Pvt. Limited, iv. Scope Consultancy P. Ltd v. Aashiana Recreation Private Limited vi. Minar Trading & Services Limited
3.	<p>Mr. Vikram Khurana Joint Managing Director DIN: 00058939 S/o Mr. Sudhir Khurana</p> <p>60, Sanskar Bharti Society, Naranpura, Ahmedabad- 380013</p> <p>Businessman</p>	Indian	37	<p>Director:</p> <ul style="list-style-type: none"> i. Westinn Limited ii. M.S. Khurana Builders Private Limited iii. Minar Trading & Services Limited iv. M. S. Khurana Infrastructure & Toll Road Pvt. Limited
4.	<p>Mr. Vishal Khurana Whole-time Director DIN: 01029048</p> <p>S/o Mr. Ramesh Khurana 178, Sunrise Park, Opp. Drive-in, Thaltej Road, Ahmedabad- 380054</p> <p>Businessman</p>	Indian	33	<p>Director:</p> <ul style="list-style-type: none"> i. Sarvashakti Synthetic Limited ii. M.S. Khurana Infrastructure & Toll Road Private Limited

Sr. No.	Name, Designation, DIN, Father's Name, Address and Occupation	Nationality	Age (in years)	Details of other Directorships
5.	<p>Mr. Mayur Parikh Independent Non- Executive Director DIN: 00005646 S/o Mr. Rajendra Parikh</p> <p>H/62, Management Enclave, Nehrupark Road, Vastarpur, Ahmedabad-380054</p> <p>Professional</p>	Indian	47	<p>Director:</p> <ul style="list-style-type: none"> i. Myraj Consultancy Limited ii. MSK Projects (Himatnagar Bypass)Private Limited iii. MSK Infrastructure and Toll Bridge Private Limited iv. Bloom Dekor Limited v. Amarpali Industries Limited vi. MSK Projects (India) Limited
6.	<p>Mr. N.H. Tekwani Independent and Non- Executive Director DIN: 01100897</p> <p>S/o Mr. Hemraj Tekwani</p> <p>B-203, Panchdhara, Panch Marg, opp. Yari Road, Versova, Mumbai</p> <p>Service</p>	Indian	73	NIL
7.	<p>Mr. Peetambar Bhojraj Balani Independent and Non- Executive Director DIN: 00187040</p> <p>S/o Mr.Bhojraj Balani</p> <p>82, Mayfair Apartment, Hauzkhas, New Delhi- 110016</p> <p>Business</p>	Indian	73	<p>Director:</p> <p>Overseas Connexion Limited</p>
8.	<p>Mr. Govind Narayan Tambe Independent and Non-Executive Director DIN: 00018846</p> <p>S/o Mr. Narayan Tambe</p> <p>L-2 Sejal Apartment, Navrangpura, Ahmedabad 380 009</p> <p>Business</p>	Indian	75	<p>Director:</p> <ul style="list-style-type: none"> i. K.B.Mehta Construction Private Limited ii. Sabarmati River Front Development Corporation Limited

BRIEF BIOGRAPHY OF OUR NON-EXECUTIVE DIRECTORS

A brief profile of board members other than Promoters is given below:

Mr. Mayur Parikh, 47 years is one of the Independent Directors of our Company. He was appointed as an Independent Director on September 30, 2005. He holds a Bachelors degree in Commerce from H.L.College of Commerce. He has also acquired a Fellowship of Chartered Accountancy from the Institute of Chartered Accountants, India. He further holds a degree in Law from Nav Gujarat Law College and he has completed his C.S. Inter from the Institute of Company Secretaries of India. He has assisted various entities in raising finance for their respective projects.

Mr. N.H. Tekwani, 73 years is one of the Independent Directors of our Company. He was appointed as an Independent Director on September 30, 2005. He holds a Bachelors degree in Engineering (Electrical) from Bombay University. He started his career in the Western Railways as Divisional Electrical Engineer in the year 1958 and retired as Deputy Chief Electrical Engineer in the Senior Administrative Grade in the year 1991. Mr. N.H. Tekwani was associated with M/s Hyderabad (Sind) National Collegiate Board, Mumbai as Chief Engineer having overall charge of all engineering activities carried out by them. Since retirement, Mr. N.H. Tekwani has been associated with corporates as Technical Consultant and Project- Co-ordinator for construction and electrical activities.

Mr. Peetambar Bhojraj Balani, 73 years is one of the Independent Directors of our Company. He was appointed as an Independent Director on September 30, 2005. He holds a Bachelors degree in Arts. After completing his education he started contracting as a partner of M/s. Madhya Pradesh Construction in the year 1958. He carried out various housing projects and other works with Bhillai Steel Plant including main office building at Bhillai. He was also actively involved in the construction of hangars at Gwalior, and industrial shed at Nagpur. He had successfully completed government housing projects in association with local construction companies in Kuwait for tenure of 17 years.

Mr. Govind Narayan Tambe, 75 years is one of the Independent Directors of our Company. He was appointed as an additional director on January 23, 2007. He has a Bachelors degree in Civil Engineering from the University of Pune. He started his career as a junior engineer in the Civil Engineering Department of Bombay State Road Transport Corporation at Dapodi, Pune during the period 1951 - 1952. He was a resident engineer with Fabricated Steel and Construction Company Limited from 1953-1954 and J.H. Bilimore & Co. from 1954-1959 at Surat and Ahmedabad. He was a partner in K.B. Mehta Group of Engineering Companies, Ahmedabad since 1960. He has been associated with various major construction activities of factory buildings, bridges, towers and stacks. He is a member of various boards and committees namely; Gujarat State Slum Clearance Board, Expert Committee for Quality Improvement R & B Department, Government of Gujarat. Mr. Tambe is also the Chairman of Experts Committee on Buildings with Mobile Precast/Prestressed Elements – Sardar Sarovar Narmada Nigam Limited. He worked as a Court Commissioner for evaluation of work done by Visnagar Taluka Major Sahakari Mandi Limited appointed by the Gujarat High Court in 1970-71. He was also member of the Expert Committee appointed by Gujarat High Court in 1977 for enquiry into causes of mishap at Reliance Petro Chemical Industries Limited.

Borrowing Powers of the Board

The Board of Directors of our Company have power to borrow upto Rs. 5,000.00 lacs as per the members' resolution passed in the AGM held on September 30, 2002. The extract of the resolution passed by our Company authorizing the Board's borrowing powers is reproduced below:

"RESOLVED THAT pursuant to Section 293 (1) (d) and other applicable provisions of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the

Company's bankers in the ordinary course of business), may exceed the aggregate for the time being 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 that the total amount of money / moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 50,00,00,000/- (Rupees fifty crores)."

The Articles of Association of our Company authorises the Board to borrow under section 293 (1) (d). For further details of the clause relating to borrowing powers refer to chapter titled "Main Provisions of Articles of Association"

Details of appointment and compensation of our Executive Directors

Mr. Sudhir Khurana, Chairman and Whole-time Director

Mr. Sudhir Khurana was appointed as Chairman and Whole-time Director of our Company pursuant to provisions of Companies Act for a period of five (5) years with effect from October 1, 2002 to September 30, 2007 by a resolution passed in an Annual General Meeting held on September 30, 2002.

The significant terms of his appointment are:

Particulars	Tenure of Appointment
	Five (5) years with effect from October 1, 2002 to September 30, 2007
	Remuneration
Basic Salary	Rs. 50, 000 – Rs. 5000- Rs. 70,000 per month
Perquisite	<ul style="list-style-type: none"> • Conveyance: Free use of Company's car and driver for official purposes • Travel/Boarding/ Lodging: Actual reimbursement to be made by the Company for official work in India or abroad • Leave/ Travel Concession: Allowed to travel with his family once in two years by any mode of transport being air/railway/road to any place in India • Medical Benefits: Actual expenses incurred by the Wholetime Director and his family • Other perquisite: Any other perquisite as may be decided by the Board of Director in their meetings Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro rata basis.

Mr. Ashish Khurana, Managing Director

Mr. Ashish Khurana was appointed as Managing Director of our Company pursuant to provisions of Companies Act for a period of five (5) years with effect from October 1, 2002 to September 30, 2007 by a resolution passed in an Annual General Meeting held on September 30, 2002

The significant terms of his appointment are:

Particulars	Tenure of Appointment
	Five (5) years with effect from October 1, 2002 to September 30, 2007
	Remuneration
Basic Salary	Rs. 70, 000 – Rs. 5000- Rs. 90,000 per month

Perquisite	<ul style="list-style-type: none"> • Conveyance: Free use of Company's car and driver for official purposes • Travel/Boarding/ Lodging: Actual reimbursement to be made by the Company for official work in India or abroad • Leave/ Travel Concession: Allowed to travel with his family once in two years by any mode of transport being air/railway/road to any place in India • Medical Benefits: Actual expenses incurred by the Managing Director and his family • Other perquisite: Any other perquisite as may be decided by the Board of Director in their meetings Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro rata basis.
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Mr. Vikram Khurana, Joint Managing Director and Whole-time Director

Mr. Vikram Khurana was appointed as Joint Managing Director and Whole-time Director of our Company pursuant to provisions of Companies Act for a period of five (5) years with effect from October 1, 2002 to September 30, 2007 by a resolution passed in an Annual General Meeting held on September 30, 2002

The significant terms of his appointment are:

Particulars	Tenure of Appointment
	Five (5) years with effect from October 1, 2002 to September 30, 2007
	Remuneration
Basic Salary	Rs. 60, 000 – Rs. 5000- Rs. 80,000 per month
Perquisite	<ul style="list-style-type: none"> • Conveyance: Free use of Company's car and driver for official purposes • Travel/Boarding/ Lodging: Actual reimbursement to be made by the Company for official work in India or abroad • Leave/ Travel Concession: Allowed to travel with his family once in two years by any mode of transport being air/railway/road to any place in India • Medical Benefits: Actual expenses incurred by the Whole-time Director and his family • Other perquisite: Any other perquisite as may be decided by the Board of Director in their meetings Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro rata basis.

Mr. Vishal Khurana, Executive Director

Mr. Vishal Khurana was appointed as an Executive Director and Whole-time Director of our Company pursuant to provisions of Companies Act for a period of five (5) years with effect from September 5, 2003 to September 4, 2008 by a resolution passed in an Annual General Meeting held on September 30, 2003

The significant terms of his appointment are:

Particulars	Tenure of Appointment
	Five (5) years with effect from September 5, 2003 to September 4, 2008
	Remuneration
Basic Salary	Rs. 30, 000 – Rs. 5000- Rs. 50,000 per month
Perquisite	<ul style="list-style-type: none"> • Conveyance: Free use of Company's car and driver for official purposes • Travel/Boarding/ Lodging: Actual reimbursement to be made by the Company for official work in India or abroad • Leave/ Travel Concession: Allowed to travel with his family once in two years by any mode of transport being air/railway/road to any place in India • Medical Benefits: Actual expenses incurred by the Whole-time Director and his family • Other perquisite: Any other perquisite as may be decided by the Board of Director in their meetings Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro rata basis.

DETAILS OF DIRECTORS OTHER THAN EXECUTIVE DIRECTORS

Sr. No.	Name of Director	Details of Appointment	Details of Remuneration
1.	Mr. Mayur Parikh	Appointed as Additional Director with effect from March 28, 2005 by a resolution passed by Board of Directors on March 28, 2005. In the AGM held on September 30, 2005 he was appointed as the Director.	Rs. 7,500/- per meeting of the Board or Committee thereof
2.	Mr. Peetambar Bhojraj Balani	Appointed as Additional Director with effect from March 28, 2005 by a resolution passed by Board of Directors on March 28, 2005. In the AGM held on September 30, 2005 he was appointed as the Director.	Rs. 7,500/- per meeting of the Board or Committee thereof
3.	Mr. N.H. Tekwani	Appointed as Additional Director with effect from March 28, 2005 by a resolution passed by Board of Directors on March 28, 2005. In the AGM held on September 30, 2005 he was appointed as the Director.	Rs. 7,500/- per meeting of the Board or Committee thereof
4.	Mr. Govind Narayan Tambe	Appointed as Additional Director with effect from January 23, 2007 by a resolution passed by the Board of Directors on January 23, 2007	Rs. 7,500/- per meeting of the Board or Committee thereof

CORPORATE GOVERNANCE

The Board of Directors of Our Company has an optimum combination of executive and non-executive Directors as envisaged in clause 49 of the Listing Agreement. Accordingly not less than 50% of the Board of Directors comprises of non-executive as well as independent directors.

Board Structure:

Sr. No.	Name of Director	Designation	Nature of Directorship	Date of Expiry of Term
1.	Mr. Sudhir Khurana	Chairman	Executive	September 30, 2007
2.	Mr. Ashish Khurana	Managing Director	Executive	September 30, 2007
3.	Mr. Vikram Khurana	Joint Managing Director	Executive	September 30, 2007
4.	Mr. Vishal Khurana	Executive Director	Executive	September 4, 2008
5.	Mr. Mayur Parikh	Director	Non Executive - Independent	To retire by rotation at AGM
6.	Mr. Peetambar Bhojraj Balani	Director	Non Executive - Independent	To retire by rotation at AGM
7.	Mr. N.H. Tekwani	Director	Non Executive - Independent	To retire by rotation at AGM
8.	Mr. Govind Narayan Tambe	Director	Non Executive - Independent	To retire by rotation at AGM

Audit Committee

We have an Audit Committee which has been constituted as per the provisions of Companies Act. The Audit Committee constituted by a Board Meeting held on April 15, 2002 with Mr. Sudhir Khurana as the Chairman and Mr. Ashish Khurana and Mr. Vikram Khurana as members. The Audit Committee was reconstituted on March 28, 2005 *vide* resolution of our Board of Directors with Mr. Mayur Parikh as Chairman and Mr. Peetambar Bhojraj Balani and Mr. Ashish Khurana as members.

To meet with the requirements of the Listing Agreement to be entered into among our Company and the Stock Exchanges, the Audit Committee was reconstituted on January 23, 2007 and the following are the members of the reconstituted Audit Committee:

- a) Mr. Mayur Parikh – Chairman
- b) Mr. Peetambar Bhojraj Balani
- c) Mr. Govind Narayan Tambe

The terms of reference of the audit committee are as follows:

1. To oversee Company's Financial Reporting process and disclose its financial information
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
4. Reviewing the Company's various financial and risk management policies.

5. Reviewing with management the Annual Financial Statements before submission to Board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) any related party transactions i.e. transactions of the company of material nature, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
6. 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
7. 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
8. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern
9. Discussion with internal auditors any significant findings and follow up thereon
10. To monitor the end use of the proceeds of the issue

Remuneration/Compensation Committee

The Remuneration Committee was approved and constituted by a Board Meeting held on March 28, 2005. The members of the Remuneration Committee are:

1. Mr. Mayur Parikh- Chairman
2. Mr. N.H. Tekwani- Member
3. Mr. Mr. Peetambar Bhoraj Balani - Member

The terms of reference of the Remuneration Committee are:

- 1 The committee shall decide the policy of the company on the specific package for the executive directors including pension rights and any compensation payment
- 2 The quorum of the Committee meeting shall be the presence of any two of its members, and the decision of the Committee shall be by a majority of votes of members presents at the meeting and in the event of equality of votes, the Chairman shall have a second or casting vote.”

Shareholders' / Investor Grievance Committee

The Shareholders' / Investor Grievance Committee was approved and constituted on March 28, 2005.

The present members of the Shareholders' / Investor Grievance Committee are:

1. Mr. Mayur Parikh- Chairman
2. Mr. Ashish Khurana- Member
3. Mr. Vikram Khurana- Member

The terms of reference of the Shareholders' / Investor Grievance Committee are:

1. The Committee shall specifically look into the redressing of shareholder and investor complaints like transfer of shares, transmission of shares, non receipt of balance sheet, non receipt of declared dividend.
2. The quorum of the Committee meeting shall be the presence of any two of its members, and the decision of the Committee shall be by a majority of votes of members presents at the meeting and in the event of equality of votes, the Chairman shall have a second or casting vote.

SHAREHOLDING OF OUR DIRECTORS

Our Articles of Association do not require our Directors to hold any qualification shares. The shareholding of our directors is as under:

Sr. No.	Names of our Directors	No. of Equity Shares	%age of Pre-Issue Capital
1.	Mr. Sudhir Khurana	5,90,725	5.48
2.	Mr. Ashish Khurana	11,29,162	10.47
3.	Mr. Vikram Khurana	5,61,488	5.21
4.	Mr. Vishal Khurana	3,50,500	3.25
	Total	26,31,875	24.41

INTEREST OF DIRECTORS

All Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All our directors may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

Our Directors may also be regarded as interested in the equity shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

For details of the interests of our Promoter Directors please refer chapter titled “Our Promoters and their Background”. Except as stated herein and in the chapter titled “Our Promoters and their Background” beginning on page [•], our Company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus, in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. For more details of interest of our Promoters, please refer chapter titled “Our Promoters and their Background” beginning on page [•].

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

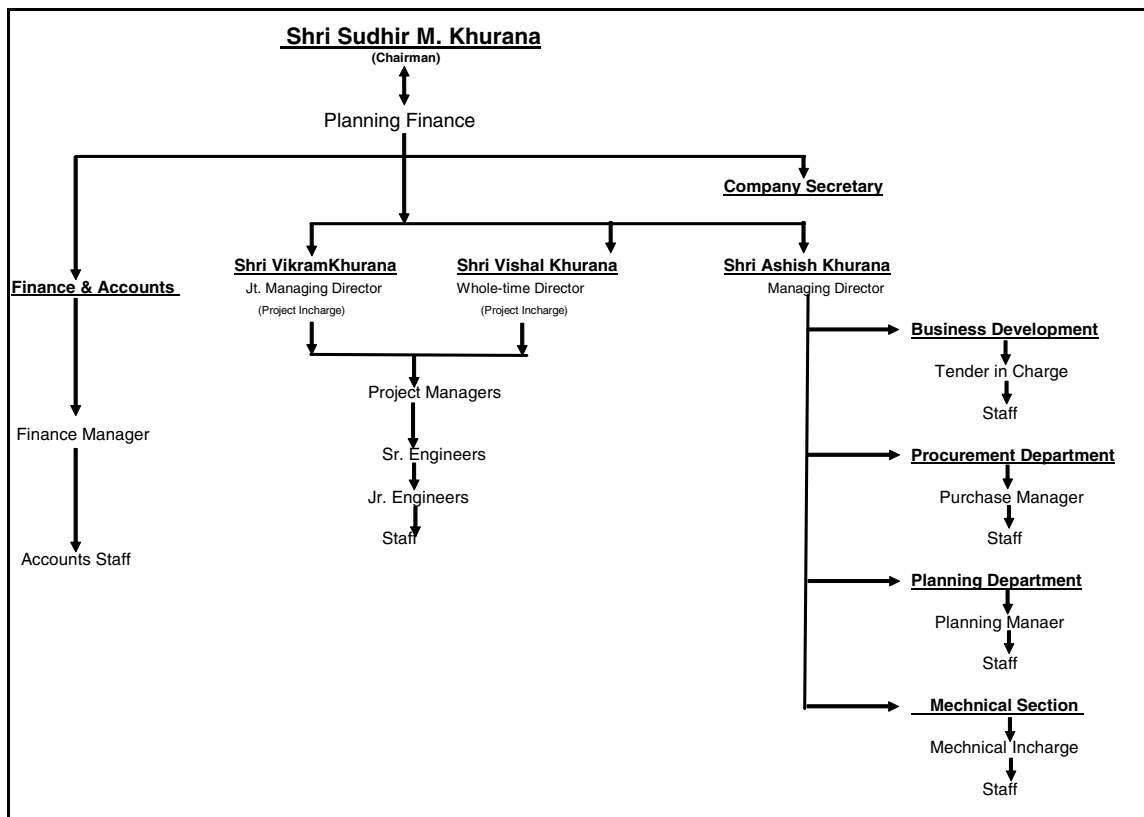
Sr. No.	Name of the Director	Date of Change	Reason
1.	Mr. Mayur Parikh	March 28, 2005	Appointed as Additional Director
2.	Mr. Jagdish Shah	March 28, 2005	Appointed as Additional Director
3.	Mr. Mr. Peetambar Boraj Balani	March 28, 2005	Appointed as Additional Director
4.	Mr. N.H. Tekwani	March 28, 2005	Appointed as Additional Director
5.	Mr. Govind Narayan Tambe	January 23, 2007	Appointed as Additional Director
6.	Mr. Ramesh Khurana	March 28, 2005	Resignation
7.	Mrs. Meera Khurana	March 28, 2005	Resignation
8.	Mrs. Nicole Khurana	March 28, 2005	Resignation
9.	Mrs. Geeta Khurana	March 28, 2005	Resignation
10.	Mr. Jagdish Shah	April 1, 2006	Resignation
11.	Mr. Mayur Parikh	September 30, 2005	Regularised from Additional Director to Independent Director in the AGM

Sr. No.	Name of the Director	Date of Change	Reason
12.	Mr. N.H. Tekwani	September 30, 2005	Regularised from Additional Director to Independent Director in the AGM
13.	Mr. Mr. Peetambar Bhoraj Balani	September 30, 2005	Regularised from Additional Director to Independent Director in the AGM

Policy on disclosures and internal procedures for prevention of Insider Trading

We will comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of the Equity Shares on the Stock Exchanges.

Organizational Chart



OUR KEY MANAGERIAL PERSONNEL

Sr No	Name	Designation	Qualification	Date of Joining	Experience in Years	Responsibilities	Previously Employed with
1.	Mr. Santosh Rajpal	Project Manager	Bachelors degree in Commerce	01-11-1992	14	Project Incharge	Independent Government Contractor in Housing Board, Indore (M.P)
2.	Mr. Kiran P. Badkatte	Senior Manager Contracts	Diploma in Civil Engineering	15-01-1998	8	Contractual Matters	M/s. Bhilalbhai A. Patel
3.	Mr. Sandip Agarwal	Project Manager	Bachelors degree in Engineering (Civil)	11-02-1997	9	Project Incharge	Assistant Engineer in Neela Buart Eng. Ltd., Baroda
4.	Mr. Manubhai Kashiram Patel	Senior Engineer In-charge	Diploma in Civil Engineering(D.C.E)	01-10-1986	20	Tenders	After completion of D.C.E he joined our Company.
5.	Mr. Kiran Bhatt	Deputy General Manager	Bachelors degree in Engineering (Civil)	01-12-1999	11	Project Incharge	As Sr. Engineer Chase Buildcon Pvt. Ltd.
6.	Mr. S.B. Singh	Project Manager	Diploma in Civil Engineering	01-05-1982	24	Project Incharge	After completion of D.C.E, he joined our Company.
7.	Mr. Ramesh Wadhvani	Senior Project Manager	Bachelors degree in Engineering	01-01-2000	6	Project Incharge	MSK Projects (India Limited) Baroda
8.	Mr. Arvind Golhani	Project Manager	Diploma in Civil Engineering(D.C.E)	01-01-1991	16	Project Incharge	After completion of D.C.E, he joined our Company.
9.	Mr. Mahatma Pandey	Project Manager	Bachelors degree in Commerce	01-01-1968	39	Project Incharge	After completion of Graduation joint the Company.

Sr No	Name	Designation	Qualification	Date of Joining	Experience in Years	Responsibilities	Previously Employed with
10.	Mr. Kamlesh Sompura	Chief Accountant	Bachelors degree in Commerce	15-07-1986	21	Overall responsibility of Accounts & Finance Division.	After completion of Graduation, he joined our Company.
11.	Mr. Gopal Soni	Mechanical Incharge	Bachelors degree in Commerce	01-12-1985	22	Mechanical In-charge	After completion of Graduation, he joined our Company.

Brief Profile of the Key Managerial Personnel of our Company are as follows:

Mr. Santosh Rajpal, 39 years is the Project Manager of our Company. He holds a Bachelors degree in Commerce from the University of Indore. He has been in our Company since 1992. He worked as a site supervisor in M/s. M.S. Khurana, Indore (M.P) from 1984 to 1986, and then he worked as site Administrator & Material Manager in M/s M.S.Khurana, Indore (M.P) from 1987 to 1989. He later worked as site Manager in M/s K.D. Dewani, Bhopal (M.P) from 1989 to 1991 and then as Government Contractor independently in Housing Board, Indore (M.P) from 1991 to 1992. From 1992 to 1996 he worked as Material Manager cum Liasoning Officer in our Company. He is working as Project Manager (Administration) in our Company since 1997.

Mr. Kiran P. Badkatte, 55 years is the Senior Manager Contracts of our Company. He holds a Diploma in Civil Engineering from Maharashtra. He has been in our Company since 1998. He has worked with Gammon India Limited wherein he looked into execution of Natural draught cooling towers from 1971 to 1977. He then joined Recondo Limited, Bombay and was looking into execution of Induced Draught Cooling Towers, National Highways, Airports, R.C.C ducts for sewage and Irrigation Canal from 1977 to 1993. He subsequently joined J.K. Constructions, Nellore and worked on the execution of irrigation Canals in Gujarat from 1994-1995. From 1995 to 1997 he worked on irrigation projects and contractual matters in Baroda with M/s. Bhailalbai A. Patel. In our Company, he has been involved in execution of irrigation projects till the year 2000. There onwards, he deals in the contractual matters.

Mr. Sandip Agarwal, 33 years is the Project Manager of our Company. He holds a Bachelors degree in Engineering (Civil) from the University of Baroda. He has been in our Company since 1997. Prior to joining our Company he was working as Assistant Engineer in Neela Buart Engineering Limited, Baroda. He has worked on various projects carried out by our Company.

Mr. Manubhai Kashiram Patel, 40 years is the Senior Engineer In-charge of our Company. He holds a Diploma in Civil Engineering from the University of Gandhinagar, Gujarat. He has been in our Company since 1986. He has 20 years of experience in the field of construction with M.S. Khurana Engineering Limited.

Mr. Kiran Bhatt, 35 years is the Deputy General Manager in our Company. He holds a Bachelors degree in Engineering (Civil) from Sardar Patel University in Gujarat. He joined our Company in 1999. He has 11 years of experience in the field of Construction. Prior to joining our Company he worked as Senior Engineer in Chase Buildcon Private Limited.

Mr. S.B. Singh, 46 years is the Project Manager in our Company. He holds a Diploma in Civil Engineering from the University of Madhya Pradesh. He has been in our Company since 1982. He has worked on various projects carried out by our Company. He has 21 years of work experience with our Company.

Mr. Ramesh Wadhvani, 51 years is working as Senior Project Manager in our Company. He holds a Bachelors degree in Engineering from Bhopal University. He joined our Company in 2000. He established a 4 No-S SSI Cable Manufacturing Unit in 1979. From the year 1998 to December 1999 he worked as Resident Engineer (Electrical) with MSK Projects (India Limited) Baroda and completed power and street light electrification of RICCO Industrial area, Abu Road, Rajasthan.

Mr. Arvind Golhani, 36 years is working as Project Manager in our Company. He holds a Diploma in Civil Engineering from Maharashtra. He joined our Company in 1991. Since 1991, he has been actively involved in various construction activities varying from Housing complexes to effluent treatment plants, Eupharma Laboratories, Expressways, Highways and Special Economic Zones.

Mr. Mahatma Pandey, 66 years is working as Project Manager in our Company. He holds a Bachelors degree in Commerce. He joined our Company in 1968 and has been associated and actively involved in various construction activities carried out by our Company. He has 39 years of experience in this field. He has been actively involved in various construction activities namely; project related to effluent treatment plants, construction of ducts, pumping station, housing and pipelines project and also construction of Industrial, Multistory, Residential and Roads.

Mr. Kamlesh Sompura, 40 years is the Chief Accountant of our Company. He holds a Bachelors degree in Commerce from Gujarat University. He joined our Company prior to 1986. He has 21 years of work experience in his field with our Company. He handles Accounting Entries and Finalisation of accounts, income tax planning and income tax assessment, service tax, sales tax and project finance.

Mr. Gopal Soni, 44 years is the Mechanical In-charge of our Company. He holds a Bachelors degree in Commerce. After his graduation he joined our Company on December 1, 1985 and has been involved in all the major projects of our Company.

The key managerial personnel whose names appear above are permanent employees and are on the rolls of our Company. None of the above mentioned key managerial personnel are related to each other or to the Promoters of our Company. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholder, customer or supplier. They are not related as per Accounting Standard AS-18.

SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL

The above mentioned Key Managerial Personnel do not hold any shares in our Company.

BONUS OR PROFIT SHARING PLAN AND INTEREST OF KEY MANAGERIAL PERSONNEL

Our Company does not have any bonus or profit-sharing plan for Key Managerial Personnel. No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

CHANGES IN OUR KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEAR

Sr. No.	Name	Date of Change	Designation	Reason
1.	Nirali Nagori	January 16, 2006	Company Secretary	Resigned
2.	Vipin Darji	July 31, 2005	Project Manager	Resigned

Manpower

As on January 31, 2007 the Company has a total of 665 employees out of which 307 are permanent and 358 are contractual.



Disclosures regarding the Employee stock option scheme

There is no employee Stock Option Scheme as on date in our Company.



Payment or benefit to officers of the Company

There is no payment or benefit to be given to the officers of our Company other than their remuneration or salary.

OUR PROMOTERS AND THEIR BACKGROUND

	<p>Mr. Sudhir Khurana, Chairman</p> <p>Mr. Sudhir Khurana, 71 years, a resident Indian national, is a Promoter of our Company. He is a Civil Engineer from Bombay University.</p> <p>He worked with M/s Hochtief-Gammons at Rourkela for 3 years after the completion of his engineering degree. He started his own business in the name and style of M/s M.S.Khurana, a partnership firm in the eastern part of the country and carried out various projects namely; Bhilai Steel Plant, M.I.G Project at Koratpur (Orissa), and various Coal Handling Plants at various coal mines a Korba, Madhya Pradesh. After this he shifted base to Ahmedabad and carried out various types of civil engineering projects such as Mass Housing, Multi Storied Buildings, Structural Steel Works, Water Retaining Structures, Pumping Stations and Sewage Treatment Plants etc. During 1998, the partnership firm was converted into Private Limited Company. Under his guidance and supervision our Company diversified further into Road Projects and other infrastructure projects, like Bridges, Railway Underpasses etc. During the year 1995, Our company further diversified into the hospitality business under his leadership and constructed a hotel for our group company Westinn Limited, in the name and style of Fortune Landmark at Ahmedabad, whose franchise and management was given to Welcome Group of ITC Limited. Mr. Sudhir Khurana is also a member of the Managing Committee of Gujarat Hotel Association, the apex body of the Hotel Owners Association and also the member of the Gujarat Contractors Association, which is an affiliate of Builders Association of India.</p> <p>PAN: ABNPK6855H Passport Number: A7926051 Driving License No.: Not available Voter Id No.: Not available</p>
	<p>Mr. Ashish Khurana, Managing Director</p> <p>Mr. Ashish Khurana, son of Mr. Sudhir Khurana, 41 years, a resident Indian national, is a Promoter of our Company. He holds a Diploma in building construction from School of Building Science and Technology (SBST) Centre for Environmental Planning and Technology (CEPT) Ahmedabad in the year 1989.</p> <p>After completion of his studies in 1989, he joined M/s M.S.Khurana, the family business of construction. He acted as the partner of the partnership firm and then as the director of the Company, on conversion of the partnership firm into Company. He handled various construction projects undertaken by the firm and then the Company. He has over 15 years of experience in execution of construction projects. He has executed various types of project such as Common Effluent Treatment Plant at Vapi; Sewage Treatment Plant at Vasna and Pirana, civil and structural work for Arvind Mills Ltd, Reliance Project at Silvassa, Institutional Buildings like Cartosat and Thermovac for Indian Space Research Organisation premises, Irrigation, Roads and Bridge Projects.</p> <p>PAN: AHBPK7460N Passport Number: E1457225 Driving License No.: GJ/01933744/02 Voter ID: Not Available</p>

	<p>Mr. Vikram Khurana, Joint Managing Director</p> <p>Mr. Vikram Khurana, son of Mr. Sudhir Khurana, 37 years, a resident Indian national, is a Promoter of our Company. He holds a degree in Bachelors in Commerce. He completed his graduation in the year 1991.</p> <p>After completion of his studies, he joined M/s M.S.Khurana, thereby joining the family business of construction. He acted as the partner of the partnership firm and then as the director of the Company, on conversion of the partnership firm into Company and handled various projects. He has 13 years of experience in the field of construction in executing various types of Industrial project, Hotel project, Common Effluent Treatment Plant, Irrigation Projects and Under bridge projects. He was actively involved in the construction of Hotel Fortune Landmark at Ahmedabad, construction of academic block for BSNL at Jagatpur, Communication Payload Laboratory under INSAT-III for ISRO, 3-D IMAX Theatre for Science City Ahmedabad and other similar projects.</p> <p>PAN: ABNPK6856E Passport Number: E2813618 Driving License No.: 92/3990 Voter ID: Not available</p>
	<p>Mr. Vishal Khurana, Whole Time Director</p> <p>Mr. Vishal Khurana, nephew of Mr. Sudhir Khurana 33 years a resident Indian national, is a Promoter of our Company. He holds a Diploma in building construction from School of Building Science and Technology (SBST) Centre for Environmental Planning and Technology (CEPT) Ahmedabad. He completed his degree in the year 1994.</p> <p>After completion of his studies, he joined M/s M.S.Khurana, thereby joining the family business of construction and was actively involved in various projects namely; construction of Effluent Treatment Plant at Baroda, construction of National Highway 4A, Belgaum, Panji, various state highways in Madhya Pradesh and various National Highways and T.P roads for AUDA, Ahmedabad.</p> <p>PAN: ABEPK2420P Passport Number: A443214 Driving License No.: GJ01/689976/01 Voter ID: Not available</p>
	<p>Mrs. Nicole Khurana</p> <p>Mrs. Nicole Khurana, wife of Mr. Ashish Khurana, 36 years is one of our Promoters. She holds a Masters degree in Economics from Gujarat University.</p> <p>She is a housewife. She had worked in Indian Public Affairs Network at Mumbai as Account Executive and Management Associate from October 1994 to March 1996.</p> <p>PAN: AFDPK6475K Passport Number: E1457246 Driving License No.: GJ01/936829/02 Voter ID: Not available</p>

	<p>Mrs. Mira Khurana</p> <p>Mrs. Mira Khurana, wife of Mr. Sudhir Khurana, 70 years is one of the Promoters of our Company. She holds a Bachelors degree in Gujarati.</p> <p>She is a housewife. She has experience in the teaching profession of more than a decade. She worked as a teacher in Maitri Maha Vidyalaya, Adipur from 1948 to 1960.</p> <p>PAN: AFUPK8960N Passport No.: T004427 Driving License No.: Not available Voter ID: Not available</p>
	<p>Mrs. Geeta Khurana</p> <p>Mrs Geeta Khurana, wife of Mr. Vikram Khurana, 35 years is one of the Promoters of our Company. She holds a Bachelors degree in Computer Science from the University of Delhi. She also completed a one year Diploma from Tata Consultancy Services, New Delhi in Computer Science.</p> <p>She is a housewife. She worked as Customer Service Executive for a period of 2 years in American President Lines. She joined Microsoft Corporation, New Delhi as Distribution Account Manager for India, Nepal, Sri-Lanka and Bangladesh and worked there for 3 years. Subsequently she was appointed as Partner for the State of Gujarat in Microsoft Channel Management. Later she was appointed as Distributor by MAKESS an ERP Company, New Delhi, for marketing and implementing the Enterprise Resource Planning software in Gujarat.</p> <p>PAN: AGWPK7580R Passport No.:F2541912 Driving License No.: GJ01/936826/02 Voter ID: Not available</p>

The Permanent Account Number (“PAN”), Bank Account details and Passport Number of our Promoters, have been submitted to Bombay Stock Exchange Limited and The National Stock Exchange of India Limited (NSE), on which Our Company proposes to list its Equity Shares at the time of filing of this Draft Red Herring Prospectus. Further, our Promoters have not been identified as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by our Promoters in the past or any such proceedings are pending against our Promoters.

Our Promoters namely; Mr. Sudhir Khurana, Mr. Ashish Khurana, Mr. Vikram Khurana, Mrs. Nicole Khurana, Mrs. Mira Khurana and Mrs. Geeta Khurana are original subscribers to the Memorandum of Association of our company.

Interest of Promoters

Our Promoters have no interest other than reimbursement of expenses incurred or normal remuneration or benefits and their shareholding in our Company, if any and except as stated herein below.

- Our Promoter, Mrs. Mira Khurana is interested to the extent of lease rent of Rs, 40,000 payable per month to her as per the lease agreement dated November 1, 2003 entered into between her and our Company for the premises in which our Registered Office is situated.
- Our Promoter, Mr. Ashish Khurana is interested to the extent of lease rent of Rs, 15,000 payable per month to him as per the lease agreement dated April 1, 2004 entered into between him and our Company for the plot situated at Karoli Village bearing survey no 187/2 which is utilized for industrial purposes. He is also interested to an amount of Rs. 10,000/- per month payable to him by our Company *vide* lease agreement dated January 16, 2007 for the plot of land at Survey No. : 390 Paiki, Ahmedabad, utilised for business purposes.
- Our Promoter, Mr. Sudhir Khurana is interested to the extent of lease rent of Rs, 15,000 payable per month to him as per the lease agreement dated April 1, 2004 entered into between him and our Company for the plot of land at Ognaj, Ahmedabad bearing survey no. 553/2 utilised for business purposes.
- Our Promoter, Mr. Vikram Khurana is interested to the extent of lease rent of Rs, 5,000 payable per month to him as per the lease agreement dated January 19, 2007 entered into between him and our Company for the premises utilized for staff residential purposes. He is also interested to the amount of Rs. 10,000/- as lease rent payable to him per month by our Company *vide* lease agreement dated January 16, 2007 for plot of land situated at Survey No. : 390 Paiki Ahmedabad utilised for business purposes.
- Our Promoter, Mrs. Nicole Khurana is interested to the extent of lease rent of Rs, 5,000 payable per month to her as per the lease agreement dated January 19, 2007 entered into between her and our Company for the premises utilized for staff residential purposes.
- Out of the total plant and machinery cost for the Project of Rs. 2382.78 lacs, Rs. 136.68 lacs i.e. 5.74% of the total requirement shall be paid as consideration to M/s. West India Equipment for the plant and machinery purchased from them, which is a firm in which our Promoters are interested.

Payment or benefit to Promoters of our Company

For details of payments or benefits paid to our promoters, please refer to the paragraph "Details of appointment and compensation of our Executive Directors" in the chapter titled 'Our Management' on page [●]. Also refer paragraph on "Statement of Related Parties Transactions" on page [●] forming part of "Financial Information".

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lacs” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Draft Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by the Board of Directors. The Board of Directors may recommend dividends, at its discretion, to be paid to the members. Generally the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

SECTION VII – FINANCIAL INFORMATION

Auditor's Report

The Board of Directors,
M.S.Khurana Engineering Limited
3rd Floor, Jay Tower, Ankur Complex,
Naranpura ,
Ahmedabad -380 013

We have examined the annexed financial information of M.S. Khurana Engineering Limited ('the Company') for the financial years ended 31st March,2002, 31st March,2003, 31st March,2004, 31st March,2005, and 31st March,2006, and for the six months period ended on 30th September,2006 being the last date to which the accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts in accordance with the requirement of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');The Securities and Exchange Board of India (Disclosure and investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India ('SEBI') on January, 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and our terms of reference with the Company requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the restated assets and liabilities of the Company as ended on 31st March,2002, 31st March,2003, 31st March,2004, 31st March,2005, and 31st March,2006, and for the period ended on 30th September,2006 are as set out in 'Annexure 1' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure 3 and 4 to this report.

We report that the restated profits of the Company for the financial years ended on 31st March,2002, 31st March,2003, 31st March,2004, 31st March,2005, and 31st March,2006, and for the period ended on 30th September,2006 are as set out in 'Annexure 2' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 4' and notes appearing in Annexure 3 to this report.

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.

- i. Statement of Cash Flow as appearing in 'Annexure 5' to this report;
- ii. Accounting Ratios as appearing in 'Annexure 6' to this report;
- iii. Statement of Unsecured Loans as appearing in 'Annexure 7' to this report.
- iv. Statement of Sundry Debtors as appearing in 'Annexure 8' to this report.
- v. Details of Loans and Advances as appearing in 'Annexure 9' to this report;
- vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
- vii. Capitalisation Statement as appearing in 'Annexure 11' to this report;
- viii. Statement of Secured Loans as appearing in 'Annexure 12' to this report.
- ix. Details of Contingent Liabilities as appearing in 'Annexure 13' to this report;
- x. Statement of Related Parties transactions as appearing in 'Annexure 14' to this report.
- xi. Statement of Tax Shelter as appearing in 'Annexure 15' to this report.
- xii. Details of qualifications appearing in the audit reports as given in 'Annexure 16' to this report.
- xiii. Significant changes in the Accounting Policies as appearing 'Annexure 17' to this report.
- xiv. Details of Other Income as appearing in 'Annexure 18' to this report.

- xv. Details of Investments as appearing in 'Annexure 19' to this report.
- xvi. Consolidated statement of Asset and Liabilities as appearing 'Annexure A' to this report.
- xvii. Statement of consolidated Profit and Loss account as appearing 'Annexure B' to this report.
- xviii. Consolidated cash flow statement as appearing 'Annexure C' to this report.
- xix. Significant accounting policies of the consolidated statement for the period ended on 30.9.2006 as appearing in 'Annexure D' to this report
- xx. Accounting Ratios of Consolidated account as appearing in 'Annexure E' to this report;

The restated summary financial statements together with those of its associates have been consolidated by the Company's management into the Company's restated summary financial statements for the year ending on 31st March,2006 and for the period ending on 30th September ,2006 and are set out in Annexure's A and B , read with significant accounting policies and notes attached in Annexure D to this report.

In our opinion the above financial information of the Company, the Company's subsidiary M/s M.S Khurana Infrastructure And Toll Road Private Limited and Joint Ventures namely N.C.C.L.-M.S.K.E.L (JV), D.R.A.I.P.L-M.S.K.E.L (JV) and MSK-SURYACON (JV) read with significant accounting policies and notes attached to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Dharmendra Shah & Co.
Chartered Accountants**

(D H Shah)
Proprietor
Membership No. : 36809
Place: Ahmedabad
Date: 15.03.2007

ANNEXURE 1**STATEMENT OF RESTATED ASSETS AND LIABILITIES****(Rs. In Lacs)**

PARTICULARS	As at March,31 st					As at 30 th September, 2006
	2002	2003	2004	2005	2006	
A. FIXED ASSETS :						
Gross Block	1,346.07	1,724.94	2,070.49	2,718.52	3,266.85	3,363.58
Less : Depreciation	122.27	198.45	248.66	404.63	552.77	655.85
Net Block	1,223.80	1,526.49	1,821.83	2,313.89	2,714.08	2,707.73
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	1,223.80	1,526.49	1,821.83	2,313.89	2,714.08	2,707.73
B. Investment	23.32	23.15	22.05	39.24	138.24	118.63
C. Current Assets, Loans and Advances;						
Inventories	289.34	421.54	594.54	733.51	1,050.48	532.89
Sundry Debtors	248.65	346.54	209.59	829.64	1,137.12	895.02
Cash and bank Balances	393.77	380.56	563.43	497.09	731.07	576.93
Loans and Advances	287.02	178.09	285.80	677.96	920.71	1,379.42
Other Current Assts	480.56	758.6	956.44	779.56	1,015.82	1,206.99
Sub Total (1)	1,699.34	2,085.33	2,609.80	3,517.76	4,855.20	4,591.25
Current Liabilities and Provisions	919.93	903.89	1,025.34	1,180.51	1,839.78	1,608.05
Deferred Tax Liability	40.64	61.53	77.71	90.27	113.55	119.72
Sub Total (2)	960.57	965.42	1,103.05	1,270.78	1,953.33	1,727.77
Net Current Assets (1 - 2)	738.77	1,119.91	1,506.75	2,246.98	2,901.87	2,863.48
D. Loans Funds :						
Secured Loans	382.28	655.02	845.51	1,543.64	2,122.03	1,632.86
Unsecured Loans	44.42	45.87	63.22	92.89	0.00	0.00
Total	426.70	700.89	908.73	1,636.53	2,122.03	1,632.86
E. Networth (A+B+C-D)	1,559.19	1,968.66	2,441.9	2,963.58	3,632.16	4,056.98
F. Represented by						
1. Share Capital	808.56	862.51	862.51	862.51	1,078.14	1,078.14
2. Share Application Money	269.75	0.00	0.00	0.00	0.00	0.00
3. Reserves	485.33	1,110.96	1,582.66	2,102.82	2,556.22	2,992.06
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Reserves (Net of Revaluation Reserves)	485.33	1,110.96	1,582.66	2,102.82	2,556.22	2,992.06
Total	1,563.64	1,973.47	2,445.17	2,965.33	3,634.36	4,070.2
Less : Misc. Expenditure	4.45	4.81	3.27	1.75	2.20	13.22
Total	1,559.19	1,968.66	2,441.90	2,963.58	3,632.16	4,056.98

ANNEXURE 2
STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNT
(Rs. In Lacs)

PARTICULARS	Year ended March, 31 st					Six months ended on 30 th Sept 2006
	2002	2003	2004	2005	2006	
Income						
Contract Receipt	3,447.67	5,916.99	7,026.74	7,437.58	10,159.92	5,138.54
Other Income including disclosed income	91.79	129.98	67.21	50.06	119.82	42.28
Net difference in closing stock and WIP	261.56	132.2	173.00	139.33	318.44	(517.60)
TOTAL.....	3,801.02	6,179.17	7,266.95	7,626.97	10,598.18	4,663.22
Expenditure						
Material Cost	1,901.69	2,707.73	3,222.43	3,589.62	5,395.73	1,999.77
Construction Cost	1,349.64	2,265.60	2,812.35	2,480.13	3,290.55	1,566.80
Administrative Overhead	277.20	362.14	422.57	597.67	636.26	312.63
Financial Overheads	39.31	59.3	88.88	127.58	204.18	113.20
Other Overheads	6.98	29.95	47.15	105.88	41.04	12.64
Depreciation	58.42	82.15	105.69	147.25	184.02	103.08
TOTAL.....	3,633.24	5,506.87	6,699.07	7,048.13	9,751.78	4,108.12
Net Profit before tax and extraordinary items	167.78	672.30	567.88	578.84	846.40	555.10
Taxation	20.00	46.27	80.00	46.00	154.10	113.09
Tax On the Block Demand	0.00	195.30	0.00	0.00	0.00	0.00
Deferred Tax Liability	40.64	20.90	16.18	12.56	23.28	6.17
Profit After Taxation	107.14	409.83	471.70	520.28	669.02	435.84
Adjusted Profit	107.14	409.83	471.70	520.28	669.02	435.84
Carry forward from previous year	378.19	485.33	873.58	1325.52	1823.89	2229.18
Profit available for appropriation	485.33	895.16	1345.28	1845.8	2492.91	2665.02
General Reserve	0.00	21.58	19.76	21.91	48.10	0.00
Capitalization During the year on issue of Bonus Shares	0.00	0.00	0.00	0.00	215.63	0.00
Balance carried to balance sheet	485.33	873.58	1,325.52	1,823.89	2,229.18	2,665.02

ANNEXURE 3**NOTES TO ADJUSTEMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS****(Rs. In Lacs)**

PARTICULARS	Year ended March, 31 st					Six months ended on 30 th Sept 2006
	2002	2003	2004	2005	2006	
Depreciation						
Depreciation in the books as per W.D.V Method	130.13	170.95	203.1	277.93	0.00	0.00
Depreciation as per S.L. Method	58.42	82.15	105.69	147.25	184.02	103.08
Difference considered in restated financial statement	71.71	88.8	97.41	130.68	0.00	0.00
Depreciation write back up to 31.3.2001	86.32	86.32	86.32	86.32	0.00	0.00
Difference in Book value of machinery sold, due to change in Depreciation Method	0.00	0.00	0.00	(42.13)	0.00	0.00
Fixed Assets						
Net Block As per balance sheet before restated	1,065.77	1,279.67	1,477.60	1,881.09	2,714.08	2,707.73
Net Block As per balance sheet after restated	1,223.80	1,526.49	1,821.83	2,313.89	2,714.08	2,707.73
Change in the method of depreciation from W.D.V. method to S.L.M. method in the financial year 2005-06 requires adjustments in the amount of depreciation in the profit and loss account and net fixed assets in the balance sheet.						

NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2006**1] SIGNIFICANT ACCOUNTING POLICIES:****a) Accounting Convention:**

The accounts of the company are prepared under the historical cost convention and in accordance with the accounting standard issued by Institute of Chartered Accountants of India and provisions of Companies Act 1956, as adopted consistently by the Company except where otherwise stated. The company follows Mercantile system of accounting except otherwise stated, there is no change in the system of the accounting followed by the company as compared to preceding previous year except change in method of depreciation from written down method to straight line method.

b) Revenue Recognition of Income & Expenditure:

The revenue of Fixed price Contract are accounted for on the basis of running bills finalised and actually received, i.e. Percentage of Completion of Contract Activity. The stage of completion is determined by surveys of work performed and or on completion of a Physical proportion of the Contract Work as the case may be, and attested by the Contractee. The value of contract work done but not certified and/or received is treated as work in progress at value certified by Directors.

Disputed amount of the contract works including any price escalation claim are recognized as revenue when the same are finally settled & such amount is irrevocably received.

Liquidated damages payable as per terms of contract for any reason like delay in completion of contract or for other causes are accounted for only when such charges are due to the company & recovered from Bills.

Revenue/Income and cost expenditure are generally accounted for on accrual basis, except for Insurance Claim, Escalation/Arbitration award, Any Govt. Taxes, S. T. Refund, Bonus, Leave Encashment, key - Man Insurance Premium, Interest on E.M.D/S.D. in form of FDRs,. etc. and or for items otherwise stated above.

c) Valuation of Inventory:

During the year, the company followed the system of valuation of Raw Materials at "**Lower of Cost or net realizable Value**". Other inventories including working progress are valued at lower of the cost and net releasable value. There is no change in system of valuation of inventory as compared to preceding year.

d) Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation.

e) Investment:

Investments are classified as long Term Investment or Current in accordance with Accounting Standard 13 on Accounting for Investment. Long Term Investments are stated at cost. Provision is made to recognize diminution other than Temporary in the

value of Long Term Investment. Current Investments are valued at lower of cost or net realizable value.

f) Depreciation:

Depreciation for the half year ended on 30.9.2006 have been calculated on Straight Line Method of Depreciation in accordance with Schedule XIV of the Company Act,1956 on pro rata basis from the Date Assets put to the use.

g) Employee Benefit:

The Company has not provided for Gratuity & others retirement Benefit as required by AS-15. The Contribution to Provident Fund scheme accruing during each year as per scheme are charged to Profit & Loss Account. The Leave encashment benefit is charged to the profit & loss account as and when paid on cash basis.

h) Contingent Liabilities:

Provisions are recognized when the Company has legal & constructive Obligation as a result of Past events, for which it is probable that cash out flow will be required & a reliable estimates can be made of the amount of the Obligation. Contingent Liabilities are disclosed when the Company has a possible Obligation or a present obligation and it is probable that cash out flow will not be required to settle the Obligation.

i) Deferred Revenue Expenditure:

Preliminary Expenses are being amortized over a period of Five Years. The Capital Issue Expenditure is grouped under Miscellaneous Expenditure and Shall be amortized from Next Year after proposed Public Issue.

j) Impairment of Assets:

At each balance sheet date, the Company reviews the carrying value of tangible and intangible assets for any possible impairment. An impairment loss is recognized when the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price or estimated future cash flow which are discounted to their present value based on appropriate discount rates. For the purpose of assessing impairment, assets are grouped at the level for which there are separately identifiable cash flow (cash generating unit).

- 2]** In respect of Joint Venture contracts executed as a Jointly Controlled entity, the Company will account for its agreed shares in income or loss & assets & liabilities of following Joint Venture entities, at the end of the Financial Year under report.

(a) NCC-MSKEL (Joint Venture)	40 %
(b) DRAIPL-MSKEL (Joint Venture)	45 %
(c) MSK-SURYACON [Joint Venture]	33.33%

- 3]** Estimated amount of contracts on capital account remaining to be executed and not provided for is Rs. NIL

- 4]** In the opinion of the Directors the current Assets, Loans & Advances except Advance Tax (TDS) and Block assessment tax, are approximately of the value stated if realized in the ordinary course of Business & the provisions of all the known liabilities are adequate.

- 5] The Balances of Sundry Creditors , Debtors, Loans & Advances Unsecured Loans & Bank Balances where in there are no transactions are subject to conformation.
- 6] During the year the Company has imported Aluminium Composit Panel for Rs.61.48 Lacs equivalent to 132010.20 US\$.
- 7] It is not Possible to Identify S.S. I undertakings from amongst Sundry Creditors hence details of dues S.S.I Undertaking are not given.
- 8) Corresponding Figures of previous years have been regrouped wherever necessary. And Figures in the Balance Sheet & Profit & Loss A/c are rounded to nearest Rupee.

9)	Auditor's Remuneration	(Rs. In. Lacs)	
	Particulars	30.09.06	2005-06
	[a] Audit Fee	0.80	1.75
	[b] Tax Audit Fee	0.20	0.25
	[c] Income Tax / T.D.S.	0.00	0.26
	[d] Other Matter	0.24	0.59

- 10) Disclosures in respect of related parties as defined in Accounting Standard 18, with whom Transactions have taken place during the period are given below

<u>Name of Related Parties</u>	<u>Nature of Transaction & Relationship</u>	(Rs. in Lacs) <u>Amount</u>
1. M.S. Khurana Builders Pvt. Ltd.	Labour Contract (Key Personnel interested Company)	19.13
2 Kohinoor Crushing Stone	Purchase of Materials Capital Investment (Key Personnel interested Firm)	26.93 66.64
3 M.S. Khurana (Indore)	Sub- Contract (Key Personnel Relative Firm)	09.40
4. Mrs. Mira Khurana	Office Rent (Relative)	03.30
5. West India Equipment	Purchase of Materials (Key Personnel interested Firm)	05.56
6 Mira Marketing	Purchase of Materials Key Personnel interested Firm)	12.87
7. NCC – MSKEL (JV)	Loans &Adv.(JV Member) Sub-Contract	13.60 76.64
8. M.S.Khurana Infrastructure and Toll Road Private Ltd	Loans & Advance. Contract Received (Subsidiary Company)	637.19 955.65
9. DRAIPL MSKEL (JV)	Loans & Adv. (JV Member) Sub-Contract	121.34 94.66

10.MSK-SURYACON [JV]	Borrowing/Loan[JV Member]	44.11
11.Ramesh Khurana	Salary (Relative)	02.45
12.Ashish Khurana	Rent (Key Personnel)	01.50
13.Vikram Khurana	Rent (Key Personnel)	00.90
14.Sudhir Khurana	Rent (Key Personnel)	01.50

Key Management Personnel :

1. Shri. Sudhir Khurana
2. Shri. Ashish Khurana
3. Shri. Vikram Khurana
4. Shri Vishal Khurana

Managerial Remuneration

Particulars	(Rs. In Lacs)	
	UPTO 30.9.06	2005-06
Salary to Directors	15.20	29.00
Perquisites to Directors*	00.76	01.12
Contribution to P.F.	<u>01.39</u>	<u>02.64</u>
Total	<u>17.35</u>	<u>32.76</u>

(*Excluding tax free Perquisite paid by the company on behalf of above key management personnel)

11) Particulars of Earning Per Share :-	(Rs. in Lacs)	
	AS ON 30.9.06	AS ON 31.03.06
a) Net Profit for the year	435.84	669.02
b) Number of Equity Shares	1,07,81,400	1,07,81,400
c) Nominal Value per Share	Rs. 10/-	Rs. 10/-
d) Earning Per Share	Rs. 4.04	Rs. 6.20

(Not Annualized)

12) Contingent Liabilities :-

1. Counter Guarantee given to the bank for (Previous Year Rs. 2938 Lacs) Rs. 2,947 Lacs
2. Taxation Matter under Appeal Rs. 1.28 Lacs
3. Liabilities in respect of Gratuity Amount not Ascertainable

13) Deferred Tax Liabilities as on 30/9/2006 Comprises of the following

(Rs. In Lacs)

Particulars	30.9.06	31.03.06
a) Deferred Tax Liabilities		
Fixed assets – Depreciation	119.72	109.64
Fixed Assets – Depreciation written Back	0.00	3.91
Total A	<u>119.72</u>	<u>113.55</u>
	=====	=====

b)	Deferred Tax Assets	NIL	NIL
	Total B	<u>NIL</u>	<u>NIL</u>
	Net Deferred Tax (Total A-B)	<u>=====</u> 119.72	<u>=====</u> 113.55

- 14)** M. S. Khurana infrastructure & Toll Road Pvt. Ltd. is a Subsidiary Company of the Company. The Company has 99.99% interest in the Said Subsidiary Company & has a direct Control over the Subsidiary Company. The Accounting of the Investment in the Shares of Subsidiary Company is as per Accounting Standard-13
- 15)** In order to take exemption available for Development of Infrastructure facility U/s. 80 IA of the Income Tax Act, the Company maintained Separate Books of Accounts for each such eligible sites as an independent entity. The Accounts under Audit reflect combined accounts of all sites including accounts of such eligible sites with Head Office.
- 16)** Company operates in a single Segment i.e. "Construction Work in India". The Company's entire Construction Works- Sales are in India , hence no additional disclosure under AS - 17 " Segment Reporting " are required in this Financial Statement.
- 17)** Company being engaged in construction business is neither a manufacturing company nor trading company. Therefore the information required by clause 3 (i) (a), 4 (c) and 4 (d) of part II of Schedule VI to the Companies Act, 1956 are not given.

ANNEXURE 5**CASH FLOW AS RESTATED**

(Rs. In Lacs)

PARTICULARS	As at March 31 st					As at 30 th September, 2006
	2002	2003	2004	2005	2006	
A CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit as per P & L A/c. before Income Tax	167.78	672.3	567.88	578.84	846.40	555.10
ADD : Adjustment for :						
Deperciation	58.42	82.15	105.69	147.25	184.02	103.08
Interest Income	(59.32)	(39.10)	(32.59)	(37.90)	(61.00)	(20.81)
Dividend	(0.07)	(0.07)	(0.07)	0.00	0.00	(0.23)
Preliminary Exp. Written off	1.54	2.37	1.53	1.53	1.20	0.00
Interest Exp.	20.15	27.28	42.13	61.09	150.71	70.77
Wealth Tax	0.00	0.51	0.22	0.19	0.51	0.58
Loss on sale of Assets	0.00	4.21	8.82	0.00	2.70	0.00
Loss of JV/Firm	0.00	0.00	0.00	0.00	1.42	1.56
Profit of JV/Firm	0.00	0.00	0.00	0.00	(7.73)	0.00
Profit on sale of Assets	0.00	0.00	0.00	(5.69)	0.00	0.00
Operating Profit Before Working Capital Changes	188.5	749.65	693.61	745.31	1,118.23	710.05
(Increase) / Decrease in Current Assets						
Deposit	(13.50)	19.29	(0.30)	(2.63)	(0.31)	(1.35)
Project Deposit	(154.63)	(297.34)	(197.53)	179.50	(235.94)	(189.81)
Closing Stock	(261.56)	(132.20)	(173.00)	(138.96)	(316.98)	517.60
Receivables	(129.28)	(97.88)	136.94	(620.04)	(307.49)	242.10
Loans / Advances	(39.81)	108.92	(107.71)	(392.16)	(242.75)	(458.70)
Total.....	(598.78)	(399.21)	(341.60)	(974.29)	(1,103.47)	109.84
TOTAL.....	(410.28)	350.44	352.01	(228.98)	14.76	819.89
Increase / (Decrease) in Current Liabilities						
Creditors	(245.77)	(142.51)	(56.26)	83.85	420.99	(192.52)
Provisions for Expenses	12.19	80.22	97.71	25.28	84.19	282.81
Income Tax paid	(60.00)	(195.32)	0.00	0.00	0.00	(435.12)
Total.....	(293.58)	(257.61)	41.45	109.13	505.18	(344.83)
Net Cash From Operating Activities (A)	(703.86)	92.83	393.46	(119.85)	519.94	475.06
B CASH FLOW FROM INVESTMENT ACTIVITIES :						
Interest Income	59.32	39.10	32.59	37.90	61.00	20.81
Purchase / Sale of Investment	(1.58)	0.17	1.11	24.83	(99.00)	19.60
Purchase of Fixed Assets	(564.96)	(393.04)	(442.75)	(691.30)	(586.90)	(96.74)
Dividend	0.07	0.07	0.07	0.00	0.00	0.23
Sale of Fixed Assets	0.00	4.00	32.9	15.56	0.00	0.00
Wealth Tax	0.00	(0.51)	(0.22)	(0.19)	(0.51)	(0.58)

PARTICULARS	As at March 31 st					As at 30 th September, 2006
	2002	2003	2004	2005	2006	
Net Cash From Investment Activities (B)	(507.15)	(350.21)	(376.30)	(613.20)	(625.41)	(56.68)
C CASH FLOW FROM FINANCING ACTIVITIES						
Receipt From Issue of Shares	90.00	0.00	0.00	0.00	0.00	0.00
Share Application Money	179.75	0.00	0.00	0.00	0.00	0.00
Secured Loans	291.19	272.74	190.49	698.13	578.39	(489.17)
Unsecured Loans	4.80	1.45	17.35	29.67	(92.89)	0.00
Preliminary Expenses	(3.28)	(2.74)	0.00	0.00	(1.65)	(11.02)
Interest Paid	(20.15)	(27.28)	(42.13)	(61.09)	(150.71)	(70.77)
Loss of Firm/Partner Ship	0.00	0.00	0.00	0.00	(1.42)	0.00
Profit of Firm/Partner Ship	0.00	0.00	0.00	0.00	7.73	(1.56)
Net Cash from Financing Activities (C)	542.31	244.17	165.71	666.71	339.45	(572.52)
D NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(668.70)	(13.21)	182.87	(66.34)	233.98	(154.14)
Opening Cash Cash Equivalents	1,062.47	393.77	380.56	563.43	497.09	731.07
Closing Cash and Cash Equivalents	393.77	380.56	563.43	497.09	731.07	576.93

ANNEXURE 6**ACCOUNTING RATIOS****(Rs. In Lacs)**

PARTICULARS	Year ended March, 31st					6 Months ended on 30 th Sept. 2006
	2002	2003	2004	2005	2006	
Earning Per Share (EPS)						
Profit After tax (Rs in Lacs)	107.14	409.83	471.70	520.28	669.02	435.84
Weighted Average number of shares	96,40,256	1,05,71,512	1,07,81,400	1,07,81,400	1,07,81,400	1,07,81,400
EPS (In Rupees)	1.11	3.88	4.38	4.83	6.21	4.04
Return on Net Worth						
Profit After tax (Rs in Lacs)	107.14	409.83	471.7	520.28	669.02	435.84
Net Worth (Rs in lacs)	1,559.19	1,968.66	2,441.9	2,963.58	3,632.16	4,056.98
Return on Net Worth (%)	6.87	20.82	19.32	17.56	18.42	10.74
Net Assets Value Per Share						
Net Worth (Rs in lacs)	1559.19	1968.66	2441.9	2963.58	3632.16	4,056.98
No of shares outstanding at the end of year	8085620	8625120	8625120	8625120	10781400	10781400
Net Asset value(Per Share)	19.28	22.82	28.31	34.36	33.69	37.63

Definitions**1. Earning Per Share :**

Net Profit After Tax / Weighted Average Number of Equity Shares

2. Return of net Worth

Net Profit After Tax / Net worth

Where Net Worth = Share Capital + Reserve & Surplus - Preliminary Expenses

3. Net Assets Value :

Net Worth / Number of Equity Shares outstanding at the end of year

STATEMENT OF RESTATED UNSECURED LOAN

(Rs. In Lacs)

PARTICULARS	Year ended March, 31st					6 Months ended on 30 th Sept, 2006
	2002	2003	2004	2005	2006	
A. Loan from						
Promoters / Directors /Group Companies/ Associate Companies	0.00	0.00	0.00	0.00	0.00	0.00
B. Loan from Others	44.42	45.87	63.22	92.89	0.00	0.00
TOTAL.....	44.42	45.87	63.22	92.89	0.00	0.00

ANNEXURE 8**STATEMENT SHOWING DETAILS OF SUNDRY DEBTORS**

PARTICULARS	Year ended March, 31st					(Rs. In Lacs)
	2002	2003	2004	2005	2006	6 Months ended on 30 th Sept. 2006
Sundry Debtors (unsecured, considered good)						
Exceeding Six Months	0.00	0.00	7.44	24.12	36.39	112.69
Others	248.65	346.54	202.15	805.51	1,100.72	782.32
TOTAL.....	248.65	346.54	209.59	829.63	1,137.11	895.01

Except as stated in the Annexure 14 on "Statement of Related Parties Transactions", none of our Sundry Debtors are related to the directors or promoters or associated to the company in any way other than as a Debtors.

ANNEXURE 9

STATEMENT SHOWING DETAILS OF LOANS & ADVANCES

(Rs. In Lacs)

PARTICULARS	Year ended March, 31st					6 Months ended on 30 th Sept. 2006
	2002	2003	2004	2005	2006	
Loans & Advances (Unsecured Considered Good)						
Advance on capital Goods	0.00	0.00	0.00	14.25	14.25	14.25
Advance to Joint Ventures and Subsidiary Companies	0.00	0.00	0.00	0.00	23.78	772.14
Advance to Others	64.44	67.09	27.73	149.67	132.95	134.56
Advance Income Tax and TDS	143.50	44.54	182.81	427.57	657.30	347.82
Staff Advances	65.07	38.34	32.27	28.50	54.92	73.23
Prepaid expenditure	14.00	28.12	42.99	57.97	37.51	37.42
TOTAL.....	287.02	178.09	285.80	677.96	920.71	1,379.42

Except as stated in the Annexure 14 on "Statement of Related Parties Transactions", none of the beneficiaries of loans & advances are Directors of the Company or Promoters of the Company or related to the directors of the Company or promoters of the Company or to the company in any way.

ANNEXURE 10**STATEMENT OF DIVIDENDS**

PARTICULARS	Year ended March, 31st					6 Months ended on 30th Sept. 06
	2002	2003	2004	2005	2006	
No of equity shares of Rs. 10 each	80,85,620	86,25,120	86,25,120	86,25,120	1,07,81,400	1,07,81,400
Rate of Dividend	0%	0%	0%	0%	0%	0%
Dividend Amount (Rs. In Lacs)	NIL	NIL	NIL	NIL	NIL	NIL

ANNEXURE 11

CAPITALISATION STATEMENT

(Rs. In Lacs)

PARTICULARS	PRE ISSUE (30th Sept. 06)	POST ISSUE (Refer Note)
Long Term Debt	744.95	
Short Term Debt	887.89	
Shareholder's Funds :		
Share Capital	1,078.14	
Reserve & Surplus	2,992.06	
Miscellaneous Expenditure Not Written off	13.22	
Total Shareholder's funds	4,056.98	
Long Term Debt / Shareholder's Fund	0.18 :1	

Note :The post Issue Debt-Equity ratio will be computed on the conclusion of book building process.

ANNEXURE 12**STATEMENT OF SECURED LOANS****(Rs. In Lacs)**

PARTICULARS	Year ended March, 31 st					6 Months ended on 30 th Sept. 2006
	2002	2003	2004	2005	2006	
Term Loan From Non Banking Financial Institutions/Banks	174.6	191.38	175.14	496.36	523.54	375.76
Working capital Loan from Bank	50.19	101.67	247.49	393.09	1104.93	887.89
Bill Discounting Facility from Bank	0.00	0.00	0.00	83.54	0.00	0.00
Advance from Clients	157.49	361.97	422.88	570.65	493.55	369.21
TOTAL.....	382.28	655.02	845.51	1,543.64	2,122.02	1,632.86

DETAILS OF SECURED LOANS OUTSTANDING AS ON SEPTEMBER 30, 2006

Sr. No.	Type of Facilities	Institution / Bank / NBFC	Sanctioned Amount	Amount Outstanding as on 30.09.2006	Rate of Interest	Securities Offered
			(Rs. In Lacs)	(In %)		
1	Term Loan from non Banking financial institutions / Bank	ABN AMRO BANK	81.00	5.66	2.72	Secured by way of hypothecation of specific Assets / vehicle purchased
		Citi Corp Finance India Limited	61.98	50.35	6.3	
		Citi Bank	207.68	115.96	6.16 to 8.37	
		HDFC Bank Limited	413.15	99.65	5.30 to 7.00	
		Srei Infrastructure Fin. Ltd.	93.00	79.67	7.00 to 8.82	
		ICICI Bank Ltd.	47.28	24.47	7	
2	Cash Credit book debts	Union Bank of India	1,300.00	887.89	BPLR -2.75	Hypothecation of book debts, Bills certified / accepted by SSNL. Personal guarantee of directors and equitable mortgage of fixed assets belonging to the promoters and plant and machinery lying at 187/2, Moje : Karoli, Tal : Kalol.
	TOTAL.....		2,204.09	1,263.65		

DETAILS OF CONTINGENT LIABILITIES
(Rs. In Lacs)

PARTICULARS	Year ended March, 31st					6 Months ended on 30 th Sept. 2006
	2002	2003	2004	2005	2006	
Counter Guarantee Given to the bank	930.46	1,385.07	2,260.73	2,931.52	2,938.00	2,947.00
Income tax Liability for Asst Year 1999-2000	0.00	Not ascertainable	0.00	0.00	0.00	0.00
Income tax Liability for Block Return	0.00	Not ascertainable	Not ascertainable	0.00	0.00	0.00
taxation Matter under Appeal	0.00	0.00	4.85	653.49	1.28	1.28
Service tax Liability	0.00	0.00	0.00	0.00	64.80	0.00
Joint & several Liabilities in respect of Joint Venture Projects & Liabilities in respect of Gratuity	0.00	0.00	0.00	0.00	Not ascertainable	Not ascertainable
TOTAL.....	930.46	1,385.07	2,265.58	3,585.01	3,004.08	2,948.28

ANNEXURE 14**STATEMENT ON RELATED PARTIES TRANSACTIONS****YEAR : 31.03.2004 (2003-2004)****Disclosures in respect of related parties as defined in Accounting Standard 18, with whom Transactions have taken place during the year are given below :****(Rs. In Lacs)**

A	Related Parties :			Amount	Balance
					As on
	Names of Related Parties	Relationship	Nature of Transaction		31-03-2004
1	M S Khurana Builders Private Limited	Associate Company	Labour Contract	107.89	112.44
2	Ashish Khurana-Pipe Factory	Proprietary concern of Director	Purchase of Raw Materials	2.01	0.00
			Job Work	25.05	(25.14)
			Loans & Borrowing	15.00	(2.55)
3	M S Khurana (Indore)	Firm in which relative of director interested	Sub Contract	297.92	(3.18)
4	Kalpanaben P. Mehta	Relative of director	Purchase of Computers	0.48	0.00
5	Vishal Construction Company	Firm in which relative of director interested	Purchase of Road Roller	3.00	0.00
6	Khurana Industries	Firm in which relative of director interested	Purchase of Materials	10.67	0.00
7	M/s M S Khurana(Udaipur)	Firm in which director is interested	Purchase of Assets	3.70	1.00
8	Subhash Khurana	Relative of Director	Salary	1.44	0.00
9	Mira Marketing	Firm in which directors are interested	Loans & Borrowing	6.00	0.00
10	Sarvashakti Synthetic Ltd.	Company in which relative of director interested	Loans & Borrowing	4.75	0.00
11	Matchwell Construction Co.	Firm in which directors are interested	Loans & Borrowing	11.00	0.00
B	Key Management Personnel :				
	Name of Director			Remuneration	
1	Shri Sudhir Khurana			6.00	
2	Shri Ashish Khurana			9.36	
3	Shri Vikram Khurana			7.20	
4	Shri Ramesh Khurana			2.05	
5	Shri Vishal Khurana			2.05	

Note : Figures in Bracket represent Debit Balance

YEAR : **31.03.2005 (2004-2005)**

Disclosures in respect of related parties as defined in Accounting Standard 18, with whom Transactions have taken place during the year are given below :

A Related Parties :					
					(Rs. In Lacs)
Related Parties :				Amounts Rs.	Balance
					As on
	Names of Related Parties	Relationship	Nature of Transaction		31-03-2005
1	M S Khurana Builders Private Limited	Associate Company	Labour Contract	173.34	60.21
2	Ashish Khurana - Pipe Factory	Proprietary concern of Director	Purchase of an assets of pipe factory	26.56	0.00
			Loans & Advance	2.13	0.00
3	M S Khurana (Indore)	firm in which relative of director interested	Sub Contract	77.80	7.49
4	Khurana Infra & Contractors Pvt. Limited	firm in which relative of director interested	Purchase of Machinery	5.79	1.04
5	Mira Khurana	Director	Office / Plot Rent	6.60	3.63
6	West India Equipment	Firm in which director is interested	Purchase of Materials	2.96	2.09
7	M/s M S Khurana(Udaipur)	Firm in which director is interested	Purchase of Assets	5.44	0.44
8	Vikram Khurana	Director	Rent/Deposit	3.90	(1.02)
9	Sudhir Khurana	Director	Rent	4.00	0.00
B Key Management Personnel :				(Rs. In Lacs)	
	Name of Director			Remuneration	
1	Shri Sudhir Khurana			7.23	
2	Shri Ashish Khurana			8.70	
3	Shri Vikram Khurana			7.50	
4	Shri Vishal Khurana			4.00	
5	Shri Ramesh Khurana			4.00	

Note : Figures in Bracket represent Debit Balance

YEAR : **31.03.2006 (2005-2006)**

**Disclosures in respect of related parties as defined in Accounting Standard 18,
with whom Transactions have taken place during the year are given below :
(Rs. In Lacs)**

				Amounts Rs.	Balance
					As on
	Names of Related Parties	Relation	Nature of Transaction		31-03-2006
1	M S Khurana Builders Private Limited	Associate Company	Labour Contract	101.14	52.93
2	Kohinoor Crushing Stone	Firm in which company is partner	Purchase of Materials	37.95	(28.70)
3	M S Khurana (Indore)	firm in which relative of director interested	Sub Contract	72.65	0.73
4	Mira Khurana	Director	Rent / Relative	6.60	5.64
5	West India Equipment	Firm in which director is interested	Purchase of Materials	15.52	1.49
6	Mira Marketing	Firm in which director is interested	Purchase of Materials	45.30	(3.23)
7	NCC - MSKEL (JV)	Joint venture	Loans / Advance	49.84	(49.06)
8	M.S.Khurana Infrastructure and Toll Road Private Limited	Subsidiary company	Purchase of Equity	1.00	(1.00)
			Loan	0.69	(0.69)
9	DRAIPL MSKEL (JV)	Joint venture	Loans & Advance	20.51	(20.51)
10	MSK Suryacon (JV)	Joint venture	Borrowing / Loan	46.48	46.48
11	Ramesh Khurana	Relative of director	Salary	4.55	(2.05)
			Loans & Advance	0.90	(0.90)
12	Nicole Khurana	Relative of director	Rent/Deposit Relative	3.70	(3.10)
13	Ashish Khurana	Director	Rent/Deposit	20.48	(17.09)
14	Vikram Khurana	Director	Rent/Deposit	9.14	(7.34)
15	Sudhir Khurana	Director	Rent/Deposit	7.51	(3.08)
B	Key Management Personnel :			(Rs. In Lacs)	
	Name of Director			Remuneration	
1	Shri Sudhir Khurana			8.07	
2	Shri Ashish Khurana			10.47	
3	Shri Vikram Khurana			9.13	
4	Shri Vishal Khurana			5.10	

Note : Figures in Bracket represent Debit Balance

For Six months period ended on 30.09.2006 (2006-2007)

Disclosures in respect of related parties as defined in Accounting Standard 18, with whom Transactions have taken place during the year are given below :

A Related Parties :					
				(Rs. In lacs)	
				Amounts Rs.	Balance
					As on
Names of Related Parties		Relation	Nature of Transaction		30-09-2006
1	M S Khurana Builders Private Limited	Associate Company	Labour Contract	19.13	47.63
2	Kohinoor Crushing Stone	Firm in which company is partner	Purchase of Materials	26.93	(23.65)
			Capital Investment	66.64	(66.64)
3	M S Khurana (Indore)	firm in which relative of director interested	Sub Contract	9.40	6.23
4	Mira Khurana	Director	Rent / Relative	3.30	5.71
5	West India Equipment	Firm in which director is interested	Purchase of Materials	5.56	1.18
6	Mira Marketing	Firm in which director is interested	Purchase of Materials	12.87	(2.20)
7	NCC - MSKEL (JV)	Joint venture	Loans / Advance	13.60	(13.60)
8	M.S.Khurana Infrastructure and Toll Road Private Limited	Subsidiary company	Loans & Advance	637.19	(637.19)
			Contract Received	955.65	(56.85)
9	DRAIPL MSKEL (JV)	Joint venture	Loans & Advance	121.34	(121.34)
10	MSK Suryacon (JV)	Joint venture	Borrowing / Loan	44.11	44.11
11	Ramesh Khurana	relative of director	Salary	2.45	(0.91)
12	Ashish Khurana	Director	Rent/Deposit	1.50	(20.51)
13	Vikram Khurana	Director	Rent/Deposit	0.90	(12.80)
14	Sudhir Khurana	Director	Rent/Deposit	1.50	(8.72)
B Key Management Personnel :					
				(Rs. In Lacs)	
1	Name of Director			Remuneration	
	Shri Sudhir Khurana			4.41	
	Shri Ashish Khurana			5.43	
	Shri Vikram Khurana			5.43	
	Shri Vishal Khurana			2.74	

Note : Figures in Bracket represent Debit Balance

ANNEXURE 15**STATEMENT OF TAX SHELTER****(Rs. In Lacs)**

PARTICULARS	Year ended March, 31st				
	2002	2003	2004	2005	2006
Profit as per books of account - before tax	167.78	672.30	567.88	578.84	846.40
Tax Rate (including surcharge) %	35.70	36.75	35.88	36.59	33.66
Notional Tax payable - (A)	59.90	247.07	203.76	211.80	284.90
B) Permanent Difference					
1. Impact in respect of Profit on Infrastructure Project.					
U/s. 80-IA of Income Tax Act, 1961.	0.00	307.48	256.75	270.20	372.74
2. Impact in respect of Depreciation on Fixed Assets.	134.66	122.97	118.50	216.30	76.07
Temporary Difference					
3. Other Adjustments	0.08	0.08	0.08	0.00	0.00
Profit / Loss of J.V/ Firm	0.00	0.00	0.00	0.00	10.34
Disclosed income taxed separately	0.00	0.00	0.00	32.56	0.00
Profit/Loss on sale of Fixed Assets	0.00	(4.22)	(8.82)	5.68	0.00
Total (B)	134.74	426.31	366.51	524.74	459.15
Tax Burden / (Savings) thereon	48.10	156.67	131.50	192.00	154.55
TOTAL.....	11.80	90.40	72.25	19.80	130.35

DETAILS OF QUALIFICATIONS APPEARING IN THE AUDIT REPORTS

31.03.2003

ANNEXURE TO AUDITOR'S REPORT

- i. The work of compiling Fixed assets records showing full particulars including quantitative details & situation of Fixed Assets as informed is in Progress. The management at the close of the year has physically verified the fixed Assets. The discrepancies if any found on such verification will; therefore, are determined only on completion of the aforesaid records.
- v. As the company has not maintained quantitative records of stocks, it is not possible to find out discrepancies between the physical stock and book records.
- x. In our opinion the company is not having any formal system internal control over purchase of construction material, plant & machinery, equipments & other assets. However we have been inform that the directors are personally supervising such purchases. As the company is construction company, the question of internal control over sale of goods does not arise.
- xii. As explained to us, the Company has stock of unserviceable & damaged stores and raw material. However, there is no adequate system to records such an serviceable and damaged spare parts and it s disposal.
- xv. In our opinion, the company has a reasonable internal audit system by their own staff. However is a scope of improvement.
- xxii. The Company has not system of allocation of man hours of Direct Labour cost and Expenses to individual job.

31.03.2004

ANNEXURE TO AUDITOR'S REPORT

- i. a. The work of compiling Fixed assets records showing full particulars including quantitative details & situation of Fixed Assets as informed by the Management is in progress.
- ii. b. The Procedures of physical verification of inventories followed by management, in relation to the size of the company and considering the nature of construction business spread over different places is required to be strengthened.
- c. In view of Nature of Construction activities spread over different places, it is explained that it is not feasible to maintain day to day inventory records. Hence the Company

has not maintained complete records of inventory. Therefore the discrepancies if any between the physical stocks and the book records can't be ascertained.

- vii. In our opinion, the company has in general reasonable internal audit system by their own staff. However considering the size and nature of business there is a scope of improvement
- ix. c. According to the information and explanation given to us, there are not dues of Sale Tax, Income Tax, Customs Duty, Wealth Tax, Excise duty and Cess which have not been deposited on account of any dispute except the following.

Nature of Liabilities	Rs. (Lacs)	Forum where appeal is pending
Income Tax (A.Y. 2001-2002)	4.85	I.T.A.T. Ahmedabad.

31.03.2005

ANNEXURE TO AUDITOR'S REPORT

- ii. Inventories :
- b. The Procedures of physical verification of inventories followed by management, in relation to the size of the company and considering the nature of construction business spread over different places is required to be improved.
- c. In view of Nature of Construction activities spread over different places, it is explained by the Management that it is not feasible to maintain day to day inventory records. Therefore the discrepancies if any between the physical stocks and the book records can't be ascertained.
- vii. In our opinion, the company has in general reasonable internal audit system by their own staff. However considering the size and nature of business there is a scope of improvement.
- ix. c. According to the information and explanation given to us, the Particulars of Dues of Income Tax which have not been deposited on account of any dispute, are as under :

Nature of Liabilities	Rs. (Lacs)	Forum where appeal is pending
Block Assessment	653.49	Pending at Appellate Stage
Income Tax Liabilities		1 st Appeal.

Further, stay of Tax demand of Rs. 416.67 Lacs is granted vide letter No. DC (I.T.) – CC – 1(2) / Stay / 2004 – 05 Dated 18/11/2004 by the Income Tax department.

31.03.2006

ANNEXURE TO AUDITOR'S REPORT

- ii. Inventories :
- b. The Procedures of physical verification of inventories followed by management, in relation to the size of the company and considering the nature of construction business spread over different places is required to be improved.
- vii. In our opinion, the company has in general reasonable internal audit system by their own staff. However considering the size and nature of business there is a scope of improvement
- ix. c. According to the information and explanation given to us, the Particulars of Dues of Income Tax which have not been deposited on account of any dispute, are as under :

Nature of Liabilities	Rs. (Lacs)	Forum where appeal is pending
Income Tax Act, 1961 Block Assessment Income Tax Liabilities	1.28	Pending at Appellate Tribunal

The Application before Income Tax Settlement Commission Additional Bench Mumbai for the settlement of Block Assessment Demand has been accepted vide order dated 08-06-2006. In view thereof after giving effect of the said order the above demand will be squared off and there will not be refund.

ANNEXURE 17

SIGNIFICANT CHANGES IN THE ACCOUNTING POLICIES

2005-06

The company during the year 2005-06, in respect of all its Assets switched over to Straight Line Method of Depreciation from Written down Method of Depreciation.

STATEMENT OF OTHER INCOME

PARTICULARS	Year ended March, 31st					(Rs. In Lacs)
	2002	2003	2004	2005	2006	6 Months ended on 30th, Sept. 2006
Recurring Income						
Interest Income	59.32	39.10	32.59	37.90	61.00	20.81
Profit from MSK-suryacom (JV)	0.00	0.00	0.00	0.00	11.75	0.00
Discount	2.85	2.43	1.90	3.65	2.71	3.74
Miscellaneous Income	0.8	0.36	8.64	0.66	4.15	8.70
Hire charges	0.00	0.00	0.00	0.35	32.00	8.80
Non Recurring Income						
Sales tax Refund	28.74	0.00	24.00	0.00	8.21	0.00
Profit on sale of Fixed Assets	0.00	0.00	0.00	5.69	0.00	0.00
Disclosed Income	0.00	88.00	0.00	0.00	0.00	0.00
R.C.C. Pipe Sales	0.00	0.00	0.00	1.81	0.00	0.00
Share Dividend	0.08	0.08	0.08	0.00	0.00	0.23
TOTAL	91.79	129.98	67.21	50.06	119.82	42.28

ANNEXURE 19

DETAILS OF INVESTMENTS

PARTICULARS	Year ended March, 31st					(Rs. In Lacs)
	2002	2003	2004	2005	2006	6 Months ended on 30 th Sept. 2006
Quoted Shares						
6559 Shares of Union Bank of India	0.00	0.00	0.00	0.00	7.21	7.21
Unquoted Shares						
Share of Social Co-op Bank	0.01	0.01	0.01	0.01	0.01	0.01
Share of Sindh Mercantile Co-Op Bank	0.07	0.07	0.07	0.07	0.07	0.07
Share of Nutan Nagrik Sah Bank	0.18	0.18	0.18	0.18	0.18	0.18
Share of M.C.B.	0.50	0.50	0.50	0.50	0.50	0.50
Share of Kalupur Commercial Co-op Bank Limited	0.00	0.00	0.00	0.00	5.00	5.00
Investment in Subsidiary Company	0.00	0.00	0.00	0.00	1.00	1.00
Government Securities						
Interest on N.S.C.	2.64	3.40	3.40	3.40	3.40	3.40
Deposit With SSNNL	15.82	12.39	11.28	28.47	27.02	27.01
National Saving Certificate	4.10	4.10	4.10	4.10	4.10	4.10
Sardar Sarovar Bond	0.00	2.50	2.50	2.50	2.50	2.50
Registration Deposit with AUDA	0.00	0.00	0.00	0.00	10.30	0.00
Registration Deposit with MPKVN	0.00	0.00	0.00	0.00	1.00	1.00
Investment in Kohinoor Crushing Unit(partnership Firm)	0.00	0.00	0.00	0.00	68.21	66.64
Investment In MSK-Suryacon (JV)	0.00	0.00	0.00	0.00	7.73	0.00
TOTAL.....	23.32	23.15	22.05	39.24	138.24	118.62
Note : Market Price of Quoted Securities	0.00	0.00	0.00	0.00	7.99	8.94

ANNEXURE A
CONSOLODATED STATEMENT OF ASSETS AND LIABILITIES
(Rs. In Lacs)

PARTICULARS		As at 31 st March	As at 30 th
		2006	September ,2006
A. FIXED ASSETS :			
	Gross Block	3,266.85	3,543.02
	Less : Depreciation	552.77	656.71
	Net Block	2,714.08	2,886.31
	Less : Revaluation Reserve	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	2,714.08	2,886.31
	Capital Work in Progress	0.00	1,131.1
B. Investment :		129.50	117.63
C Current Assets, Loans and Advances;			
	Inventories	1,121.01	674.21
	Sundry Debtors	1195.10	933.33
	Cash and bank Balances	794.30	1,228.99
	Loans and Advances	1,295.32	987.3
	Other Current Assts	1,026.05	1,228.54
	Sub Total1	5,431.78	5,052.37
	Current Liabilities and Provisions	1,906.10	1,668.44
	Deferred Tax Liability	113.55	119.72
	Sub Total2	2,019.65	1,788.16
	Net Current Assets (1 - 2)	3,412.13	3,264.21
D. Loans Funds :			
	Secured Loans	2,623.58	3,279.93
	Unsecured Loans	0.09	0.09
	Total.....	2,623.67	3,280.02
E. Networth (A+B+C-D)		3,632.04	4,119.23
F. Represented by			
	1. Share Capital	1,078.14	1,078.14
	2. Share Application Money	0.00	0.00
	3. Reserves	2,556.22	3,054.43
	Less : Revaluation Reserve	0.00	0.00
	Reserves (Net of Revaluation Reserves)	2,556.22	3,054.43
	Total.....	3,634.36	4,132.57
	Less : Misc. Expenditure	2.32	13.34
	Total.....	3,632.04	4,119.23

ANNEXURE B**STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT****(Rs. In Lacs)**

PARTICULARS	Year ended on 31st March 2006	6 Months ended on. 30th Sept. 2006
Income		
Contract Receipt	10,425.5	5,797.15
Other Income including disclosed income	124.35	59.63
Net difference in closing stock and WIP	388.96	(446.80)
TOTAL.....	10,938.81	5,409.98
Expenditure		
Material Cost	5,466.26	2,274.30
Construction Cost	3,556.04	1,964.52
Administrative Overhead	640.26	318.67
Financial Overheads	205.56	118.08
Other Overheads	40.26	12.99
Depreciation	184.02	103.94
TOTAL.....	10,092.40	4,792.50
Net Profit before tax and extraordinary items	846.41	617.48
Taxation	154.10	113.09
Deferred Tax Liability	23.28	6.17
Profit After Taxation	669.03	498.22
Adjusted Profit	669.03	498.22
Carry forward from previous year	1,823.76	2,229.06
Profit available for appropriation	2,492.79	2,727.28
General Reserve	48.10	0.00
Capitalization During the year on issue of Bonus Shares	215.63	0.00
Balance carried to balance sheet	2,229.06	2,727.28

ANNEXURE C

CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	As at 30.9.2006 (Rs. In Lacs)
[A] CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit as per P & L A/c. before Income Tax	617.48
ADD: Adjustment for :	
Depreciation	103.94
Interest Income	(20.81)
Dividend	0.00
Preliminary Expenses Written Off	0.00
Interest Expenses	73.58
Wealth Tax	0.58
Loss on sale of Assets	0.00
Loss of J.V./Firm	1.56
Profit of JV/Firm	0.00
Operating Profit before Working capital changes	776.32
(Increase) / Decrease in Current Assets	
Deposit	(1.61)
Project Deposit	(200.87)
Closing Stock	446.80
Receivables	261.77
Loans / Advances	308.02
Increase /(Decrease) in Current Liabilities	
Creditors	(202.11)
Provisions for Exps.	286.48
Income Tax Paid	(435.11)
Net Cash From Operating Activities	1,239.69
[B] CASH FLOW FROM INVESTMENT ACTIVITIES	
Interest Income	20.81
Purchase / Sale of Investment	11.87
Purchase of Fixed Assets	(276.17)
Dividend	0.00
Sale of Fixed Assets	0.00
Wealth Tax	(0.58)
Profit of JV/Firm	0.00

PARTICULARS		As at 30.9.2006 (Rs. In Lacs)
	Net Cash From Investment Activities	(244.07)
[C]	CASH FLOW FROM FINANCING ACTIVITIES	
	Secured Loans	656.35
	Unsecured Loans	0.00
	Interest Paid	(73.58)
	Preliminary Expenditure	(11.03)
	Capital Work In Progress	(1,131.11)
	Loss of J.V./Firm	(1.56)
	Net Cash From Financing Activities	(560.93)
[D]	NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C]	434.69
	Opening Cash & Cash Equivalents	794.30
	Closing Cash and Cash Equivalents	1,228.99
Notes :		
(i)	Figures in brackets represent outflows.	
(ii)	This being the second year of consolidation the figures of previous year can not be prepared.	

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET & CONSOLIDATED PROFIT & LOSS FOR THE PERIOD ENDED ON 30-09-06

1] CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES:
a) Basis of preparation of Accounts :

The Consolidated Financial Statement have been prepared in accordance with the Accounting Standard 21 (AS-21)"Consolidated Financial Statement " and Accounting Standard 27 (AS-27) "Financial reporting of interest in Joint Ventures" issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements are prepared by consolidating its Accounts with Accounts of Subsidiary Company M.S. Khurana Infrastructure and Toll Road Pvt. Ltd. & with Accounts of Joint Venture Firms NCC-MSKEL-JV, DRAIPL-MSKEL-JV & MSKEL Suryacon JV. The financial Statements of these Entities are prepared according to generally accepted Accounting Policies in India.

b) Other Significant Accounting Policies are set out in the Notes to Accounts under the Schedule "Significant Accounting Policies".

c) The Consolidated Financial Statements have been prepared on the following Basis :

- The Financial Statements of the of Company & its Subsidiary Company & Joint Venture Firms are Prepared on Line by Line Basis in accordance with agreed proportion under respective heads in these financial statements adding to book value of like item of Assets, Liabilities, Income & Expenses

- Intra Group Balances & Intra Group Transactions and resulting Profit are eliminated in full.

d) The Subsidiary & Interest in Joint Venture considered in the Consolidated Financial Statements are:

Particulars of Subsidiary	Proportionate Ownership Interest
M.S.Khurana Infrastructure and Toll Road Private Limited	99.99 %
Interest in Joint Ventures	
NCC-MSKEL-JV	40.00%
MSKEL-SURYCON-JV	33.33%
DRAIPL-MSKEL-JV	45.00%

2] Estimated amount of contracts on capital account remaining to be executed and not provided for is Rs. NIL

3] The Balances of Sundry Creditors , Debtors, Loans & Advances Unsecured Loans & Bank Balances where in there are no transactions are subject to conformation.

4] During the year the company has imported Aluminum Composite Panel equivalent to 132010.20 US\$

5] It is not Possible to Identify S.S. I undertakings from amongst Sundry Creditors hence details of dues S.S.I Undertaking are not given.

6] Auditor's Remuneration

Particulars	(Rs. In. Lacs)	
	30.9.2006	2005-2006
[a] Audit Fee	0.80	1.75
[b] Tax Audit Fee	0.20	0.25
[c] Income Tax / T.D.S.	0.00	0.26
[d] Other Matter	0.23	0.59

7] Disclosures in respect of related parties as defined in Accounting Standard 18, with whom Transactions have taken place during the year are given below

[Rs. In lacs]		
<u>Name of Related Parties</u>	<u>Nature of Transaction</u>	<u>Amount</u>
1. M.S. Khurana Builders Pvt. Ltd.	Labour Contract (Key Personnel interested Company)	19.13
2 Kohinoor Crushing Stone	Purchase of Materials Capital Investment (Key Personnel interested Firm)	26.93 66.64
3 M.S. Khurana (Indore)	Sub- Contract (Key Personnel Relative Firm)	09.40
4. Mira Khurana	Rent(Relative)	3.30
5. West India Equipment	Purchase of Materials (Key Personnel interested Firm)	05.56
6 Mira Marketing	Purchase of Assets (Key Personnel interested Firm)	12.87
7. SURYA CONSTRUCTION CO. [Associates Co. of JV Member]	Sub-Contract from MSK-SURYACON[JV]	877.24
8.Ramesh Khurana	Salary (Relative)	2.45
9.Ashish Khurana	Rent (Key Personnel)	1.50
10.Vikram Khurana	Rent (Key Personnel)	0.90
11.Sudhir Khurana	Rent (Key Personnel)	1.50

Key Management Personnel :

- 1 Shri. Sudhir Khurana
2. Shri. Ashish Khurana
3. Shri. Vikram Khurana
4. Shri Vishal Khurana

Managerial Remuneration

Particulars	(Rs. In Lacs)	
	30.9.2006	2005-2006
Salary to Directors	15.20	29.00
Perquisites to Directors*	0.76	1.12
Contribution to P.F.	<u>01.39</u>	<u>2.64</u>
Total	<u>17.35</u>	<u>32.76</u>

(* Excluding tax free Perquisite paid by the company on behalf of above key management personnel)

8) Particulars of Earning Per Share :-

	(Rs. In Lacs) As on <u>30.9.2006</u>
a) Net Profit for the year	498.21
b) Number of Equity Shares	1,07,81,400
c) Nominal Value per Share	Rs. 10/-
d) Earning Per Share	Rs. 4.62

9) Contingent Liabilities :-

1. Counter Guarantee given to the bank for (including Letter of Credit) (Previous Year Rs. 2938 Lacs)	Rs.2947 Lacs
2. Taxation Matter under Appeal	Rs. 1.28 Lacs
3. Liabilities in respect of Gratuity	Amount not Ascertainable

10) Deferred Tax Liabilities as on 30/09/2006 Comprises of the following :

Particulars	(Rs. In Lacs)	
	<u>30.9.2006</u>	<u>31.03.2006</u>
a) Deferred Tax Liabilities		
Fixed assets – Depreciation	119.72	109.64
Fixed Assets – Depreciation written Back	0.00	3.91
Total A	<u>119.72</u>	<u>113.55</u>
	=====	=====
b) Deferred Tax Assets	NIL	NIL
Total B	<u>NIL</u>	<u>NIL</u>
	=====	=====
Net Deferred Tax Liabilities (Total A-B)	119.72	113.55

11) In order to take exemption available for Development of Infrastructure facility U/s. 80 IA of the Income Tax Act, the Company maintained Separate Books of Accounts for each such eligible sites as an independent entity. The Accounts under Audit reflect combined accounts of all sites including accounts of such eligible sites with Head Office.

12) Company operates in a single Segment i.e. "Construction Work in India". The Company's entire Construction Works- Sales are in India , hence no additional disclosure under AS - 17 " Segment Reporting " are required in this Financial Statement.

13) Company being engaged in construction business is neither a manufacturing company nor trading company. Therefore the information required by clause 3 (i) (a), 4 (c) and 4 (d) of part II of Schedule VI to the Companies Act, 1956 are not given.

ANNEXURE E**ACCOUNTING RATIOS**

PARTICULARS	31st March 2006	30th Sept. 2006
Earning Per Share (EPS)		
Profit After tax (Rs in Lacs)	669.03	498.22
Weighted Average number of shares	1,07,81,400	1,07,81,400
EPS (In Rupees)	6.21	4.62
RETURN ON NET WORTH		
Profit After tax (Rs in Lacs)	669.03	498.22
Net Worth (Rs in lacs)	3,632.04	4,119.23
Return on Net Worth (%)	18.42	12.10
NET ASSETS VALUE PER SHARE		
Net Worth (Rs in lacs)	3,632.04	4,119.23
No of shares outstanding at the end of year	1,07,81,400	1,07,81,400
Net Asset value(Per Share)	33.69	38.21

Definitions1. Earning Per Share :

Net Profit After Tax / Weighted Average Number of Equity Shares

2. Return of net Worth

Net Profit After Tax / Net worth

a. Where Net Worth = Share Capital + Reserve & Surplus - Preliminary Expenses

3. Net Assets Value :

Net Worth / Number of Equity Shares outstanding at the end of year

Except as stated hereinabove, there are no other material notes to the auditor's report, which have bearing on the financial status of the Company. Further, all notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated in the Draft Red Herring Prospectus.

OTHER GROUP COMPANIES / VENTURES OF PROMOTERS

Companies under the same management

Except as stated in this section, there are no companies under the same management within the meaning of section 370(1) (B) of the Companies Act, 1956.

The following are the details of our Group Companies and other ventures promoted by our Promoters:

A. Madhav Health Care Private Limited

Madhav Health Care Private Limited was incorporated on September 28, 2001 under the Companies Act, 1956. Their registered office is situated at Jay Towers, 3rd floor, Ankur Complex, Naranpura, Ahmedabad 380 013. The main object of the company is to carry in the business of establishing, maintaining and supervising all classes of hospitals, nursing homes, health centres, pathological laboratories, maternity homes, surgical and operation theatres gymnasiums and sanitoriums and such other similar activities. To carry on the business of cultivation, standardization, graduation of all classes of herbals, vegetables and leaures, seeds and fruits used in and for the treatment, nourishment, prophylactic and nourishment whether for mental or physical diseases of human being.

The shareholding pattern as on August 31, 2006 is as follows:

Name of shareholder	No. of shares held	Percentage shareholding of
Mr. Sudhir Khurana	2,500	25.00
Mr. Vikram Khurana	2,500	25.00
Mr. Bhanubhai G Patel	2,500	25.00
Mr. Hemangbhai Patel	2,500	25.00
Total	10,000	100.00

Board of Directors:

The Board of Directors as on August 31, 2006 is as follows:

Mr. Sudhir Khurana
 Mr. Ashok M. Khurana
 Mr. Bhanubhai G. Patel
 Mr. Hemangbhai Patel

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	1.00	1.00	1.00
Reserves and surplus	Nil	Nil	Nil
Total income	Nil	0.096	0.0061
Profit after tax	(0.95)	(1.35)	(1.46)
Earnings per share (face value Rs. 100/-) (Rs.)	-	-	-
Net Asset Value per share (Rs.)	-	-	-

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

B. Minar Trading and Services Limited

Minar Trading and Services Limited was incorporated on August 6, 1985 under the Companies Act, 1956. Their registered office is situated at 4, Mangaldeep Apartments, near Chandrabhaga Bridge, Gandhi Ashram, Junawadaj, Ahmedabad 380 013. The main object of the company is to carry on the activity of exporting, importing, buying, selling, trading and such other ancillary activities in chemicals (organic/inorganic), pesticides of all kinds including its formulations, jute, jute goods, cotton, wool, silk, nylon, rayon, fibres etc.

The equity shares of the company are not listed on any stock exchange. The shareholding pattern as on September 30, 2006 is as follows:

Name of shareholder	No. of shares held	Percentage of shareholding
Directors		
Sudhir Khurana	22,000	2.99
Ashish Khurana	26,500	3.60
Vikram Khurana	28,500	3.87
Sub-Total (A)	77,000	10.46
Others		
Amit A Khurana	10,000	1.36
Anita Dewani	30,000	4.08
Arun Chanawa	4,000	0.54
Ashok Khurana	13,500	1.83
Ashok Khurana HUF	10,000	1.36
Ashwin Gupta	1,000	0.13
Atmaram Ramakrishna	1,000	0.13
Avinash Gupta	1,000	0.13
Bindya A Khurana	8,500	1.15
C.Mohan	1,000	0.13
C.Mohan(HUF)	2,500	0.34
Dinesh Jain	3,500	0.47
Dipti Khurana	32,000	4.35
Emsons Texurise Private Limited	64,500	8.77
Gayatri Chanania	500	0.06
Gopaldas Dewani (HUF)	300	0.04
Ishoo Tekwani	5,000	0.68
Janki Kewalramani	4,000	0.54
Kailashchand Gupta	1,000	0.13
Lata Dewani	25,000	3.40
Madhuri Thakkar	2,500	0.34
Mahatma Pandey	1,000	0.13
Mamta Khurana	1,000	0.13
Manju Khurana	13,500	1.83
Manju Chawla	4,000	0.54
Manoj Lakhani	2,000	0.27
Meena Chawla	4,000	0.54
Mira Lachhiramani	4,000	0.54
Mira Khurana	55,000	7.48
Mukesh Diwani	21,500	2.92
Mukesh Tekwani	17,000	2.31

Name of shareholder	No. of shares held	Percentage of shareholding
M.S.Khurana Builders Pvt Ltd	52,000	7.07
New Age Builders Pvt Ltd	24,000	3.26
Omprakash Agarwal	4,000	0.54
Parmanand Balani	30,000	4.08
Pravin Patel	7,500	1.02
Puran Kewalramani	1,000	0.13
Pushpadevi Gupta	1000	0.13
Radhaben Lakhani	2,000	0.27
Raj Khurana	8,000	1.08
Rajesh Raheja	5,000	0.68
Ramesh Kumar Kashiprasad	6,500	0.88
Ramesh Kumar Sarvagi	5,000	0.68
Rasika Khurana	7,500	1.02
Ratni Khurana	1,500	0.20
Ratnidevi Khurana	20,000	2.72
Rita Dewani	28,400	3.86
Santa Ochhani	5,000	0.68
Sheela Patel	7,500	1.02
Sudhir Khurana (HUF)	27,600	3.75
Suresh Balani	2,000	0.27
Suresh Ochhani	500	0.06
T.Khurana Builders Pvt Ltd	21,700	2.95
Vandana Khurana	27,500	3.74
Vasudev Talreja	3,000	0.40
Vinita Balani	2,000	0.27
Vinod Mittal	2,500	0.34
Vishnkant Agarwal	7,000	0.95
Sub-Total (B)	6,58,000	89.54
Total (A+B)	7,35,000	100.00

Board of Directors:

The Board of Directors of Minar Trading and Services Limited comprises of the following:

Mr. Sudhir Khurana
Mr. Ashish Khurana
Mr. Vikram Khurana

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	73.50	73.50	73.5
Reserves and surplus	111.63	97.69	71.81
Total income	15.13	25.94	5.60
Profit after tax	13.94	25.88	5.57
Earnings per share (face value Rs. 100/-) (Rs.)	1.90	3.52	0.76
Net Asset Value per share (Rs.)	25.19	23.29	19.77

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

C. M.S. Khurana Builders Private Limited

M.S. Khurana Builders Private Limited was incorporated on July 4, 1985 under the Companies Act, 1956. Their registered office is situated at 60, Sanskarbharti Society, Naranpura, Ahmedabad 380 013. The main object of the company is to carry on the activity of acquiring by purchase, lease, exchange, hire, erect, construct buildings, flats, showrooms, shops, auditoriums, halls, sheds, mines, factories, mills, industrial estates, warehouses, cold storages, godowns, factory, offices, farms and such other activities in connection with Civil Engineering.

The equity shares of the above mentioned company are not listed on any stock exchange. The shareholding pattern as on September 30, 2006 is as follows:

Name of shareholder	No. of shares (of Rs. 1000/- each)	Percentage of shareholding
Directors:		
Mrs. Mira Khurana	560	3.33
Mr. Vikram Khurana	323	1.92
Mr. Parmanand Balani	03	0.01
Mr. Mahatma Pandey	03	0.01
Sub-Total(A)	889	5.27
Others		
Mr. Sudhir Khurana	1,501	8.93
Sudhir Khurana (HUF)	208	1.23
Mr. Ashish Khurana	323	1.92
Miss. Dipti Khurana	80	0.47
Miss. Vandana Khurana	64	0.38
Mr. Pramod Pandey	03	0.01
Mr. Rajni Balani	03	0.01
Mr. Papan Dudani	03	0.01
Mrs. Guni Dudani	03	0.01
Mrs. Naini Dudani	03	0.01
Mr. Ishoo Tekwani	03	0.01
Mr. Mukesh Tekwani	03	0.01
Mr. Kamlesh Sompura	03	0.01
Mr. Kirit Patel	03	0.01
Mr. Vipin Darji	03	0.01
Mr. Gopal Soni	03	0.01
Mr. Sanjay Sarin	03	0.01
Akai (India) Limited	1,400	8.33
Super Finance Limited	1,100	6.54
EIF Corporation Limited	2,350	13.98
Gujarat Guaranty & Financial Limited	2,000	11.9
Rajul Finance Limited	2,000	11.9
Graceful Properties Limited	300	1.78
Mr. Shyam Sunder L. Parikh	100	0.59
Mrs. Sushila Sunder	100	0.59
Mr. Christian Shaileshkumar	200	1.19

Name of shareholder	No. of shares (of Rs. 1000/- each)	Percentage of shareholding
Mr. Sureshchandra Vaishnav	100	0.59
Mrs. Sudhaben Nanalal Sompura	100	0.59
Mr. Kancharaji Motu Thakor	100	0.59
Mr. Umesh Thakor	200	1.19
Mrs. Sushilaben Parikh	400	2.38
Mr. Shankarbhai Joshi	100	0.59
Mr. Dharmendra Trivedi	200	1.19
Mrs. Nutan Vyas	200	1.19
Mr. Deendayal Sharma	200	1.19
Myraj Consultancy Limited	2,500	14.88
Mrs. Dipti Khurana	50	0.29
Sub-Total (B)	15,912	94.73
Total (A+B)	16,801	100.00

Board of Directors:

The Board of Directors of M.S.Khurana Builders Private Limited as on September 30, 2006 is as follows:

Mrs. Mira Khurana
 Mr. Vikram Khurana
 Mr. Paramanand B. Balani
 Mr. Mahatma S. Pandey
 Mrs. Nicole Khurana
 Mrs. Geeta Khurana

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	168.00	168.00	168.00
Reserves and surplus	27.84	20.28	07.24
Total income	101.14	199.71	210.41
Profit after tax	7.55	13.01	3.70
Earnings per share (face value Rs. 1000/-) (Rs.)	44.93	77.44	22.02
Net Asset Value per share (Rs.)	1,165.77	1,120.83	1,043.21

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

D. Aashiana Recreation Projects Private Limited

Aashiana Recreation Projects Private Limited was incorporated on May 19, 1997 under the Companies Act, 1956. Their registered office is situated at 106 Sarthi Memnagar, Ahmedabad 380 052. The main object of the Company is carry on the business of running, managing, acquiring, owning, purchasing hotels and lodging & boarding.

The equity shares of the above mentioned company are not listed on any stock exchange. Shareholding Pattern as on September 30, 2006 was as follows:

Name of shareholder	No. of shares held	Percentage of shareholding
Mr. Nikhil Premo Pereira	5,080	49.80
Mr. Sudhir Khurana	5,060	49.60
Mr. Premo Pereira	10	0.10
Mr. Balanche Premo Pereira	10	0.10
Mr. Vikram Khurana	10	0.10
Mr. Ashish Khurana	10	0.10
Ms. Vandana Sudhir Khurana	10	0.10
Mrs. Nicole Khurana	10	0.10
Total	10,200	100.00

Board of Directors:

The Board of Directors of Aashiana Recreation Projects Private Limited as on September 30, 2006 is as follows:

Mr. Sudhir Khurana
Mr. Ashish Khurana

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	1.02	1.02	1.02
Reserves and surplus	Nil	Nil	Nil
Total income	Nil	Nil	Nil
Profit after tax	(0.16)	(0.19)	(0.17)
Earnings per share (face value Rs. 100/-) (Rs.)	-	-	-
Net Asset Value per share (Rs.)	-	-	-

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

E. West India Hospitality Private Limited (“West India”)

West India Hospitality Private Limited was incorporated as “Subhashish Construction Private Limited” on December 26, 2002 under the Companies Act, 1956. The name of the Company was changed to “West India Hospitality Private Limited” on 19th March 2007. Their registered office is situated at Jay Towers, Ankur Complex, Naranpura, Ahmedabad 380 013. The main object of the Company is carry on the business of running, managing, acquiring, owning, purchasing hotels and lodging & boarding.

The equity shares of the above mentioned company are not listed on any stock exchange. Shareholding Pattern as on September 30, 2006 was as follows:

Name of shareholder	No. of shares held	Percentage of shareholding
Mr. Sudhir Khurana	1,00,000	13.33
Mr. Ashish Khurana	6,10,000	81.33

Name of shareholder	No. of shares held	Percentage of shareholding
Mrs. Vandana Khurana	10,000	1.34
Ms. Guni Dudani	10,000	1.34
Mr. Mahatma Pandey	10,000	1.33
Mr. Vikram Khurana	10,000	1.33
Total	7,50,000	100.00

Board of Directors:

The Board of Directors of West India as on September 30, 2006 is as follows:

Mr. Sudhir Khurana
Mr. Ashish Khurana

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	75.00	75.00	75.00
Reserves and surplus	75.04	0.62	Nil
Total income	81.58	1.37	10.47
Profit after tax	74.41	1.01	(0.25)
Earnings per share (face value Rs. 100/-) (Rs.)	9.92	0.14	-
Net Asset Value per share (Rs.)	19.88	9.94	9.79

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

F. Westinn Limited

Westinn Limited was originally incorporated as “Westinn Private Limited”, a private limited company vide Certificate of Incorporation dated March 23, 1993, later the name of the company was changed to Westinn Limited on September 20, 1995 upon issue of a fresh certificate of incorporation consequent to change of name under the Companies Act, 1956. Their registered office is situated at Usmanpura Char Rasta, Ashram road, Ahmedabad 380 013. The main object of the company is to carry on the activity of caterers and contractors in all its respective branches of hotel, restaurant, café, tavern, licensed beer house, refreshment-room and lodging house keepers, licensed victuallers, wine, beer and spirit merchants, brewers, malsters, distillers, importers and manufacturers of aerated, mineral and artificial waters and other drinks.

Westinn Limited has vide company application no. 77 of 2006 applied for an amalgamation of Panorama Builders Private Limited, to the High Court of Gujarat, Ahmedabad. As per the scheme of amalgamation the assets and liabilities of Panorama Builders Private Limited are proposed to be transferred to Westinn Limited.

Westinn Limited owns a hotel in the name and style of “Fortune Landmark, Ahmedabad”, whose franchise and management has been given to Welcome Group of ITC Limited.

The equity shares of the company are not listed on any stock exchange. The shareholding pattern as on September 30, 2006 was as follows:

Name of shareholder	No. of shares held	Percentage of shareholding
Directors		
Mr. Sudhir Khurana	9,26,020	9.35
Mr. Vikram Khurana	13,13,280	13.27
Mr. Kamal Galani	17,33,650	17.51
Mr. Suresh Galani	25,84,150	26.10
Mr. Ashish Khurana	1,75,000	1.77
Sub-Total(A)	67,32,100	68.00
Others		
Mr. Rajesh Galani	1,42,200	1.44
Galani Developers Private Limited	4,90,000	4.95
M.S.Khurana Builders Private Limited	3,96,200	4.00
Mrs. Mira Khurana	1,29,500	1.31
Mrs. Nicole Khurana	2,95,000	2.98
Minar Trading Services Limited	11,75,000	11.87
Diya Khurana	3,12,500	3.16
West India Hospitality Private Limited	1,10,000	1.11
Sarvashakti Synthetic Private Limited	47,500	0.48
Mukund Security & Investment Limited	70,000	0.71
Sub-Total(B)	31,67,900	32.00
Total (A+B)	99,00,000	100.00

Board of Directors:

The Board of Directors of Westinn Limited as on September 30, 2006 is as follows:

Mr. Avinash Gupta
 Mr. Suresh Balani
 Mr. Sudhir Khurana
 Mr. Vikram Khurana
 Mr. Kamal V. Galani
 Mr. Suresh V. Galani
 Mr. Ashish Khurana
 Mr. Ladho K. Wadhwa

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	990.00	990.00	800.00
Preference share capital	-	-	190.00
Reserves and surplus	380.50	379.21	342.81
Total income	1,129.70	1,060.67	947.65
Profit after tax	170.61	261.11	212.38
Earnings per share (face value Rs. 10/-) (Rs.)	1.72	2.64	2.65
Net Asset Value per equity share (Rs.)	13.67	13.83	14.29

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

G. Panorama Builders Private Limited

Panorama Builders Private Limited was incorporated as a private limited company vide Certificate of Incorporation dated July 17, 2000 under the Companies Act, 1956. Their registered office is situated at Hotel Landmark Usmanpura Char Rasta, Ashram road, Ahmedabad 380 013. The main object of the company is to carry on the business of construction, infrastructure and maintenance of roads, tracks, air strips, properties, buildings, air ports, wind farms, canals, estates and ancillary activities.

Panorama Builders Private Limited has vide company application no. 78 of 2006 applied for an amalgamation with Westinn Limited, to the High Court of Gujarat, Ahmedabad. As per the scheme of amalgamation the assets and liabilities of Panorama Builders Private Limited are proposed to be transferred to Westinn Limited.

The equity shares of the above mentioned company are not listed on any stock exchange. Shareholding Pattern as on September 30, 2006 was as follows:

Name of shareholder	No. of shares held	Percentage of shareholding
Mr. Sudhir Khurana	1,900	19.00
Mr. Ashish Khurana	200	2.00
Mrs. Nicole Khurana	100	1.00
Mrs. Geeta Khurana	100	1.00
Mrs. Meera Khurana	100	1.00
Mr. Vikram Khurana	100	1.00
Mr. Kamal Galani	4,650	46.50
Mr. Suresh Galani	350	3.50
Sarvashakti Synthetic Limited	2,500	25.00
Total	10,000	100.00

Board of Directors:

The Board of Directors of Panorama Builders Private Limited as on September 30, 2006 is as follows:

Mr. Avinash Gupta
 Mr. Sudhir Khurana
 Mrs. Nicole Khurana
 Mr. Kamal Galani
 Mr. Suresh Galani

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	1.00	1.00	1.00
Reserves and surplus	0.12	0.12	-
Total income	Nil	3.37	-
Profit after tax	Nil	0.12	-
Earnings per share (face value Rs. 10/-)(Rs.)	-	1.20	-
Net Asset Value per share (Rs.)	-	-	-

There are no pending litigations, defaults, etc against above Companies and its promoters.

The company has negative networth of Rs. 1.33 Lacs as on March 31, 2006.

H. Scope Consultancy Private Limited

Scope Consultancy Private Limited was incorporated vide Certificate of Incorporation dated December 20, 1995 under the Companies Act, 1956. Their registered office is situated at B-35, Ghanshyam Avenue, 13, Sattar Taluka Society, Navjivan, Ahmedabad 380 009. The main object of the company is to carry on the activity of advisory and consultation services on all matters and problems relating to land including waste land, agricultural land, farm house, community housing resorts, club house, recreation centre, construction, interior design and to analyse, examine, consider methods for extending or developing, or improving, or promoting any type of such land including waste land, agricultural land, farm house, community housing resorts, club house and recreation centre. On March 4, 2005, Mr. Ashish Khurana and Mr. Vikram Khurana acquired 50% stake in the company, thereby taking over the management of the company.

The equity shares of the above mentioned company are not listed on any stock exchange. Shareholding Pattern as on September 30, 2006 was as follows:

Name of shareholder	No. of shares held	Percentage of shareholding
Mr. Bhanuprasad Govindlal Patel	1,000	25.00
Mr. Hemang Bhanuprasad Patel	500	12.50
Mrs. Jyotsnaben Bhanuprasad Patel	500	12.50
Mr. Ashish Khurana	1,000	25.00
Mr. Vikram Khurana	1,000	25.00
Total	4,000	100.00

Board of Directors:

The Board of Directors of Scope Consultancy Private Limited as on September 30, 2006 is as follows:

Mr. Bhanuprasad Govindlal Patel
 Mr. Hemang Bhanuprasad Patel
 Mr. Sudhir Khurana
 Mr. Ashish Khurana

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,	
	2006	2005
Equity share capital	4.00	4.00
Reserves and surplus	350.00	205.49
Total income	9.34	-
Profit after tax	(24.11)	(5.07)
Earnings per share (face value Rs. 100/-)(Rs.)	-	-
Net Asset Value per share (Rs.)	8,247.25	5,236.75

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

OTHER ENTITIES/VENTURES PROMOTED BY OUR PROMOTERS

A. M/s Suruchi Builders (Suruchi Builders)

Suruchi Builders is a partnership firm between Mr. Mohan Laxmandas Hingorani, Mrs. Nicole Khurana and Mr. Vikram Khurana under a deed dated May 11, 2004. Suruchi Builders has its office at 44/6, Chaitanyanagar, Stadium Road, Post Navjivan, Ahmedabad 380 014. They are engaged *inter alia* in the business of building construction and land developing. The firm may carry out other activities as and when decided mutually among the partners.

Partners of Suruchi Builders:

Suruchi Builders has three partners and their profit sharing ratios are as under:

Name of Partner	Profit / Loss sharing %
Mr. Mohan Laxmandas Hingorani	33.34
Mrs. Nicole Khurana	33.33
Mr. Vikram Khurana	33.33
Total	100.00

Financial Performance:

Particulars	(Rs. In Lacs)	
	As of March 31,	
	2006	2005
Construction work in progress	170.20	86.31
Partners Capital	79.26	40.48

B. M/s West India Equipments (West India Equipments)

West India Equipments is a partnership firm between Mr. Ashish Khurana and Mr. Jesal Vora under a deed dated October 4, 2003. West India Equipments has its office opposite to Mahan Tractors, Sarkhej Bavla Highway, Bavla Road, Sarkhej, Ahmedabad. They are carrying out business as a dealer for Volvo India Limited and the partnership shall carry out such other business as may be decided by the partners mutually from time to time.

Partners of West India Equipments:

West India Equipments has two partners and their profit sharing ratios are as under:

Name of Partner	Profit / Loss sharing %
Mr. Ashish Khurana	50.00
Mr. Jesal Vora	50.00
Total	100.00

Financial Performance:

Particulars	(Rs. In Lacs)		
	As of March 31,		
	2006	2005	2004
Total income	158.51	51.92	17.29
Profit after tax	9.82	4.71	0.96
Partners Capital	31.45	13.53	5.18

C. M/s Attune Inc (Attune Inc)

Attune Inc. is a partnership firm between Hemang Bhanuprasad Patel (HUF), Hotel Sabar Private Limited, Mr. Bhanuprasad G. Patel, Mr. Hemang B. Patel, Minar Trading & Services Limited, Sudhir Khurana (HUF), Mr. Vikram Khurana and Mr. Ashish Khurana under a deed dated January 24, 2005. Attune Inc. has its office at B/35, Ghanshyam Avenue, Navjivan, Ahmedabad 380 014. They are carrying on the business of construction, development of land, club, rendering consultancy services and maintenance contract and the partnership shall carry out such other business as may be decided by the partners mutually from time to time.

Partners of Attune Inc:

Attune Inc. has eight partners and their profit sharing ratios are as under:

Name of Partner	Profit / Loss sharing %
Hemang Bhanuprasad Patel (HUF)	12.50
Hotel Sabar Private Limited	12.50
Mr. Bhanuprasad G. Patel	12.50
Mr. Hemang B. Patel	12.50
Minar Trading & Services Limited	12.50
Sudhir Khurana (HUF)	12.50
Mr. Vikram Khurana	12.50
Mr. Ashish Khurana	12.50
Total	100.00

Financial Performance:**(Rs. In Lacs)**

Particulars	As of March 31,		
	2006	2005	2004
Total income	20.88	0.04	Nil
Profit after tax	2.20	(0.07)	Nil
Partners Capital	267.86	258.20	0.36

D. M/s Mira Marketing (Mira Marketing)

Mira Marketing is a registered partnership firm between Mrs. Mira Khurana, Mr. Ashish Khurana and Mr. Vikram Khurana vide a partnership deed dated July 11, 1994. Mira Marketing has its office at Jay Tower, 3rd floor, Ankur Complex, Naranpura, Ahmedabad 380 013. They are carrying on business of marketing of tyres and the partnership shall carry out such other business as may be decided by the partners mutually from time to time.

Partners of Mira Marketing:

Mira Marketing has three partners and their profit sharing ratios are as under:

Name of Partner	Profit / Loss sharing %
Mrs. Mira Khurana	40.00
Mr. Ashish Khurana	30.00
Mr. Vikram Khurana	30.00
Total	100.00

Financial Performance:

(Rs. In Lacs)

Particulars	As of March 31,		
	2006	2005	2004
Total income	48.79	-	-
Profit after tax	0.28	(0.002)	(0.01)
Partners Capital	(0.15)	(0.45)	(0.44)

E. M/s Kohinoor Crushing Stone (Kohinoor Crushing Stone)

Kohinoor Crushing Stone is a registered partnership firm between Mr. Ashish Khurana, Mr. Nareshkumar Patel and M.S.Khurana Engineering Limited under a deed dated July 1, 2005. Kohinoor Crushing Stone has its office at Jay Tower, 3rd floor, Ankur Complex, Naranpura, Ahmedabad 380 013. The factory of the firm is situated at Village-Khodamali, Taluka Satlasana, District Mehsana. They are carrying on business of manufacturing and dealing in all types and kinds of kapachi, greets, metals, stones, granite stones, marble and other stone on its own and on job work basis and also carrying on business as Exporters, Importers, Agents, Brokers, Investors and shall carry out such other business as may be decided by the partners mutually from time to time.

Partners of Kohinoor Crushing Stone:

Kohinoor Crushing Stone has three partners and their profit sharing ratios are as under:

Name of Partner	Profit / Loss sharing %
Mr. Ashish Khurana	80.00
Mr. Nareshkumar Patel	5.00
M.S.Khurana Engineering Limited	15.00
Total	100.00

Financial Performance:

(Rs. In Lacs)

Particulars	As of March 31,		
	2006	2005	2004
Total income	30.25	18.27	23.66
Profit after tax	(2.07)	0.15	(0.05)
Partners Capital	66.36	0.15	4.93

Company with which our Promoters have disassociated themselves in the last three years

Except as given in the table hereunder, our Promoters have not disassociated themselves from any other entity in the last three years.

Sr. no.	Name of Entity	Date of incorporation / formation	Date of disassociation	Status of the Entity
1.	M/s. M.S. Khurana, Udaipur	April 1, 1992	August 1, 2006	Stake divested
2.	M/s. Khurana Interiors	May 1, 1990	March 31, 2005	Firm dissolved
3.	M/s. Vishal Kitchen & Appliances	May 1, 1998	March 31, 2005	Firm dissolved
4.	M/s. Khurana Industries	April 1, 1998	March 31, 2005	Firm dissolved

None of the companies promoted by our Promoters have been struck off from the records of the Registrar of Companies in the last three years.

Common Pursuits

We have 4 Group Companies / Partnership Firms *viz.* M. S. Khurana Builders Private Limited, Panorama Builders Private Limited, M/s Suruchi Builders, M/s Attune Inc. whose main objects are similar to those of our Company. However, each of these companies/partnership firms currently focus on segments which are different as compared to our Company. Activities undertaken by these entities are as under:

Name of Promoter Group Companies / Partnership Firms	Activity undertaken
M.S. Khurana Builders Private Limited	Formed as a development Company to carry on real estate development and carries on only labour contract jobs. Though in existence for the past 20 years they have not applied for any registration with State Government which is a prerequisite for participating in any Government Tender.
Panorama Builders Private Limited	On the verge being merged with Westinn Limited, which is carrying on hotel business.
M/s Suruchi Builders and M/s Attune Inc.	Formed as partnership firms with different partners for undertaking specific development projects: <ul style="list-style-type: none"> • M/s Suruchi Builders – To develop a commercial project • M/s Attune Inc – To develop a resort, real estate

Sales or Purchases between Companies in the Group

There have been no sales or purchases between companies in the Group exceeding in value in the aggregate 10% of the total sales or purchases of our Company, except those transactions mentioned under the section titled “Financial Information” on page [•].

Changes in Accounting Policies in the last three years

There have been no changes in accounting policies in the last three years except as stated in section titled “Financial Information” beginning on page [•].

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

You should read the following discussion of our financial condition and results of operations together with our audited financial statements for the FY 2002, 2003, 2004, 2005, 2006 and six months period ended on September 30, 2006 including the Annexures and Notes thereto and the Reports thereon, which appear in this Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Guidelines as described in the Auditor's Report of **Dharmendra Shah & Co.** dated March 15, 2007 in the section with the title 'Financial Information'.

Business Overview

Our Company is in the business of carrying on construction/infrastructure related activities. We have executed projects in various states namely Gujarat, Madhya Pradesh, Rajasthan and Maharashtra.

Our Company was originally started as a Partnership firm in the year 1968 by the name of M/s M. S. Khurana, Ahmedabad. The firm was jointly formed by Late Madhavdas S. Khurana along with his sons for carrying on business as building contractor having place of business at Ahmedabad. The initial activities of the Partnership firm were to carry out Civil Engineering jobs comprising Residential Housing, Specialized Multi-storey Public Buildings, and Industrial Plants and Factories etc mainly in an around Ahmedabad, Gujarat. Subsequently the constitution of the firm was changed in the year 1998 and it was agreed to carry on business of the firm in the form of a Private Limited Company under the name and style of M.S. Khurana Constructions Private Limited under Section 566 of The Companies Act, 1956 vide certificate of incorporation dated September 9, 1998. The name of our Company was later changed from M.S. Khurana Constructions Private Limited to M.S. Khurana Engineering Private Limited on September 24, 1998. Subsequently on August 12, 2002 in terms of special resolution passed dated July 15, 2002 under section 31 of The Companies Act, 1956 our Company was converted in to a Public Limited Company and the name was changed from M.S. Khurana Engineering Private Limited to M.S. Khurana Engineering Limited.

During all these years Our Company has executed all types of Civil Engineering works as enumerated below:-

1. Multistoried & specialized buildings such as Building for Industry, Hotels, Hospitals, I-Max Theatre, Terminal Building for Airports etc..
2. Mass Housing
3. Road, & Highways
4. Major & Minor Bridges
5. Irrigation Projects such as Canals, Syphons, Weirs, Falls etc. etc.
6. Treatment Plants such as Water Sewerage/Effluent Treatment Plants on Turnkey basis from concept to commissioning.
7. Drainage Works

Our Business activities have now spread beyond the boundaries of Ahmedabad and Gujarat to other states namely Rajasthan, Madhya Pradesh, Maharashtra, Andhra Pradesh.

Significant Accounting Policies

Preparation of financial statements in accordance with Indian Generally Accepted Accounting Principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, require our management to make judgements, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues

and expenses. These judgements, assumptions and estimates are reflected in our accounting policies, which are more fully described in the Auditor's Report in this DRHP.

Certain of our accounting policies are particularly important for the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "Significant Accounting Policies". Our management uses its historical experience and analysis, the terms of existing contracts, historical cost convention, industry trends, information provided by our agents and information available from other outside sources, as appropriate, when forming its assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that there are certain critical accounting policies that warrant additional attention. For details of these accounting policies kindly refer Annexure 4 of the Auditors' Report on Page [•].

Business Performance:

Sales and Profit

Our total income has grown at a CAGR of 31.02% from Rs. 3,447.67 Lacs in fiscal 02 to 10,159.92 Lacs in fiscal 06. The total profit after taxation has grown at a CAGR of 58.08% from Rs. 107.14 Lacs for fiscal 02 to Rs. 669.02 for fiscal 06.

Inventories

Particulars	(Rs. In Lacs)			
	31st March 2004	31st March 2005	31st March 2006	30th September 2006
Inventories	594.54	733.51	1,050.48	532.89
% to Total Contract Receipts	8.46%	9.86%	10.34%	10.37%

Inventories have increased year on year due to increase in the scale of operations and implementation of various projects spread across various locations.

Sundry Debtors

Particulars	(Rs. In Lacs)			
	31st March 2004	31st March 2005	31st March 2006	30th September 2006
Sales	7,026.74	7,437.58	1,0159.9	5,138.54
Total Debtors	209.59	829.64	1,137.12	895.02
%age to Contract Receipts	2.98%	11.15%	11.19%	17.42%

Sundry debtors have increased as a percentage of sales from 2.98% in fiscal 2003-04 to 11.15% in 2004-05, since income from major projects like Sardar Sarovar Narmada Nigam Limited of Rs 301.34 lacs, Rs 101.43 lacs from AUDA and Rs. 151.22 lacs from Science City etc were accrued in the month March, 2005. Similarly, during the year 2005-06 sundry debtors includes dues from Sardar Sarovar Narmada Nigam Limited of Rs 511.59 lacs, which has been received in the next fiscal. During, the six months ended 30th September, 2006, Sundry Debtors includes dues from AUDA amounting to Rs 457.02 Lacs of September, 2006 and the same has been received in the month of October 2006.

Loans & Advances

(Rs. In Lacs)

Particulars	31 st March 2004	31 st March 2005	31 st March 2006	30 th September 2006
Advance on capital Goods	0.00	14.25	14.25	14.25
Advance to Joint Ventures and Subsidiary Companies	0.00	0.00	23.78	772.14
Advance to Others	27.73	149.67	132.95	134.56
Advance Income Tax and TDS	182.81	427.57	657.30	347.82
Staff Advances	32.27	28.50	54.92	73.23
Prepaid expenditure	42.99	57.97	37.51	37.42
TOTAL.....	285.80	677.96	920.71	1,379.42

Loans and Advances have increased by 49.82% for half year ended September 30, 2006 as compared to FY 2006 due to year on year due to advances given to Joint Venture Companies and Subsidiary Company. An amount to the tune of Rs. 637.19 lacs have been given to our subsidiary company M.S. Khurana Infrastructure & Toll Road Private Limited for executing the BOT project.

OUR RESULTS OF OPERATIONS

The table below sets forth various line items from our audited financial statements for fiscal 2004, 2005, 2006 and six months period ended on 30th September, 2006, as a percentage of total income.

(Rs. In Lacs)

Particulars	31 st March 2004	31 st March 2005	31 st March 2006	30 th September 2006
<u>INCOME</u>				
Contract Receipt	7,026.74	7,437.58	10,159.92	5,138.54
% increase/(decrease)		5.85%	36.60%	
Increase/ (Decrease) in stocks	173.00	139.33	318.44	(517.60)
% increase/(decrease)		(19.46)%	128.55%	
Other Income	67.21	50.06	119.82	42.28
% increase/(decrease)		(25.52)%	139.35%	
Total Income	7,266.95	7,626.97	10,598.18	4,663.22
% increase/(decrease)		4.95%	38.96%	
<u>EXPENDITURE</u>				
Materials Cost	3,222.43	3,589.62	5,395.73	1,999.77
As %age to Total Income	44.34%	47.06%	50.91%	42.88%
Construction Cost	2,812.35	2,480.13	3,290.55	1,566.80
As %age to Total Income	38.70%	32.52%	31.05%	33.60%
Administrative and Other Overheads	469.72	703.55	677.3	325.27
As %age to Total Income	6.46%	9.22%	6.39%	6.98%

Particulars	31 st March 2004	31 st March 2005	31 st March 2006	30 th September 2006
Profit before Interest, Depreciation and Tax	762.45	853.67	1,234.60	771.38
As %age to Total Income	10.49%	11.19%	11.65%	16.54%
Depreciation	105.69	147.25	184.02	103.08
As %age to Total Income	1.45%	1.93%	1.74%	2.21%
Financial Overheads	88.88	127.58	204.18	113.2
As %age to Total Income	1.22%	1.67%	1.93%	2.43%
Net Profit Before Tax	567.88	578.84	846.40	555.10
As %age to Total Income	7.81%	7.59%	7.99%	11.90%
Net Profit After Tax	471.7	520.28	669.02	435.84
As %age to Total Income	6.49%	6.82%	6.31%	9.35%

Comparison of Fiscal 2005 to Fiscal 2004

Major Events

Work Orders awarded during the year 2004-05:

1. Construction of Planet Earth – huge dome in science city – unsupported and designed by STUP (concrete specialists – firm in France) Consultants
2. Construction of 76 MLD Sewage Treatment Plant
3. AAI has awarded the work of construction of Car Parking Approach Road and Storm Water Drain

Works Completed during the year 2004-05

4. Construction of 132' Ring Road from Syamaprasad Mukherjee Over Bridge to Pooja Party Plot at Ahmedabad
5. Construction of AUDA Ring Road from Science City to Sanathal, Ahmedabad
6. Construction of Sewage Collection system – Pipelines for Bhachau in the State of Gujarat
7. Construction and widening of Bridge across the River Ayad at Udaipur in the State of Gujarat
8. Construction of underpass at Ushmanpura below active Railway Track by Box Pushing Method in Ahmedabad

Income

• Contract Receipts

Our total contract receipts showed a marginal increase in Fiscal 2005 to Rs. 7,437.58 Lacs from Rs. 7,026.74 Lacs in fiscal 2004.

- **Other Income**

There is marginal decrease in the other income from Rs. 67.21 Lacs in the fiscal 2004 to Rs. 50.06 Lacs in Fiscal 2005. Other income in fiscal 2004 was higher due to receipt of Sales tax refund of Rs. 23.99 Lacs during the year.

Expenditures

Total expenditure has increased from Rs. 6,504.50 Lacs in fiscal 2004 to Rs. 6,773.30 lacs in fiscal 2005, which means an increase of 4.13%. Total expenditure as a percentage of total income has reduced from 89.51% in Fiscal 2004 to 88.81% in Fiscal 2005. This is due to reduced construction cost.

- **Material Cost**

The materials cost relating to projects increased by 11.40 % from Rs. 3,222.42 Lacs in Fiscal 2004 to Rs. 3,589.62 Lacs in Fiscal 2005 due to increase in value of work done during the year Fiscal 2005. However, the material cost in relation to total income has increased by 2.72 % in the Fiscal 2005. The price of basic raw material steel and cement has increased.

- **Construction Cost**

The construction cost decreased by 11.81 % from Rs. 2,812.35 Lacs in Fiscal 2004 to Rs. 2,480.13 Lacs in Fiscal 2005 due to reduction of maintenance cost and other cost during Fiscal 2005. However, the construction cost in relation to total income has decreased by 6.18 % in the Fiscal 2005.

- **Administrative and other Overheads**

The administrative and other overheads have increased from Rs. 469.72 Lacs in Fiscal 2004 to Rs. 703.55 Lacs in Fiscal 2005. The increase has been mainly due increase in Salary and staff welfare expenses during the year.

PBIDT

Our PBIDT in fiscal 2005 was Rs. 853.67 Lacs as compared to Rs. 762.45 Lacs in fiscal 2004. This represents an increase of 11.96%. This is mainly due to higher Contract receipts and lower expenditure as a percentage to total income. PBIDT as a percentage to our total income was 11.19% in fiscal 2005 as compared to 10.49% in fiscal 2004.

Depreciation

Depreciation increased by 39.32 % from Rs. 105.69 Lacs in Fiscal 2004 to Rs. 147.25 Lacs in Fiscal 2005 due to acquisitions of additional fixed assets worth Rs. 648.02 Lacs.

Financial Overheads

The financial overheads increased by 43.54 % from Rs. 88.88 Lacs in the year ended on 31st March, 2004 to Rs. 127.58 Lacs in the year ended on 31st March, 2005 due to increase in secured loans of Rs. 698.13 as on 31st March, 2005 and bank guarantee commission during the year 2004-05. During the year our Company has availed additional working capital limit upto Rs. 145.60 Lacs from Union Bank of India.

Net Profit

Our Profit Before Tax (PBT) Rs. 578.84 Lacs in Fiscal 2005 as compared to Rs. 567.88 Lacs in Fiscal 2004 which represents an marginal increase of 1.93%. PBT as a percentage to our total income has

decreased marginally from 7.81% in Fiscal 2004 to 7.59% in Fiscal 2005. Similarly, Profit after tax (PAT) in fiscal 2005 is Rs. 520.28 Lacs in fiscal 2005 as compared to Rs. 471.70 Lacs in Fiscal 2004 which represents an increase of 10.30%. PAT as a percentage to our total income has marginally increased from 6.49% in Fiscal 2004 to 6.82% in Fiscal 2005.

Comparison of Fiscal 2006 to Fiscal 2005

Major Events

- Allotment of 21,56,280 Bonus Shares of Rs. 10/- each

Work Orders awarded during the year 2005-06:

- Construction of New Domestic Arrival Block at Sardar Vallabhbhai Patel International Air Port, Ahmedabad awarded by the Airport Authority of India
- Construction of 2500 residential units for economically backward classes in the area under the Ahmedabad Urban Development Authority (AUDA)
- Construction of residential quarters for IT Department at Vejalpur

Works Completed during the year 2005-06

- Completed the construction of 66 MLD Sewage Treatment Plant at Gajarawadi, Vadodara
- Construction/Up-gradation of rural roads under Pradhan Mantri Gram Sadak Yojna

Income

• Contract Receipts

Our total contract receipts for the Fiscal 2006 was Rs. 10,159.92 Lacs as compared to Rs. 7,437.58 Lacs in fiscal 2005, showing an increase of 36%. The increase in contract receipts is due to execution of high value contracts namely Science City , Mass Housing For EWS in AUDA, Sardar Sarovar Narmada Nigam Limited and undertaking of various infrastructure projects of roads and under pass like Rajkot Morbi State Highway.

• Other Income

There is increase in the other income from Rs. 50.06 Lacs in the Fiscal 2005 to Rs. 119.82 Lacs in the Fiscal 2006 . Increase in other income has been attributed by increase in Interest Income and Hire charges. Further, during Fiscal 2006, our Company has booked its share of Profit from the Joint Venture MSK-Suryacon, which stood at Rs 11.76 Lacs.

Expenditures

Our total expenditure before the financing cost, depreciation and tax, in fiscal 2006 was Rs. 9,363.58 Lacs as compared to Rs. 6,773.30 lacs in fiscal 2005, which means an increase of 38.24%. This is mainly due to increased scale of operations during the fiscal 2006, which is reflected in increase in the total income by 38.96% in Fiscal 2006 as compared with Fiscal 2005. Total expenditure as a percentage of total income has marginally reduced from 88.81% in Fiscal 2005 to 88.35% in Fiscal 2006. This is due to reduction in Administrative overheads.

• Material Cost

The materials cost relating to projects increased by 50.31 % from Rs. 3,589.62 Lacs in Fiscal 2005 to Rs. 5,395.73 Lacs in Fiscal 2006 due to increase in the scale of operations during Fiscal 2006. However, the material cost in relation to total income has increased from 47.06% in Fiscal 2005 to 50.91% in Fiscal 2006. The price of basic raw material steel and cement has increased.

- **Construction Cost**

The construction cost includes wages, payment to sub contractors, site and other cost, maintenance cost, carting cost and hire charges. Construction cost as a percentage to total income has reduced marginally from 32.52% during the Fiscal 2005 to 31.05% in Fiscal 2006.

- **Administrative and other Overheads**

The administrative and other overheads include staff cost, communication cost, professional fees, insurance expenses and traveling expense, sales tax etc . Administrative and other overheads have reduced from Rs. 703.55 Lacs in Fiscal 2005 to Rs. 677.30 Lacs in 2006. The reduction has mainly due lower of Sales Tax during the year.

PBIDT

Our PBIDT in fiscal 2006 was Rs. 1,234.60 Lacs as compared to Rs. 853.67 Lacs in fiscal 2005. This represents an increase of 44.62%. This is mainly due to higher Contract receipts. Our PBIDT as a percentage to our total income for fiscal 2006 is 11.65% as compared to 11.19% in fiscal 2005.

Depreciation

Depreciation increased by 24.97 % from Rs. 147.25 Lacs in the Fiscal 2005 to Rs. 184.02 Lacs in the Fiscal 2006 due to acquisitions of additional fixed assets worth Rs. 597.60 Lacs.

Financial Overheads

The financial overheads increased by 60.04% from Rs. 127.58 Lacs in the Fiscal 2005 to Rs. 204.18 Lacs in the Fiscal 2006 due to increase in secured loans by Rs. 578.38 Lacs during the Fiscal 2006. During the year our Company has availed additional working capital limit upto Rs. 711.00 Lacs from Union Bank of India.

Net Profit

Our Profit Before Tax (PBT) is Rs. 846.40 Lacs in fiscal 2006 as compared to Rs. 578.84 Lacs in Fiscal 2005 which represents an increase of 46.22%. This is mainly due to higher contract receipts. PBT as a percentage to our total income has increased marginally from 7.59% in Fiscal 2005 to 7.99% in Fiscal 2006. Similarly, Profit after tax (PAT) in fiscal 2006 is Rs. 669.02 Lacs in fiscal 2006 as compared to Rs. 520.28 Lacs in Fiscal 2005 which represents an increase of 28.59%. However, higher provision for tax have given rise to marginal reduction of PAT as a percentage to our total income from 6.82% in Fiscal 2005 to 6.31% in Fiscal 2006

Financial Review of Half Year ended on 30th September, 2006**Income**

- **Contract Receipts**

Contract Receipts for the six months ended on 30th September 2006 stood at Rs. 5,138.54 Lacs.

- **Other Income**

Other Income for the six months ended on 30th September 2006 stood at Rs. 42.28 Lacs. Other income comprises mainly of interest income and hire charges.

Expenditures

Total expenditure amounted to Rs. 3891.84 Lacs. Total expenditure as a percentage of total income stood at 83.46%.

- **Material Cost**

Material cost as a percentage to total income is 42.88%, amounting to Rs. 1,999.77 Lacs.

- **Construction Cost**

Construction cost as a percentage to total income stood at 33.60%, amounting to Rs.1,566.80 Lacs.

- **Administrative and other Overheads**

Administrative and other overheads as a percentage to total income has marginally increased from 6.39% in Fiscal 2006 to 6.98% for the six months period ended on 30th September 2006.

PBIDT

PBIDT as a percentage to our total income has stood at 16.54% during the six months period ended on 30th September 2006.

Depreciation

Depreciation for the six months ended on 30th September 2006 stood at Rs. 103.08 Lacs.

Financial Overheads

Financial overheads stood at 2.43% of the total income for the six months period ended on 30th September 2006.

Net Profit

PBT for the six months ended September 30, 2006 was Rs. 555.10 Lacs. As a percentage of total income, PBT for the half year was Rs. 11.90%. PAT for half year ended September 30, 2006 was Rs. 435.84 Lacs which represents 9.35% of the total income of our Company.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:**1. Unusual or infrequent events or transactions.**

There have been no unusual or infrequent transactions that have taken place.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Government's policy on construction sector will have major bearing on companies involved in these sectors. Any major changes in policies of government would have a significant impact on the profitability of our company.

Changes in price of raw materials like cement, steel, diesel, furnace oil etc will have a major impact on the profitability of our company.

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

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

Apart from the risks disclosed in this Draft Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

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

Our Company's future cost and contract value will be determined by demand/supply situation, government policies and availability of raw material etc. and prices there of.

5. Total turnover of each major industry segment in which the issuer company operated.

Please refer to page [●] under the heading 'Industry Overview'

6. Status of any publicly announced new products or business segment.

We have not announced any new product and segment

7. The extent to which business is seasonal.

Our business is not seasonal in nature. However, the execution of construction projects may be affected by weather conditions.

8. Any significant dependence on a single or few suppliers or customers.

Our Company sources its raw material from number of suppliers and our customer base is also board.

9. Competitive conditions.

Competitive conditions are as described under the sections titled “Industry Overview” and “Our Business” on page [●]

Details of any encumbrances over the property of our company and guarantees given by our company to any other party:

There are no other encumbrances over the property of Our Company, except those mentioned in the Auditors report.

Details of material developments after the date of last balance sheet:

There have been no material developments after the date of last audited Balance Sheet i.e. 30th September 2006.

SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations against our Company, our Directors, our Promoters and our Group Companies or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors our Promoters and our Group Companies. Further, our Promoters or their relatives have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them. Entities of our Promoter Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them, except the following:

Outstanding litigation and contingent liabilities of our Company

Contingent liabilities as on September 30, 2006 are as follows:

Particulars	(Rs. In Lacs) Six Months ended on 30 th Sept. 2006
Counter Guarantee Given to the bank	2,947.00
taxation Matter under Appeal	1.28
Joint & several Liabilities in respect of Joint Venture Projects & Liabilities in respect of Gratuity	Not ascertainable
TOTAL	2,948.28

I. Outstanding Litigation by and against our Company

1. Litigation by our Company:

Tax Matters

M.S. Khurana Engineering Limited v. Gujarat Sales Tax Department before the Sales Tax Authority at Ahmedabad, for financial year 2001-2002.

The dispute relates to the financial year 2001-2002, wherein the Assessment Officer of the Gujarat Sales Tax Department at Ahmedabad had sent an Order to our Company for an amount of Rs. 113 lacs dated March 31, 2006 as tax liability. The Department had made an error in the total amount, wherein a revised Order was sent to our Company for an amount of Rs. 60.74 lacs dated May 12, 2006 out of which Rs. 5 lacs has been paid by our Company. The Company has filed an appeal to the authority against the said Order passed by the Sales Tax Department which is pending before the Sales Tax Authority at Ahmedabad. Our Company has also furnished a bank guarantee of Rs. 20 lacs in favour of the Sales Tax Department, Ahmedabad, and has obtained a stay on recovery till June 30, 2007 vide stay order February 28, 2007.

Civil Cases***M.S. Khurana Engineering Private Limited v. Eupharma Laboratories Limited & Others before the Ahmedabad City Civil Court being Summary Suit No. 4823/2000***

Our Company had executed civil work of B-lactum and MRC plant at Indrad for the Defendant (the "Defendant Company") for which the Defendant Company had defaulted in making payments to our Company, and the cheques as issued by them were returned unpaid. The amount as claimed by our Company before the Court of City Civil Judge at Ahmedabad is Rs. 28.63 lacs *vide* Summary Suit no. 4823/2000. *Vide* decree dated February 1, 2007 in the aforesaid summary suit, the Ahmedabad City Civil Court has passed a decree in favour of our Company for an amount of Rs. 19.09 lacs plus further interest. We are in the process of making an application for the execution of this decree.

M.S. Khurana Engineering Private Limited v. Texcel Plastic Limited before the Ahmedabad City Civil Court bearing Summary Suit No. 3780/2000

Our Company had executed civil construction of factory complex for the Defendant (the "Defendant Company"). The Defendant Company had made delays in making payment to our Company amounting to Rs. 102.10 lacs, of which an amount of Rs. 84.14 lacs had been subsequently paid by the Defendant Company out of the total amount due. The balance amount of Rs. 17.96 lacs was not paid. The amount as claimed by our Company in City Civil Court at Ahmedabad in Summary Suit No. 3780/2000 is Rs. 32.47 lacs, which includes claim of the amount due, interest and costs. The matter is pending before the City Civil Court at Ahmedabad. The Defendant Company was registered with the Board for Industrial and Financial Reconstruction, and their reference was disposed off *vide* BIFR award dated September 11, 2006 against which the Defendant Company has approached the Appellate Authority for Industrial and Financial Reconstruction ("AAIFR"). The aforesaid BIFR order has been stayed *vide* order dated December 7, 2006 of the AAIFR.

2. Litigation against our Company**Civil Cases*****Municipal Corporation of the City of Ahmedabad v. M/s M.S. Khurana Engineering Limited before the City Civil Court, Ahmedabad bearing Misc. Civil Application No. 775 of 2000***

Our Company had executed work of construction of terminal sewage pumping station at Vasna for the Applicant. The dispute was referred to arbitration as per the arbitration clause in the agreement entered between both the parties. The sole arbitrator had passed an arbitration award published on October 30, 2000 (the "Award") awarding our Company an amount of Rs. 51.28 lacs along with simple interest at 12% per annum starting from May 13, 1993 till the date of passing of the Award. Further, as per the said Award, if the amount due to our Company was not paid within one month of passing of the Award then such amount would carry further simple interest at 18% per annum till the date of payment of the said amount. On receipt of this Award, the Applicant filed a Civil Miscellaneous Application before the City Civil Court, Ahmedabad bearing Civil Miscellaneous Application No. 775/2000, praying *inter alia* for quashing and setting aside of the Award and, pending final decision, praying for the stay on the operation of the Award. The matter is still pending before the City Civil Court at Ahmedabad.

Tax Cases***Income Tax Department v. M/s M.S. Khurana and M.S. Khurana Engineering Limited before the Income Tax Settlement Commission bearing Settlement Application nos. 10/CC-I/021/04-05/IT and 10/CC-I/022/04-05/IT***

A search and seizure was carried out on our Company by the Income Tax Department, Ahmedabad on July 25, 2002. Various documents including CDs, cash, jewellery, FDRs and share certificates

were seized. Subsequently, assessment proceedings were initiated against our Company, in our name from incorporation and in the name of our predecessor partnership firm, M/s. M.S. Khurana for periods prior to our incorporation. Vide Assessment Order of the Assistant Commissioner of Income Tax, Ahmedabad dated July 26, 2004 for the block period ending on July 25, 2002, in respect of M/s. M. S. Khurana, the undisclosed income assessed by the Assessing Officer was Rs. 300.83 lacs and tax liability thereon was held to be Rs. 189.52 lacs plus interest. Similarly, vide Assessment Order of the Assistant Commissioner of Income Tax, Ahmedabad dated July 27, 2004 for the block period ending on July 25, 2002 in respect of our Company, the undisclosed income assessed by the Assessing Officer was Rs. 993.65 lacs and tax liability was held to be Rs. 626.01 lacs plus interest. Our Company filed appeals to the Commissioner of Income Tax, Ahmedabad against both the aforesaid assessment orders. Subsequently, our Company and M/s. M.S. Khurana approached the Income Tax Settlement Commission at Mumbai on January 6, 2005. However, vide orders dated December 13, 2005 in respect of the aforesaid appeals filed before the Commissioner of Income Tax (Appeals), partial reliefs were granted to us in both the cases. Vide demand notices dated December 28, 2005, pursuant to the aforesaid orders of CIT (Appeals), the tax liability of our Company was quantified at Rs. 110.02 lacs and of M/s. M.S. Khurana at Rs. 46.22 lacs after adjusting for taxes paid. Further amounts have been adjusted subsequently from our refunds due for assessment years 2002-2003 and 2005-2006 aggregating to Rs. 157.90 lacs. Vide order dated June 8, 2006, the Settlement Application of our Company as well as of M/s. M.S. Khurana were admitted in terms of Section 245D(1) of the Income Tax Act, and the application is currently pending before the Income Tax Settlement Commission.

Labour Cases

Mavaram Nathuji Dongi v. M.S. Khurana Engineering Limited before the Labour Court, Ahmedabad bearing Case No. 620/2003

Mr. Mavaram Nathuji Dongi (the “**Applicant**”) is an ex-employee of our Company who has filed a recovery case before the Labour Court, Ahmedabad for recovery of an amount of Rs. 1.71 lacs as legal dues for *inter alia* bonus, privilege leave, casual leave. We have submitted our reply in the matter. The matter is pending before the Labour Court, Ahmedabad.

Mavaram Nathuji Dongi v. M.S. Khurana Engineering Limited before the Labour Court, Ahmedabad bearing Case No. 1315/2004

Mr. Mavaram Nathuji Dongi (the “**Applicant**”) is an ex-employee of our Company. The Applicant has filed this case against our Company for reinstatement with full back wages from the date of his alleged dismissal, that is February 1, 2003. We have argued that the said ex-employee has not been dismissed but has stopped reporting to work on his own accord. The matter is pending before the Labour Court, Ahmedabad.

Mavaram Nathuji Dongi v. M.S. Khurana Engineering Limited before the Labour Court, Ahmedabad bearing Case No. MW 6/2003

Mr. Mavaram Nathuji Dongi (the “**Applicant**”), who is an ex-employee of our Company, has filed this case against our Company alleging that he was being paid wages less than the prescribed minimum under the Minimum Wages Act for the period September 1, 2002 to January 31, 2003. He has *inter alia* claimed a difference amount of Rs. 0.39 lacs with interest and penalty. This case is currently pending before the Labour Court, Ahmedabad.

Balaji Jivanji Thakor v. M.S. Khurana Engineering Limited before the Labour Court, Ahmedabad, bearing Case No. 960/2005

Mr. Balaji Jivanji Thakor (the “**Applicant**”) is an ex-employee of our Company. The Applicant has filed this case against our Company for reinstatement with full back wages from the date of his alleged dismissal, that is October 30, 2004. We have argued that the said ex-employee has not been

dismissed but has stopped reporting to work on his own accord. The matter is pending before the Labour Court, Ahmedabad.

Balaji Jivanji Thakor v. M.S. Khurana Engineering Limited before the Labour Court, Ahmedabad, bearing Case No. 780/2005

Mr. Balaji Jivanji Thakor (the “**Applicant**”) is an ex-employee of our Company who has filed a recovery case before the Labour Court, Ahmedabad for recovery of an amount of Rs. 4.65 lacs as legal dues for overtime, privilege leave, casual leave and bonus. We have submitted our reply in the matter. The matter is pending before the Labour Court, Ahmedabad.

Balaji Jivanji Thakor v. M.S. Khurana Engineering Limited before the Labour Court, Ahmedabad, bearing Case No. 773/2005

Mr. Balaji Jivanji Thakor (the “**Applicant**”), who is an ex-employee of our Company, has filed this case against our Company alleging that he was being paid wages less than the prescribed minimum under the Minimum Wages Act for a period of five years ending on October 30, 2004. He has claimed a difference amount of Rs. 0.65 lacs. This case is currently pending before the Labour Court, Ahmedabad.

II. Outstanding Litigation by or against our Directors:

There are no outstanding litigation by or against our Directors

III. Litigation with respect to our Promoter / Group Companies and Other Venture of our Promoters

There are no outstanding litigation by or against our Promoters / Group Companies or other ventures promoted by our Promoters

Pending Arbitration

M.S. Khurana Engineering Limited v. Union of India, Through the Executive Engineer, Gandhinagar Central Division No. II, Central Public Works Department (Before Sole Arbitrator Mr. M.A. Jacob)

Our Company (the “**Claimant**”) was awarded the work of construction of Office Building A.G. (Audit-I) at Ahmedabad including internal water supply, sanitary installation and drainage valued at Rs. 441.12 lacs by the Respondent. The dispute that arose was on account of, *inter alia*, additional costs being incurred by our Company due to alleged delays in fulfillment of contractual obligations on the part of the Respondent. The matter was referred to arbitration as per the arbitration clause of the contract entered between the parties for the said work. The amount claimed by our Company is Rs. 90.15 lacs on various counts arising from the said work. Our Company has also claimed interest at 18% per annum from their due dates till date of payment. The matter is pending before the Sole Arbitrator.

M.S. Khurana Engineering Limited v. Lake Conservation Authority, through its Director (Successor of the Bhoj Wetland Project, Project Engineer SII) and Others before the Madhya Pradesh Arbitration Tribunal at Bhopal

This reference for award has been filed by our Company before the Madhya Pradesh Arbitration Tribunal at Bhopal in relation to construction of a Sewage Treatment Plant. Our Company has claimed an amount of Rs. 286.70 lacs on various counts in relation to the construction of the said sewage treatment plant and amounts deducted from the final amount payable to us in relation thereto, as well as damages and interest. Replies have been filed by Defendant No. 1, and the matter is pending before the Madhya Pradesh Arbitration Tribunal at Bhopal.

M.S. Khurana Engineering Limited v. Government of Rajasthan through Chief Secretary and Others before the Rajasthan High Court, Jaipur Bench – Arbitration Application under Section 10 and 11 of the Arbitration & Conciliation Act, 1996 for appointment of Arbitral Tribunal

Our Company has filed this application in respect of certain disputes/differences (including alleged pending payments) arising in respect of work done for construction of bridge across the river Ayad at Udaipur, and for which our Company had given notice proposing appointment of arbitral tribunal in terms of the arbitration clause in the contract, which proposal was not acted upon. We have filed this Arbitration Application under Sections 10 and 11 of the Arbitration and Conciliation Act, 1996 before the Rajasthan High Court at Jaipur for appointment of arbitrator in terms of the contract between the parties. The claim amount of our Company as it stands currently is Rs. 176,25,782.06 plus interest and costs.

Note: We have enumerated arbitrations where an arbitrator has been appointed/arbitral tribunal has been constituted, or applications have made to a Court for constitution of the same in terms of the Arbitration and Conciliation Act, 1996. There are two other cases involving an approximate claim amount by our Company of Rs. 451.42 lacs where:

- i) the dispute/difference is pending appointment of arbitrators/constitution of arbitral tribunal; and
- ii) where no applications have been made to Court for such appointment.

Past penalties levied against our Company:

The past cases in which penalties have been imposed on our Company in the last five financial years are as follows:

Accounting year	Total Amount of penalty imposed (Rs. in lacs)	Brief particulars regarding penalties	Remarks (paid/payable)
2001-2002	0.07	Penalties imposed by relevant RTO (Regional Transport Office), sales tax, octroi and provident fund among others	Paid
2002-2003	0.25	Penalties imposed by relevant RTO (Regional Transport Office) and sales tax	Paid
2003-2004	0.05	Penalties imposed by relevant RTO (Regional Transport Office) and sales tax	Paid
2004-2005	5.20	Penalties imposed by relevant RTO(Regional Transport Office), sales tax, octroi and provident fund.	Paid
2005-2006	1.91	Penalties imposed by relevant RTO(Regional Transport Office) and sales tax	Paid

MATERIAL DEVELOPMENTS

Except as stated under the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page [•] and our financial statements included herein, no material developments have taken place after September 30, 2006, the date of the latest

balance sheet, that would materially adversely affect the performance or prospects of our Company. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Amount owed to small scale undertakings

As per Auditor's Report the six months ended on September 30, 2006, it is not possible to identify S.S.I undertakings from amongst Sundry Creditors, hence details of dues to S.S.I undertakings are not given.

GOVERNMENT/ STATUTORY AND BUSINESS APPROVALS

In view of the material approvals listed below, our Company can undertake our current business activities. We have received the requisite material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and no further material approvals are required for carrying on our present business as well as the business proposed to be carried on as mentioned in the chapter titled "Objects of the Issue" beginning on page [●] except as mentioned below:

Sr. No	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
1.	Certificate of Incorporation in the name of M.S. Khurana Constructions Private Limited	04-34638	Registrar of Companies, Gujarat	September 9, 1998	N.A
2.	Fresh Certificate of Incorporation pursuant to change of name from M.S. Khurana Constructions Private Limited to M.S. Khurana Engineering Private Limited.	04-34638	Registrar of Companies, Gujarat	September 24, 1998	N.A
3.	Fresh Certificate of Incorporation pursuant to change of name from M.S. Khurana Private Limited to M.S. Khurana Engineering Limited.	04-34638	Registrar of Companies, Gujarat	August 12, 2002	N.A
4.	Shops and Establishment Registration Certificate in the name of M.S. Khurana Engineering Limited.	PII/EL/00 /0007784	Deputy Municipal Officer	May 29, 1997	valid for the years 2007-2009
5.	Certificate of Importer Exporter Code in the name of M.S. Khurana Engineering Private Limited situated at Jay Tower, IIIrd floor, Ankur Complex, Naranpura, Ahmedabad-380013.	08000039 85	Office of the Joint Director General of Foreign Trade.	August 16, 2000	N.A
6.	Certificate of Importer Exporter Code upon change of name from M.S. Khurana Engineering Private Limited to M.S. Khurana Engineering Limited situated at Jay Tower, IIIrd floor, Ankur Complex, Naranpura,	08000039 85	Office of the Joint Director General of Foreign Trade.	N.A	N.A

Sr. No	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
	Ahmedabad-380013.				
7.	Employees Provident Fund Registration for M/s M.S. Khurana situated at 38 Ajanta Commercial Centre, 2 nd floor, Ashram Road, Ahmedabad-380014 for employing more than 19 persons in their establishment.	GJ/11821	Regional Provident Fund Commissioner Gujarat.	November 1, 1980	N.A.
8.	Certificate for change of name for the Employee Provident Fund Registration from M/s M.S. Khurana to M.S. Khurana Construction Private Limited.	N.A	Assistant Provident Fund Commissioner Gujarat.	May 12, 2000	N.A
9.	Certificate for change of name for the Employee Provident Fund Registration from M.S. Khurana Construction Private Limited to M.S. Khurana Engineering Private Limited	N.A	Assistant Provident Fund Commissioner Gujarat.	May 12, 2000	N.A
10.	Certificate for change of name for the Employee Provident Fund Registration from M.S. Khurana Engineering Private Limited to M.S. Khurana Engineering Limited	N.A.	Assistant Provident Fund Commissioner Gujarat	March 31, 2003	N.A
11	Renewal Certificate of Registration in the name of M.S. Khurana Engineering Limited for approval to work as a Contractor in AA Class with the Ahmedabad Municipal Corporation, Engineering Department.	1252	City Engineer, Ahmedabad Municipal Corporation	May 31, 2005	March 31, 2007
12.	Form 5 for Certificate of Registration in the name of M.S. Khurana Engineering Limited situated at Jay Tower, IIIrd floor, Ankur Complex, Naranpura, Ahmedabad-380013 for approval to work as a	IC/Reg/A A/7281 of 2005	Executive Engineer, Ahmedabad City, R&B Division, Ahmedabad.	September 9, 2005	December 31, 2007

Sr. No	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
	Contractor in Special Category-I Building with the Government of Gujarat Roads and Building Department.				
13.	Form 5 for Certificate of Registration in the name of M.S. Khurana Engineering Limited situated at Jay Tower, IIIrd floor, Ankur Complex, Naranpura, Ahmedabad-380013 for approval to work as a Contractor Special Category I-Building with the Government of Gujarat Roads and Buildings Department.	IC/Reg/C at-I-B'ldg/728 2 of 2005	Executive Engineer, Ahmedabad City, R&B Division, Ahmedabad.	September 9, 2005	December 31, 2007
14.	Consent Letter from Central Public Works Department to M.S. Khurana Engineering Limited a Class-I (Civil) Contractors for being eligible to tender for CPWD Works.	N.A	Directorate General of Works, CPWD, New Delhi.	February 20, 2004	N.A
15.	Registration Certificate for the work of Construction of new domestic arrival block at S.V.P.I Airport, Ahmedabad under the control and authority of the airport director, airport authority of India, Ahmedabad to M/s NCC-MSKEL Joint Venture for 100 workers.	ALC/ADI/56/R/C (20)/2006	Assistant Labour Commissioner, Ahmedabad.	March 6, 2003	Valid till the completion of the said work.
16.	Certificate of Registration under section 7(3) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 to M.S. Khurana Engineering Limited for construction of terminal building at Surat Airport, not engaging more than 75 workers.	BRC/ALC/REG/57 (36)/2006	Assistant Labour Commissioner, Baroda	August 31, 2006	Valid till completion of work

Sr. No	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
17.	Registration Certificate under section 12(1) of the Contract Labour (Regulation & Abolition) Act, 1970 & Central Rules 1971 for the work of Construction of residential quarters including internal water supply, sanitary installation, drainage & internal electrical installation from income tax department at Vejlapur, Ahmedabad to M.S. Khurana Engineering Limited for 100 workers .	ALC/ADI/46 LIC (134)/2005	Assistant Labour Commissioner, Ahmedabad	August 29, 2005	August 28, 2007
18.	Contract Labour License under Section 12(1) of the Contract Labour (Regulation And Abolition) Act, 1970, to Contractor M.S. Khurana Engineering Limited for employment of 75 workmen for the construction of terminal building at Surat Airport.	BRC/ALC /LIC/46 (243)/2006	Assistant Labour Commissioner, Baroda.	August 31, 2006	August 30, 2007
19.	Contract Labour License under Section 12(1) of the Contract Labour (Regulation And Abolition) Act, 1970, to Contractor D.R. Agrawal Infracon Private Limited & M.S. Khurana Engineering Limited for employment of 250 workmen for the Rehabilitation and Upgrading of Bhiladi-Jetpur road, section of N.H.8B from 53.05 Kms to 117 Kms in the state of Gujarat.	ALC/ADP /L: 354/2006	Assistant Labour Commissioner, Kutch.	November 8, 2006	November 7, 2007
20.	Registration Certificate under the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 for NMC Khari, Sardar Sarovar Narmada	MSA/Patan/ISW/2/2005	Labour Commissioner Ahmedabad	January 18, 2005	January 17, 2008

Sr. No	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
	Nigam Project for employing not more than 150 workers.				
21.	Contract Labour License under Contract Labour (Regulation And Abolition) Act, 1970 and Gujarat Labour Act, 1972 to M.S. Khurana Engineering Limited for Science City Project at Ahmedabad	Zone-1/Amda/3434/01	Assistant Labour Commissioner Ahmedabad	August 19, 2006	March 31, 2007
22.	Contract Labour License under Contract Labour (Regulation And Abolition) Act, 1970 and Gujarat Labour Act, 1972 to M.S. Khurana Engineering Limited for employing not more than 30 workers for their road work at AUDA	Zone-1/Amda/242/04	Assistant Labour Commissioner Ahmedabad	August 19, 2006	March 31, 2007
23.	Contract Labour License under Contract Labour (Regulation And Abolition) Act, 1970 and Gujarat Labour Act, 1972 to M.S. Khurana Engineering Limited for employing not more than 75 workers for constructing quarters for economically weak section at Prahladnagar in AUDA.	Zone-1/Amda/261/04	Assistant Labour Commissioner Ahmedabad	August 19, 2006	March 31, 2007
24.	Permanent Account Number (PAN) for M.S. Khurana Engineering Private Limited	AABCM4514F	Income Tax Department	June 11, 1999	N.A.
25.	Permanent Account Number (PAN) for M.S. Khurana Engineering Limited	AABCM4514F	Income Tax Department	February 10, 2005	N.A.
26.	Tax Deduction Account Number (TAN) for M.S. Khurana Engineering Private Limited.	AHMK00295B	Income Tax Officer, Ahmedabad	July 4, 2001	N.A.
27.	Registration Certificate for TIN number in the name of M.S. Khurana Engineering Private Limited	24072901024	Sales Tax Officer, Class I	July 1, 2002	N.A.
28.	Registration Certificate	07290102	Sales Tax	July 1, 2002	

Sr. No	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
	under the Gujarat Sales Tax Act, 1949 in the name of M. S. Khurana Private Limited.	44	Officer, Class I		
29.	Registration Certificate under the Gujarat Sales Tax Act, 1949 pursuant to change of name from M. S. Khurana Engineering Private Limited to M.S. Khurana Engineering Limited.	N.A	Sales Tax Officer, Class I	February 17, 2003 w.e.f August 12, 2002	N.A
30.	Service Tax Registration for M/s M.S. Khurana Engineering Limited situated at Jay Tower, IIIrd floor, Ankur Complex, Naranpura, Ahmedabad-380013 for construction services in respect of commercial or industrial buildings and civil structures.	AABCM45 14FST001	Deputy Commissioner, Service Tax.	November 10, 2004	N.A.
31.	Letter of Acknowledgement for a manufacturing unit for RCC Pipes as a small scale industry situated at Block No. 107 in village Karoli. Taluka Kalol, District Gandhinagar for Ashish Khurana, M.S. Khurana Engineering Limited.	24/006/1 2/00082	Government of Gujarat, District Industries Centre Gandhinagar	February 9, 2007	N.A

Licenses for which application made for renewal:

Sr. No	Nature of Registration/ License/ Consent	Application dated and old license date of expiry	Authority to whom applied
1.	Registration under the Contract Labour (Regulation & Abolition) Act, 1970 & Central Rules 1971 for the work of Construction of new domestic arrival block at S.V.P.I Airport, Ahmedabad.	Application dated March 5, 2007. Old License date of expiry.: March 6, 2007	Assistant Labour Commissioner(Central) , Ahmedabad

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on February 19, 2007, authorised this Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

Our shareholders have authorised this Issue by a special resolution adopted under to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on February 24, 2007

Prohibition by SEBI

Our Company, our Directors, our Promoters, the group companies, companies promoted by or Promoters and companies or entities with which Our Company's Directors are associated as directors / promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of Our Company has never been refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- a) Our Company has net tangible assets of at least Rs. 300 Lacs in each of the preceding 3 full years

(Rs. In Lacs)

Particulars	31-03-02	31-03-03	31-03-04	31-03-05	31-03-06
	12 Months	12 Months	12 Months	12 Months	12 Months
Fixed Assets (Net) (A)	1223.80	1526.49	1821.83	2313.89	2714.08
Investments (B)	23.32	23.15	22.05	39.24	138.24
Current Assets and Loans & Advances (C)	1699.34	2085.33	2609.80	3517.76	4855.20
Less: Current Liabilities & provisions (D)	919.93	903.89	1025.34	1180.51	1839.78
Net Tangible Assets (A+B+C-D)	2026.53	2731.08	3428.34	4690.38	5867.74
Monetary Assets(Cash and Bank)	393.77	380.56	563.43	497.09	731.07
Monetary Asset as a % of Net tangible Assets	19.43%	13.93%	16.43%	10.60%	12.46%

Net tangible assets are defined as the sum of fixed assets, investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities).

Monetary assets include cash on hand and bank balances.

- b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years.

(Rs. In Lacs)					
Particulars	31-03-2002	31-03-2003	31-03-2004	31-03-2005	31-03-2006
	12 Months	12 Months	12 Months	12 Months	12 Months
Net Profit after tax	107.14	409.83	471.7	520.28	669.02

- c) Our Company has a net worth of at least Rs. 100 Lacs in each of the preceding 3 full years (of 12 months each).

(Rs. In Lacs)					
Particulars	31-03-2002	31-03-2003	31-03-2004	31-03-2005	31-03-2006
	12 Months	12 Months	12 Months	12 Months	12 Months
Equity Share Capital	808.56	862.51	862.51	862.51	1078.14
Share Application Money	269.75	0.00	0.00	0.00	0.00
Reserves & Surplus	485.33	1110.96	1582.66	2102.82	2556.22
Less: Misc. Exp	4.45	4.81	3.27	1.75	2.20
Net worth	1559.19	1968.66	2441.90	2963.58	3632.16

- d) Our Company has not changed its name within the last one year.
- e) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, Our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after Our Company becomes liable to pay the amount, Our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI Disclaimer Clause

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE

BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.**
- III. BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.**
 - IV. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
 - V. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that M.S. Khurana Engineering Limited and UTI Securities Limited accept no responsibility for statements made other than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or Book Running Lead Manager and that any one, placing reliance on any other source of information would do so at their own risk.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and Our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated March 26, 2007 entered into between the BRLM and Our Company and the Underwriting Agreement to be entered into between the Underwriters and Our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to QIBs, NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue 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 Ahmedabad 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 SEBI. Accordingly, the Equity Shares represented thereby 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 since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated [●] 2007 given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

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

And it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to The National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: [•] dated [•] 2007 permission to the Issuer to use the NSEs name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. NSE has scrutinized the Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at: SEBI Bhavan, Bandra Kurla Complex, Bandra (E) , Mumbai – 400 051. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Gujarat, situated at RoC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, atleast 3 (three) days before the issue opening date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the RoC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Application has been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our Directors who are officers in default jointly and severally shall, on and from expiry of eight days, be liable to repay the money,

with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following

1. Directors of Our Company
2. Promoters of Our Company
3. Bankers to Our Company
4. Auditors to Our Company
5. Book Running Lead Manager to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Compliance Officer
9. Syndicate Members
10. Underwriters
11. Escrow Collection Bankers to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the RoC, Gujarat, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the RoC, Gujarat.

Expert Opinion

Except as stated otherwise in this Draft Red Herring Prospectus, we have not obtained any expert opinion.

Public Issue Expenses

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

Particulars	(Rs. in Lacs)		
	Amount	% of total Issue Expenses	% of total Issue size
Book Running Lead Manager fees	[•]	[•]	[•]
Registrars fees	[•]	[•]	[•]
Underwriting commission @ [•]%	[•]	[•]	[•]
Legal Advisor's fees	[•]	[•]	[•]
Printing & Distribution Charges	[•]	[•]	[•]
Advertisement and Marketing expenses	[•]	[•]	[•]
Brokerage and selling expenses	[•]	[•]	[•]
Stock Exchange fees for providing bidding terminals	[•]	[•]	[•]

Particulars	Amount	% of total Issue Expenses	% of total Issue size
SEBI and Stock Exchanges fees on filing of Offer Document	[•]	[•]	[•]
Other Miscellaneous expenses	[•]	[•]	[•]
Total	[•]	[•]	[•]

Fees Payable to the BRLM

The total fees payable to the BRLM will be as per the Memorandum of Understanding signed between us and the BRLM, UTI Securities Limited, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Bigshare Services Private Limited, will be as per the Memorandum of Understanding signed with Our Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs. 1,500/- would be send under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

An underwriting commission not exceeding [•]% of the total amount underwritten is payable to the underwriters on the offer price of the Equity Shares offered through this Draft Red Herring Prospectus to the public for subscription and underwritten in the manner mentioned in this Draft Red Herring Prospectus.

Brokerage for the issue will be upto [•]% of the issue price of the Equity Shares, which would be paid by Our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/Agents' codes on the application form, Our Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the chapter entitled 'Capital Structure' beginning on page [•].

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of Our Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of Sec 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

Our Company has not made any Public Issue of Equity Shares since inception.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Promise vis-à-vis Performance – Last One Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Draft Red Herring Prospectus.

Stock Market Data

This being an initial public offering of Our Company, the Equity Shares of Our Company are not listed on any stock exchange.

Mechanism for redressal of Investor's grievance

Our Company has constituted a Shareholders' / Investor Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page [●]. To expedite the process of share transfer, Our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of Our Company vide MoU dated January 13, 2007.

Disposal of Investors' Grievances and Redressal Mechanism

We have appointed Bigshare Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Mr. Jitesh Patel as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

Mr. Jitesh Patel

Assistant Company Secretary
3rd floor, Jay Tower,
Ankur Complex, Naranpura,
Ahmedabad 380 013
Tel: + 91 79 2748 4349 / +91 79 2745 6975
Fax: +91 79 2748 5071
E-mail: ipo@mskhruana.com

Changes in Auditors during the last three years and reasons thereof

There has been no change in the Auditors of Our Company during the last three years

Capitalization of Reserves or Profits during last five years

There has been no capitalization of reserves or profits during the last five years, except as stated in the chapter titled "Capital Structure" beginning on page [•].

Revaluation of assets during the last five years

There has not been any revaluation of assets during the last five years.

SECTION IX - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend (including dividend), voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. The issue price will be determined by Our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of Our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association Our Company.

For a detailed description of the main provisions of the Articles of Association of Our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the chapter entitled 'Main Provisions of Articles of Association' beginning on page [●].

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of Our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with Our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If Our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of Our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

The restrictions, if any, on the Transfer and Transmission of our Equity Shares are contained in the chapter titled 'Main Provisions of the Articles of Association' beginning on page [•]

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The present Issue of 45,00,000 Equity Shares of Rs.10/- each at a price of Rs. [●] for cash aggregating Rs. [●] lacs . The issue would constitute 29.45% of the fully diluted post issue paid up capital of M.S. Khurana Engineering Limited. The details of the issue structure are as follows:

	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 22,50,000 Equity Shares	Not less than 6,75,000 Equity Shares	Not less than 15,75,000 Equity Shares
Percentage of Issue available for allocation	Not more than 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net issue to the public or Net Issue size less allocation to QIBs and retail individual bidders.*	Not less than 35% of the Net issue to the public or Net Issue size less allocation to QIBs and non institutional bidders.*
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Shares.
Maximum Bid	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000/- which has to be in multiples of [●] Equity Shares.

	QIBs	Non Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate
Margin Amount	10% of the Bid	Full amount on	Full amount on bidding

	QIBs	Non Institutional Bidders	Retail Individual Bidders
	amount in respect of bids placed by QIB bidder on bidding	bidding	

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of Our Company in consultation with the BRLM subject to applicable provisions of SEBI Guidelines.

** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

If the aggregate demand by Mutual Funds is less than 1,12,500 Equity Shares, the balance Equity Shares available for Allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in the proportion to their Bids.

Note:

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLM, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, Our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which Our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered

as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis	White
Non-residents, NRIs or FIIs applying on a repatriation basis	Blue

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

Note: The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

Application by Mutual Funds

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by 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 capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by FIIs

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of Our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of Our Company in case such sub-account is a foreign corporate or an individual.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of Our Company's paid-up equity capital.

Application by NRI

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis as other categories for the purpose of Allocation.

However, our Company is into the manufacturing of RCC pipes of less than 100 cms. dia, which is an activity reserved for Small Scale Units, therefore, our Company can issue Equity Shares or convertible debentures to a non-resident upto 24% of its paid up capital under automatic route. Our Company requires a prior approval of the FIPB if we issue the Equity Shares in excess to 24% to persons/entities, if any, resident outside India other than erstwhile Overseas Corporate Bodies ("OCBS"). OCBS have been de-recognised as a class of investors in India with effect from September 16, 2003. As on date of filing this Draft Red Herring Prospectus with SEBI, we have not applied to the FIPB for increase in aforesaid 24% limit.

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Draft 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.

Maximum and Minimum Bid size

- a) **For Retail Individual Bidders:** The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. We will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLM, or from a member of the Syndicate.
4. Investors who are interested in subscribing for Our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of bidding

- a) We, with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing of the Red Herring Prospectus with RoC and also publish the same

in widely circulated newspapers (one each in English ,Hindi and one regional language newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX-A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated 25th January 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.
- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled 'Bids at Different Price Levels' on page [●]) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of Bids' on page [●].
- g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS's for each Bid cum application Form. **It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.**
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment and Payment into the Escrow Collection Account' on page [●].

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re 1.
- b) In accordance with SEBI Guidelines, Our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price

Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.

- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitable revised, if necessary such that the minimum application is in the range of Rs. 5,000/- to Rs. 7,000/-.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English, Hindi) and one regional language newspaper, and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 1,00,000/- may bid at 'Cut-off'. However, bidding at 'Cut-off' is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- g) Retail Individual Bidders, who bid at the 'Cut-Off' agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at 'cut-off' shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders portion shall receive the refund of the excess amounts from the Refund Account.
- h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at 'cut-off' Price could either
 - i) revise their Bid
 - ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off
- i) 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 Refund Account

Option to Subscribe

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of Our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with Our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between Our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum- Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, see 'Issue Procedure - Payment Instructions' on page [●]) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid / Issue Closing Date, Our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which Our Company shall pay interest @15% per annum for any delay beyond the period mentioned above.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading 'Issue Structure' on page [●] and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.
- c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors 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, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
 - Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid Amount
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Margin Amount and
 - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or Our Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page [●].
- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by Our Company or BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of Our Company, its promoters, its management or any scheme or project of Our Company.

- i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between NSE or BSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category of Bidders.
- c) The allocation for QIBs for up to 50% of the Net Issue to public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the paragraph titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to public, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of Our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
- f) The BRLM, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) Our Company in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.
- h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue closing date.
- i) The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC, Gujarat. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC, Gujarat.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, Our Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper and one regional language with wide circulation at Gujarat.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum-Refund Orders to all the Bidders intimating the number of shares allotted and the amount refunded.

Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciled book and basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to Our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to non-resident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB

Designated Date and Transfer of Funds to Public Issue Account

- a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, Our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Complete the bid-cum-application form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) Investors must ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- j) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. The copy of the PAN card or the PAN allotment letter should be submitted with the application form; and
- k) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

Don'ts:

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000/-);
- h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our corporate office, or from the Syndicate Members or from the BRLM.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum of Rs. 1,00,000/-
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder's bank account details. **These bank account details would be printed on the Refund**

Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the BRLM nor Our Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice, and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, Our Company reserves the right to accept or reject any bid in whole or in part.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Provident Funds

In case of Bids made by provident fund with the minimum corpus of Rs. 2,500 lacs and pension fund with the minimum corpus of Rs. 2,500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as Our Company/BRLM may deem fit.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)

- **By NRIs:** For a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid amount of Rs. 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details see paragraph 'Maximum and Minimum Bid Size' on page [•].
- **By FIIs:** For a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Amount exceeds Rs. 1,00,000/-. For further details see see paragraph 'Maximum and Minimum Bid Size' on page [•].
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We along with BRLM and Syndicate Member(s) shall open an Escrow Account of Our Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The applicable Margin Amount for Non Institutional Bidders and Retail Individual Bidders is equal to 100% whereas for QIBs it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of Our Company within the period specified in the Intimation Note/CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of Our Company should be drawn in favour of:

i.	In case of Resident Bidders	Escrow Account – MSK Public Issue
ii.	In case of Non Resident Bidders	Escrow Account – MSK Public Issue – NR
iii.	In case of Resident QIB Bidders	Escrow Account – MSK Public Issue – QIB – R
iv.	In case of Non Resident QIB Bidders	Escrow Account – MSK Public Issue – QIB – NR

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.
6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of Our Company.
8. The monies deposited in the Escrow Account of Our Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of Our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated 05th November , 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision

Form. However, for QIB Bidders, the members of the Syndicate member shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, 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.
- iii. The Registrar 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.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of 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 same name and same address will be treated as multiple applications.
- v. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. 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. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of

a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on 01st December 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number – MAPIN

With effect from 01st July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/Circular-13/2005.

However, in a recent press release dated 30th December 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1,00,000/- to Rs. 5,00,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs. 5,00,000/- an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus as SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN regulations.

Right to Reject Bids

Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders Our

Company, we would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by Cheque/Pay Order/Demand Draft/ECS/Direct Credit/RTGS/NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. GIR Number given instead of PAN Number;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of [●];
12. Category not ticked;
13. Multiple bids as defined in this Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/ postal order/ cash;
16. Bids not duly signed by the sole /joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the BRLM/Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
24. Bids by NRIs not disclosing their residential status;
25. Any other reason which the BRLM or Our Company deem necessary.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among Our Company, the Depositories and the Registrar:

- i. An Agreement dated [•] among NSDL, Our Company and Bigshare Services Private Limited;
- ii. An Agreement dated [•] among CDSL, Our Company and Bigshare Services Private Limited

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
8. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. Jitesh Patel as the Compliance Officer for the purpose of this IPO. The Compliance Officer can be contacted at 3rd floor, Jay Tower, Ankur Complex, Naranpura, Ahmedabad 380 013, Tel: + 91 79 2748 4349 / +91 79 2745 6975, Fax: +91 79 2748 5071, E-mail: ipo@mskhurana.com

The 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 allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges, where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, Our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- Our Company shall, within 15 days of the Bid/Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to bidders within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by ECS, Direct Credit, RTGS, NEFT will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.

Impersonation

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

"Any person who:

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

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27th October 1997, with respect to the SEBI Guidelines.

BASIS OF ALLOTMENT

I) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 15,75,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 15,75,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

II) 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 Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 6,75,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 6,75,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

III) For QIB Bidders

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.

- ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIB's shall be determined as follows:
- i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
- (c) The aggregate allocation to QIB Bidders shall be up to 22,50,000 Equity Shares.

Procedure and Time Schedule for Allotment and Issue of Certificates

The Issue will be conducted through a "100% book building process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Following the expiration of the Bidding Period, Our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, Gujarat and SEBI, Mumbai. SEBI Guidelines require Our Company to complete the allotment to successful bidders within 15 days from the Bid/Issue Closing Date. 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 traded on BSE and NSE.

Method of Proportionate Allotment

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders and QIBs in consultation with the Designated Stock Exchange. The Executive Director/Managing Director of the Bombay Stock Exchange Limited (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- a. Bidders will be categorized according to the number of Equity Shares applied for,
- b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c. Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that

category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of [•] Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.

- d. In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:
- Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e. If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Applicants residing at 15 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Direct Credit or RTGS or NEFT, or ECS as applicable (subject to availability of all information for crediting through electronic mode). In case of other applicants, the Bank 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, except for Bidders who have opted to receive refunds through the electronic facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue. We shall ensure dispatch of refund orders, if any, by 'Under Certificate of Posting' or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS or NEFT, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI DIP Guidelines, we undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;

- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not despatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as a Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit/RTGS/NEFT/ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Dispatch of Refund Orders

Please refer to the heading 'Disposal of Applications and Application Money' on page [●].

Interest in case of delay in Dispatch of Allotment Letters/Refund Orders or delay in Refund instructions

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. Our Company further agrees that it shall pay interest @15% per annum 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, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue closing date.

Bid/Issue Program

Bid/Issue opens on: _____	Bid/Issue closes on: _____
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Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or such time as may extended by us in consultation with BRLM and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 3rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20% of the floor of the price band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national

newspapers one in English , one in Hindi and one in Gujarati being the regional newspaper and also by indicating the change on the web sites and at the terminals of the members of the Syndicate.

Undertaking by Our Company

We undertake as follows:

- a. That the complaints received in respect of the Issue shall be attended to by Our Company expeditiously and satisfactorily;
- b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
- c. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by Our Company.
 - a. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.)
- d. that refund orders to the non-resident Indians shall be dispatched within specified time.

Utilization of Issue Proceeds

The Board of Directors of Our Company certifies that:

- a. All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of Our Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of Our Company indicating the form in which such unutilized monies have been invested;

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. **As per current foreign investment policies, FDI in the construction sector is allowed up to 100% under the automatic route.**

However, our Company is into the manufacturing of RCC pipes of less than 100 cms. dia, which is an activity reserved for Small Scale Units, therefore, our Company can issue Equity Shares or convertible debentures to a non-resident upto 24% of its paid up capital under automatic route. Our Company requires a prior approval of the FIPB if we issue the Equity Shares in excess to 24% to persons/entities, if any, resident outside India other than erstwhile Overseas Corporate Bodies ("OCBS"). OCBs have been de-recognised as a class of investors in India with effect from September 16, 2003. As on date of filing this Draft Red Herring Prospectus with SEBI, we have not applied to the FIPB for increase in aforesaid 24% limit.

The above information is given for the benefit of the Bidders and neither Our Company nor the BRLM are liable for any changes in the regulations after the date of this Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

SECTION X – DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

CAPITAL

3. The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

Increase of Capital by the Company and how carried into effect.

4. The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of asset of the Company and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

Non Voting Shares:

The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

Redeemable preference Shares

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are liable to be redeemed in accordance with Section 80A of the Act and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable Preference Shares

7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect.

- a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purposes of the redemption.
- b) No such shares shall be redeemed unless they are fully paid.
- c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the company's Share Premium Account, before the shares are redeemed.
- d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits, which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the shares capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
- e) Subject to the provisions of Sections 80 and 80A of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions in that behalf, in such manner as the Directors may think fit.

Reduction of Capital

8. The Company may (Subject to the provisions of Sections 78, 80, and 100 to 105, both inclusive and other applicable provisions, if any of Act) from time to time by special resolutions reduce (a) the share capital (b) any capital redemption reserve account or (c) any share premium account in any manner for the time being authorised by law and in particular capital may paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any Power Company would have, if it were omitted.

Purchase of own Shares

8A. The Company shall have the power, subject to and in accordance with all applicable provisions of the Act, to purchase or acquire any of its own fully or partly paid shares of any kind whether or not they are redeemable and may make a payment out of capital in respect of such purchase or acquisition."

Consolidation, division, sub-division and cancellation of Shares

9. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time by an ordinary resolution alter the conditions of its Memorandum as follows:

- a) Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.
- b) Sub-divide its shares or any of them into shares of smaller amount than fixed by the Memorandum so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on such reduced share shall be she same as it was in the case of the share from which the reduced share is derived.
- c) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clauses (a), (b) and (c), the Company shall within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled.

Modification of rights

10. Whenever the capital, by reason of the issue of the preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of 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 was omitted.

The rights conferred upon the holders of the shares (including preference shares if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

10A The company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any Shares or other recruits or whose name appears as the Beneficial owner of shares or other securities in records of Depository, as the absolute owner thereof.”

SHARES AND CERTIFICATES

Further issue of shares

12.

- (1) Where at any 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 whether out of unissued share capital or out of 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 nearly as circumstances admit, to the capital paid up on those shares at that date.
 - b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this rights. PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the persons to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion, fit.
- (2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.
 - a) If a special resolution to that effect is passed by the Company in General Meeting; or
 - b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, 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 in sub-clause (c) of clause (1) hereof shall be deemed:
 - a) To extent the time within which the offer should be accepted; or
 - b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has decline 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 debentures or loans into shares in the Company; or
 - II. To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the 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 the raising of the loans.

Shares under control of Directors

13. Subject to the provisions of these Article and of the Act, the shares (including any shares forming part of any increased capital of the company) shall be under control of the Directors who may allot or otherwise dispose off the same to such person on such terms and conditions and at such time, as they think fit with full power, subject to the sanction of the company in general meeting to give any person the option to call for or be allotted shares of any class of the company either at a premium or at par or at discount subject to the provisions of section 78 and 79 of the Act an such option being exercisable for such time and for such consideration as the Directors think fit.

Power to offer Shares/options to acquire Shares:

13A. Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would *inter alia* include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.

Power also to Company in General Meeting to issue shares

15. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special resolution other than Bonus Share Issue, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act.) at a premium or at par or at a discount, as such general Meeting shall determine and with full powers to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act.) at a premium or at par or at a discount, such option being exercisable at such times and for such considerations as may be directed by such General Meeting of the Company and General meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Power of General Meeting to authorize Board to offer Shares/Options to employees:

15A. Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose.

In addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.

Shares at a discount

16. The Company may issue at a discount shares in the Company of a class already issued, if the following conditions are fulfilled namely:

- (1) The issue of the shares at a discount is authorised by a resolution passed by the Company in General Meeting and sanctioned by the Company Law Board.
- (2) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the shares are to be issued : and
- (3) The shares to be issued at a discount are issued within two months after the date on which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

The Board may issue shares as fully paid-up

18. Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for services rendered to

the Company in the conduct of its business or in satisfaction of any shares, which may be so issued shall be deemed to be fully paid-up or partly paid-up shares.

Deposits and call to be a debt payable

20. The money, if any, which the Board of Directors 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 inscription 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.

Liability of Members

21. Every member or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall from time to time, in accordance with the Company's requisitions, require or fix for the payment thereof.

The first named of joint holders deemed sole holder

25. If any share stand in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notice and all or nay other matter connected with the Company except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share severally as well as jointly be liable for the payment of all incidents thereof according to the Company's regulations.

Company not bound to recognise any interest in share other than of registered holder

26. Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any share of (except only as in 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 holder thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Declaration by person not holding beneficial interest in any Shares:

27A.

- (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act
- (2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act;
- (3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act;
- (4) Not withstanding anything contained in the Act and Articles 26 and 27 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the

Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

Dematerialisation of Securities:

27D.

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialized form pursuant to Depositories Act, 1996 and Rules framed thereunder.

Securities in depository to be in fungible form:

27E.

- (i) All securities held by a depository shall be dematerialised and shall be in fungible form .
- (ii) Nothing contained in Section 153, 153A, 153B, 187B and 373A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Section 83 of the Act Not to Apply:

27F.

Notwithstanding anything to the contrary contained in the Articles.

- (i) Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.

Option to receive security certificate or hold securities with depository

27G.

- (i) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository.
- (ii) Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.

Rights of Depositories and Beneficial Owners:

27H.

- (i) Notwithstanding any thing to the contrary contained in the Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner.
- (ii) Save as otherwise provided in clause (i) above, the depository as registered owner shall not have any voting rights or any other rights in respect of securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.

Depository to Furnish Information:

27I.

- (i) Every depository shall furnish to the Company information about the transfer of Securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the laws and the Company in that behalf.
- (ii) Notwithstanding anything to the contrary contained in the Articles, where securities are held in a depository, the records of beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

**Option to opt out in Respect of Any Security:
27J.**

- (i) If a beneficial owner seeks to opt out of a depository in respect of any security, he shall inform the depository accordingly.
- (ii) The depository shall, on receipt of such intimation, make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from a depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

INTEREST OUT OF CAPITAL

Interest out of Capital

31. Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant.

DEBENTURES

Debentures with voting rights not to be issued

32.

- a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.
- b) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- c) Certain charges (which expression includes mortgages) mentioned in Section 125 of the Act, shall be void against the Liquidator or Creditors unless registered as provided in Section 125 of the Act.
- d) A contract with Company to take up and pay any debentures of the Company may be enforced by a decree for specific performance.
- e) Unless the conditions of issue thereof otherwise provide, the Company shall (Subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debenture-stock have completed and delivered the certificate of all debenture-stock allotted or transferred.
- f) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of Debenture Trust Deed and inspection thereof.

The company shall comply with the provisions of Sections 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Directors may make call

33.

(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.

(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

When interest on call or installment payable

38. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen per cent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Evidence in actions by Company against shareholders

39. On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the members in respect of whose shares the money is sought to be recovered and entered on the register of member as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which the money is sought to be recovered that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, not that quorum of Directors was present at the Board at which any call was made not that the meeting at which any call was made was duly convened or constituted not any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

40. The Board of Directors may, if it thinks fit, agree to and receive from any member willing to advance the same all or any part of the amount due upon the shares held by him beyond the sums actually called for and upon the moneys so paid up in advance or so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and in respect of its shares on account of which such advances are made, the Board of Directors may pay or allow interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, fifteen percent per annum as the member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such members three months notice in writing. Money so paid in advance of the amount of calls shall not confer a right to participate in profit or dividend. 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 this Article shall mutatis mutandis apply to the calls on Debentures of the Company.

Partial payment not to preclude forfeiture:

Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

Company to have lien on shares

41. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently

payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. 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.

As to enforcing lien by sale

42. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:

- a) Unless a sum in respect of which the lien exists is presently payable or
- b) Until the expiration of thirty days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such members.

- c) The purchaser shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Application of proceed of sale

43.

- a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable and
- b) The residue, if any, after adjusting costs and expenses, if any, incurred shall be paid to the person entitled to the shares at the date of the sale (subject to a like lien for sums not presently payable existed on the shares before the sale.)

FORFEITURE OF SHARES

If money payable on share not paid notice to be given

44. If any member fails to pay the whole or any part of any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Sum payable on allotment to be deemed a call

45. For the purposes of the provisions of these presents relating to forfeiture of shares, the sum payable upon allotment in respect of a share shall be deemed to a call payable upon such share on the day of allotment.

Form of Notice

46. The notice shall name a day (not being less than one month from the day of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and

at the place appointed, shares in respect of which the call was made or installment is payable will be liable to be forfeited.

In default of payment shares to be forfeited

47. If the requirements of any such notice as aforesaid are not complied with, any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests, and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

Notice of forfeiture to a member

48. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited share to be the property of the Company and may be sold.

49. Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Member still liable to pay money owing at the time of forfeiture and interest

50. Any member whose share have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

Effect of forfeiture

51. The forfeiture of a share shall involve the extinction at the time of the forfeiture of all interest in and all claims and demand against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Power to annul forfeiture

52. The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

Evidence of forfeiture:

55A. The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

Validity of sale:

55B. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the

proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION OF SHARES

No transfer to minor

57. The Board shall not issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind.

Form of Transfer

58. The instrument of transfer of any share shall be in the prescribed form under the companies (Central Government) General Rules and Forms, 1956 and in accordance with the requirement of Section 108 of the Act.

Application for transfer

59.

a) An application for registration of a transfer of the shares in the Company may be either by the transferor or the transferee.

b) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

c) For the purpose of clause (b) above, notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

“In the case of transfer of shares or other marketable securities where the Company has not issued any Certificates and where such shares or securities are being held in any electronic and fungible form, the provision of the Depositories Act, 1996 shall apply.”

Execution of transfer

60. The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register on Members in respect thereof.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Transfer by legal representatives

61. Transfer of share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Register of Members when closed

62. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of Debenture Holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

Directors may refuse to register transfers

63. Subject to the provisions of Section 111 of the Act and any statutory modification thereof and subject to Section 22A of the Securities Contracts (Regulation) Act, 1956 as in force from time to time, the Directors may, at their own, absolute and uncontrolled discretion, decline to register or acknowledge any transfer of shares giving reasons thereof and in particular may so decline in any case in which the company has lien upon the shares desired to be transferred or any call or installment regarding any of them remain unpaid or unless the transferee is not approved by the Directors and such refusal shall not be affected by the fact that, the proposed transferee is already a members, the registration of transfer shall be conclusive evidence of approval of the Directors of the transferee.

Death of one or more joint holders of shares

66. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him with any other person.

Registration of persons entitled to shares otherwise than by transfer (Transmission clause)

68. Subject to the provisions of Article 66, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by the transfer in accordance with these Articles, may with consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as members in respect of such shares. PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee and instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares, this clause is herein referred to as "THE TRANSMISSION CLAUSE"

Refusal to register nominee

69. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

SHARE WARRANTS

Power to issue warrants

74. The Company may issue warrants subject to and in accordance with the provisions of Sections 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 persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the indemnity of the person signing the application and on receiving the certificates (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 to issue a share warrant.

Deposit of Share warrants

75.

- a) 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 for calling a meeting of the Company and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were entered in the Register of Member as the holder of the share included in the deposit warrant.
- b) Not more than one person shall be recognised as depositor of the share warrant.
- c) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrant

76.

- a) Subject as herein otherwise expressly provide, 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 notice 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 Member as the Holder of the Shares included in the warrant and he shall be a member of the Company.

Issue of new share warrant or coupon

77. The Board may, from time to time, make bye-laws as to the terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVESION OF SHARES INTO STOCK AND RECONVERSION

Share may be converted into stock

78. The Company may, by Ordinary resolution:

- a) convert any paid up share into stock; and
- b) reconvert any stock into paid-up shares of any denomination.

Transfer of Stock

79. The several holders of stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might, before the conversion, have been transferred of as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Right of stock holders

80. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

Regulations applicable to stock and share warrant

81. Such of the regulations of the Company as are applicable to paid up shares shall apply to stock and the words "Share" and "Share-holder" in these regulations shall include "Stock" and "Stock-holder" respectively.

BORROWING POWERS

Power to Borrow

82. Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, 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 business) exceeds 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 of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

The payment or repayment of money borrowed

83. The payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of bonds, debentures or debentures-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and the debentures and the 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.

Term of issue of debenture

84. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise, debentures with right conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.

Mortgage of uncalled capital

85. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security executed.

MEETING OF MEMBERS

Contents and manner of services of notice

94.

(1) Every notice of a 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.

- (2) Subject to the provision of the Act, notice of every General Meeting shall be given:
- a) to every members of the Company in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
 - b) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name or by the title of representative of the deceased or assignees of the insolvent or by like description, at the address, it 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
 - c) to the auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of members of the Company.
- (3) Any members of a Company entitled to attend and vote at a meeting of Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

Provided That unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

Chairman's casting vote

108. In the case of equality of votes the Chairman shall both on a show of hands and a poll (fit any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Special notice

111. Where, by any provision contained in the Act or these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

Number of votes to which member entitled

114. Subject to the provisions of Article 112 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a Power of Attorney or by proxy, his voting right 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) sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Votes of members of unsound mind

115. A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committed or guardian may, on a poll, vote by proxy.

Votes of joint members

116. If there be joint registered holders of any shares one of such persons may vote at any meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares as if he were solely, entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the holders shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the register in respect on such shares. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

Representation of body corporate

117.

- a) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) authorised such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and power (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, creditor or holder of debentures of the Company. The production of a copy of the resolution referred to above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.
- b) Where the president of India or the Governor of a State is a member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company.

Votes in respect of deceased or insolvent members

118. Any person entitled under the transmission Article to transfer any share may vote any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the rights to transfer such shares and give such indemnity it any as the directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Voting in person or by proxy

119. Subject to the provisions of these Articles, vote 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 authorised in accordance with Section 187 of the Act.

Rights of members to use votes differently

120. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Proxies

121. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself. Provided always that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend is entitled to appoint one or more proxies.

To attend and vote instead of himself, and that a proxy need not be a Member of the Company.

Proxy either for specified meeting or for a period

122. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and adjournment thereof or it may appoint a proxy for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

No proxy to vote on a show of hands

123. No proxy shall be entitled to vote by a show of hands.

Instrument of proxy when to be deposited

124. The instrument appointing a proxy and the Power of Attorney or Authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or Authority, shall be deposited at the Registered Office of the Company forty-eight hours before the time of holding the meeting at which the persons named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

Form of proxy

125. Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in the form set out in Schedule IX to the Act and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorised by it.

Validity of votes given by proxy notwithstanding revocation of authority

126. A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered office before the commencement of the meeting or adjourned meeting at which the proxy is used provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not have been revoked.

Time for objection to vote

127. No objection shall be made to the qualification of any vote or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.

Chairman of any meeting to be the judge of validity of any vote

128. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

DIRECTORS

Number of Directors

130. 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 more than twelve.

Nominee Director

133. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Industrial Credit and Investment Corporation of India Limited (ICICI) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as ICICI or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each or which ICICI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription 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 Corporation shall have a right to appoint from time to time any person or persons as a Director of Directors, Whole-time or non-Whole-time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons in his or their place/s. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.

The Nominee Director/s so appointed shall hold the said office so long as any moneys remain owing by the Company to the Corporation or so long as the corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s 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 on 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. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expresses to which the other Director/s of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Director/s of the Company, fees, commission, moneys and the remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment as Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s. Provided that if any such Nominee Director/s is an Officer of the Corporation, the sitting fees in relation to such Nominee Director/s shall also accrue to the Corporation and the same accordingly be paid by the Company directly to the Corporation. Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as Whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a Whole-time Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.

Appointment of Alternate Director

135. The Board may appoint an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original director" to act for him during his absence for a period of not less than three months from the State in which the meetings of The Board are ordinarily held. Every such Alternate Director shall subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such meetings to have exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director is determined before he returns to as aforesaid. And provision in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and the Alternate Director.

Additional Directors

137. The Directors shall also have power to, at any time and from time to time, appoint any other person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall hold his office only upto the date of any Annual General Meeting held after his appointment as an additional Directors.

Qualification shares

137. A Director need not hold any qualification shares.

Remuneration of Directors

139. The remuneration of a Directors for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a managing Director may be paid remuneration as provided in Sections 198,309,310, and 311 of the Act and Schedule XIII of the Act either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Subject to the provisions of the Act, a Director who is neither in the Whole time employment of the Company nor a Managing Director may be paid remuneration as provided in Sections 198,309,310 and 311 of the Act and Schedule XIII of the Act either:

- (i) by way of a monthly, quarterly or annual payment with the approval of the Central Government;
or
- (ii) by way of commission if the Company by special resolution authorise such payment.

A Director may receive remuneration by way of a fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.

Extra remuneration to Directors for special work

140. Subject to the provisions of Sections 198, 309, 310, 311, and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing Share Certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for nay of the purpose of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

“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 authorised such payment.”

Traveling expenses incurred by Directors on Company’s business

141. The Board of Directors may, subject to the limitations provided by the Act, allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence for the purpose of attending a meeting such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fees for attending such meeting as above specified.

Director may act notwithstanding vacancy

142. The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles, for a meeting of the Board of Directors, Directors may act for the purpose of increasing the number of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

Disqualification of Director

145. A person shall not be capable of being appointed Director of the Company if:

- a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding a is in force;
- b) he is an undischarged insolvent;
- c) he has applied to be adjudged an insolvent and his application is pending;
- d) he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof imprisonment for not less than six months and a period of five years has not been elapsed from the date of expiry of the sentence;
- e) he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or

- f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that section.

Removal of Directors

146(3).

- (a) The Company may, subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles, by ordinary resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.
- (b) Special Notice as provided by Articles hereof or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and request their notification to members of the Company; the Company shall, unless the representations are received by it too late for it, to do so (a) in the notice of the resolution given to the members of the Company state the fact of the representation having been made and (b) send a copy of the representations to every member of the Company to whom notice of the meeting is sent (before or after the representations by the Company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be sent or read out at meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.
- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 136 or Section 262 of the Act, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointed has been given under sub-clause (s) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (f) If the vacancy is not filled under sub clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Articles 142 or Section 262 of the Act and all the provisions of that Article and section shall apply accordingly.
- (g) A Director who was removed from the office under this Article shall not be reappointed as a Director by the Board of Directors.
- (h) Nothing contained in this Article shall be taken:
- (i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director; or
- (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Interested Directors not to participate or vote in Board's proceedings:

146(4). No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:

(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;

(i) in his being;

(a) a director of such company; and

(b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or

(ii) in his being a member holding not more than two percent of its paid-up share capital.

MANAGING DIRECTOR, WHOLE-TIME DIRECTOR

Remuneration of Managing or Whole-time Director(s)

162. The Remuneration of the Managing Director or Whole-time Director shall (subject to Section 309 and other applicable provisions of the Act, including Schedule XIII of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits or by any other mode not expressly prohibited by the Act.

Special position of Managing Director:

Subject to any contract between him and the Company, a Managing or Whole time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

POWERS OF THE BOARD

General powers of Management vested in Directors

174. The business of the Company shall be managed by the Directors who 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 the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting. Subject nevertheless to any regulation of these Articles or the provisions of the Act or any other Act and to such regulation being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made, provided that the Board of Directors shall not except with the consent of the Company in General Meeting;

(a) sell, lease or otherwise dispose off 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 payment 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 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; or

- (e) Contribute to charitable and other fund 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 rupees or five percent 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 provided that the Company in General Meeting or the Board of Directors shall not contribute any amounts to any political party or for any political purpose to any individual or body:
- (i) Provided that in respect of the matter referred to in clauses (d) and (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be, total amount which may be contributed to charitable or other funds in any financial year under clause (e).
 - (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loan repayable on demand or within six months from the date of the loan such as short term cash credit arrangement, the discounting of bills and the issue of other short item of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

Certain powers to be exercised by the Board only at meetings

175.

- (1) Without derogating from the powers vested in the Board of Directors under the Articles, the Board shall exercise the following power on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;
- (a) the power to make calls on shareholders in respect of moneys unpaid on their shares.
 - (b) the power to issue debentures.
 - (c) the power to borrow moneys otherwise than on debentures .
 - (d) the power to invest the funds of the Company; and
 - (e) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any committee of Directors, the Managing Director or any other principal officer of the Company the power specified in sub-clauses (c), (d) and (e) to the extent specified below.

- (2) Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time, upto which money may be borrowed by the delegate.
- (3) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investment which may be made by the delegate.
- (4) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount upto which the funds of the company may be made by the delegate, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

Certain powers of the Board

176. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by the Articles but subject to the restrictions contained in the last preceding Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- (1) To pay the costs, charges and expenses, preliminary and incidental to the formation, promotion, establishment and registration of the Company.
- (2) To pay and charge to the Capital Account of the Company any commission or interest, lawfully payable there out under the provisions of Sections 76 and 208 of the Act.
- (3) Subject to Sections 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit in any such purchase or other acquisition, accept such title as the Director may believe or may be advised to be reasonably satisfactory.

- (4) At their discretion and subject to the provisions of the Act, to pay for any property, cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or the securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust for the Company property belonging to the Company or in which it is interested or for any other purpose and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer or otherwise concerning the affairs of the company and also to compound and allow time for payment on satisfaction of any debts due and of any claim or demands by or against the Company and to refer any difference to arbitration and observe the terms of any awards made therein either according to Indian Law or according to foreign law and either in India or abroad and observe and perform or challenge any award made therein.
- (9) To act on behalf of the Company in all matters relating to bankruptcy, insolvency, winding up and liquidation of companies.
- (10) To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company.
- (11) Subject to the provisions of Section 291 (1), 295, 370 and 372 and other applicable provisions of the Act and these Articles, to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investment, Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (12) To execute in the name and on behalf of the company in favour of any Director or their person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and other power, provisions, covenants and agreements as shall be agreed upon.
- (13) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipt, acceptance, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.
- (14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of the Company.
- (15) To provide for the welfare of Directors of Ex-Directors or employees or ex-employees of the Company and the wives, widows and families of the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuities, allowances, bonus or other payment or by creating and from time to time subscribing or contributing to provident and other associations, institutions any recreation, hospitals, dispensaries, medical and other attendances and other assistance as the Board shall think fit and subject to the provisions of Section 293 (1) (e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or the public and general utility or otherwise.

- (16) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or the depreciation fund or any special or other fund or funds or account or accounts to meet contingencies or to repay redeemable preference shares, debentures or debenture-stock or for special dividends or for equalising dividends for repairing, improving, extending and maintaining any part of the property of the Company and such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of the Company) as they may think fit and from time to time to deal with and vary such investments and dispose the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company might rightly be applied or expended and to divide the General Reserve or Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve fund and/or division of a Reserve fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund in the business of the Company or in purchase or repayment of redeemable preference shares, debentures or debenture-stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- (17) To appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to acquire security in such instances and to such amounts as they may think fit and also from time to time provide for the management and transactions of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.
- (17A) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.
- (18) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Boards or managers or agencies and to fix their remuneration.
- (19) Subject to Section 292 of the Act, from time to time and at any time, to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their powers to make calls or to make loans or borrow moneys and to authorise the members for the time being or such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation.
- (20) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointments may (if the Board thinks fit be made in favour of the members of any Local Board established as aforesaid or in favour of any company or the shareholders, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit and may contain powers enabling any such delegated

attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the being vested in them.

- (21) Subject to Sections 294, 297, 300 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and thing in the name and on behalf of the Company as they may consider expedient.
- (22) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
- (23) To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorised to carry on in any part of India.
- (24) To purchase, take on lease for any term or terms of years or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such rent and under and subject to such terms and conditions as the Directors may think fit and in any such purchase, lease or other acquisition to accept such title as the Directors may deem fit or may be advised to be reasonably satisfactory.
- (25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co-jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
- (26) To purchase or otherwise acquire or obtain licence for the use of and to sell, exchange or grant licence for the use of any trade mark, patent, invention or technical know-how.
- (27) To sell from time to time any articles, materials, machinery, plants, stores and other articles and things belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and bye-products.
- (28) From time to time to expend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company or by erecting new or additional building and to expend such sum of money for the purpose aforesaid or any of them as may be thought necessary or expedient.
- (29) To undertake on behalf of the Company the payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversions and otherwise to acquire the free hold or otherwise all or any of the lands of the Company for the time being held under lease or for an estate less than free hold estate.
- (30) To improve, manage, develop, exchange, lease, sell, resell and repurchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
- (31) To let, sell or otherwise dispose off, subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment of satisfaction for the same in cash or otherwise as it thinks fit.
- (32) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

MINUTES

Minutes to be made

177.

- (1) The Company shall cause minutes of all proceedings of General Meetings and of all proceedings of every meeting of the Board of Directors or of every committee thereof within thirty days of the

- conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each meeting in such books which shall be dated and signed .
 - (a) in case of minutes of proceedings of a meeting of Board or of a committee thereof, by the chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (b) In the case of minutes of proceedings of the General Meeting, by the Chairman of the said 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 authorised by the Board for the purpose.
 - (3) In no case minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
 - (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.
 - (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
 - (6) In case of a meeting of the Board of Directors or a committee of the Board the minutes shall contain.
 - (a) the names of the Directors present at the meeting;
 - (b) in the case of each resolution passed at meeting the name of the Directors, if any, dissenting from or not concurring in the resolution.
 - (7) Nothing contained in clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
 - (a) is or could reasonably be regarded as defamatory of any person;
 - (b) is irrelevant or immaterial to the proceeding; or
 - (c) is detrimental to the interest of the Company.The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.

DIVIDEND

Division of profits

182.

- (a) Subject to the rights of persons, if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited a paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the shares.

The Company in General Meeting may declare dividends

183. The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 205 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividends in General Meeting.

Dividend out of profits only

184. No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 of the Act.

Interim Dividend

185. The Board of Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

Debts may be deducted

186.

- (a) The Directors may retain the dividends on which the Company has a lien and may apply the same in or toward the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
Company may retain dividends
- (b) The Board of Directors may retain the dividend payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member or shall duly transfer the same.

Capital paid up in advance at interest not to earn dividend

187. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

188. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any shares is issued on terms, providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.

No member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof

189. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share of shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member all such sums of money so due from him to the Company.

Effect of Transfer of Shares

190. A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.

Dividend to joint holders

191. Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of shares.

Dividend how remitted

192A. The dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders, to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holders may in writing direct. The company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost on transit or for any dividend lost to the member or person entitled thereto by forged

endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Electronic Remittance Of Dividend And Interest

192B. Any dividend declared or interest on debentures, if any, may be paid by Electronic System through any Sponsor Bank, after getting registration with Reserve Bank of India for using this facilities and collecting from the members or debenture holders necessary bank mandate in the prescribed format.

Notice of dividend

193. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of share in the manner herein provided

Reserves

194. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

Dividend to be paid within forty two days

195. The Company shall pay the dividend or send the warrant in respect thereof to shareholders entitled to the payment of dividend, within forty-two days from the date of the declaration unless;

- (a) When the dividend could not be paid by reason of the operation of any law.
- (b) Where a shareholder has given directions regarding the payment of the dividend and those directions can not be complied with.
- (c) Where there is a dispute regarding the right to receive the dividend.
- (d) Where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- (e) Where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

Unclaimed dividend

196. No unpaid/unclaimed dividend shall be forfeited by the Board and the Directors shall comply with the provisions of Sections 205A (1) and 205B of the Companies Act, 1956, as regards unclaimed dividends.

DOCUMENTS AND NOTICES

To whom documents must be served or given

210. Document or notice of every meeting shall be served or given on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company. PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulation in the neighborhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

Registered and documents to be maintained by the Company

214. The Company shall keep and maintain Registers, Books and Documents required by the Act or these Articles, including the following;

- (a) Register of investments made by the Company but not held in its own name as required by Section 49(7) of the Act.
- (b) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.
- (c) Register and Index of Members and Debenture holders as required by Section 150, 151 and 152 of the Act.
- (d) Foreign Register, if so thought fit, as required by Section 157 of the Act.
- (e) Register of Contracts with Companies and Firms in which Director are interested as required by Section 307 of the Act.
- (f) Register of Directors and Secretary as required by Section 303 of the Act.
- (g) Register as to holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act.
- (h) Register of Investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by section 372 (2) of the Act.
- (i) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificate and documents required to be annexed thereto under section 161 of the Act.
- (j) Register of loans, guarantees or securities given to other companies under the same management as required by Section 370 of the Act.
- (k) Register of renewed and duplicate certificates as required under Rule 7 (2) of the Companies Issue of Share certificates Rules, 1960.

SECTION XI – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus have been delivered to the Registrar of Companies, Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 3rd floor, Jay Tower, Ankur Complex, Naranpura, Ahmedabad 380 013 from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of this Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

Material Contracts for Inspection

1. Memorandum of Understanding dated March 26, 2007 between our Company and UTI Securities Limited as BRLM to this Issue
2. Memorandum of Understanding dated January 13, 2007 between our Company and Bigshare Services Private Limited as Registrar.
3. Tripartite Agreement dated [•] between our Company, Bigshare Services Private Limited and NSDL.
4. Tripartite Agreement dated [•] between our Company, Bigshare Services Private Limited and CDSL.
5. Underwriting Agreement dated [•] between our Company, BRLM and Syndicate Members.
6. Syndicate Agreement dated [•] between our Company, BRLM and Syndicate Members.
7. Escrow Agreement dated [•] between our Company, BRLM, Escrow Collection Banks and Registrar to the Issue.
8. Concession Agreement between GSRDC and M.S. Khurana Infrastructure and Toll Roads Private Limited for Improvement and widening of Bhuj-Nakhatrana Road (SH-42) on Build Operate and Transfer (BOT) Basis.
9. Copies of the joint venture agreements entered by our Company as detailed under the head “Other Agreements”.

Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated September 9, 1998.
3. Fresh certificate of incorporation dated September 24, 1998 and August 12, 2002 consequent to change in name.
4. Extraordinary General Meeting resolution dated February 24, 2007 and the resolution of the Board dated February 19, 2007 authorizing this Issue.

5. Copies of the Annual Reports of our Company for the years ended March 31, 2002; March 31, 2003; March 31, 2004; March 31, 2005; and March 31, 2006 (on standalone and consolidated basis) and auditor's report for half year ended September 30, 2006 (on standalone and consolidated basis).
6. Certificate dated March 15, 2007 from M/s. Dharmendra Shah & Co., Chartered Accountants, Statutory Auditor of our Company, detailing the tax benefits.
7. Auditor's report dated March 15, 2007 from M/s. Dharmendra Shah & Co., Chartered Accountants, Statutory Auditor of our Company containing the restated accounts for the past 5 years and the six months period ended on September 30, 2006.
8. Copy of the Auditors Certificate dated March 15, 2007 regarding the sources and deployment of funds as on February 28, 2007.
9. Consent from the auditor to include the recasted financials, deployment of funds and tax benefit certificate in the Offer Document.
10. Consent from the Directors, Company Secretary, Compliance Officer, Auditors, Book Running Lead Manager, Registrars to the Issue, Bankers to the Issue, Bankers to the Company, Underwriters, Legal Advisor to the issue, to act in their respective capacities.
11. Copies of Application for listing made to the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.
12. Copy of in-principal approval received from Bombay Stock Exchange Limited and The National Stock Exchange of India Limited dated [•] and [•] respectively.
13. SEBI observation letter no. [•] dated [•].
14. Copy of the Term Loan sanction letter from Union Bank of India vide their sanction letter dated January 31, 2006.
15. Copy of the resolution dated September 30, 2002 appointing Mr. Sudhir Khurana as Chairman & Whole Time Director, Mr. Ashish Khurana as Managing Director and Mr. Vikram Khurana as Joint Managing Director & Whole Time Director.
16. Copy of the Resolution dated September 30, 2003 appointing Mr. Vishal Khurana as Executive Director & Whole Time Director.
17. Due diligence Certificate dated March 28, 2007 to SEBI from UTI Securities Limited.

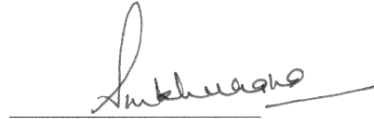
Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

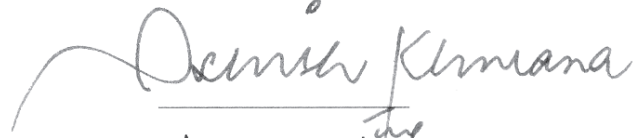
We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors

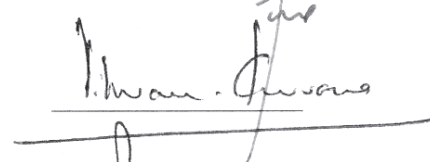
Mr. Sudhir Khurana
Chairman



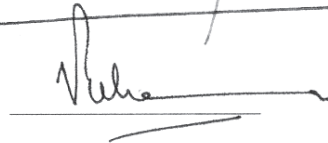
Mr. Ashish Khurana
Managing Director



Mr. Vikram Khurana
Jt. Managing Director



Mr. Vishal Khurana
Whole-time Director



Mr. Mayur Parikh
Independent Director



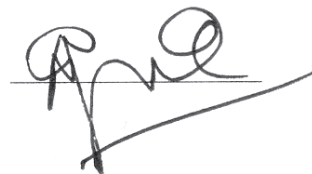
Mr. Peetamber Bhojraj Balani
Independent Director



Mr. N. H. Tekwani
Independent Director



Mr. Govind Narayan Tambe
Independent Director



SIGNED BY THE COMPLIANCE OFFICER

Mr. Jitesh Patel



Place: Ahmedabad

Date: MARCH 28, 2007.

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