

**Draft Red Herring Prospectus**

Dated: September 2, 2010

Please read Section 60B of the Companies Act, 1956

Draft Red Herring Prospectus will be updated upon filing with RoC

100% Book Built Issue**SVEC Constructions Limited**

(Our Company started as SVEC Constructions Private Limited on April 10, 1985. Our Company became a Deemed Public Company u/s 43A of the Companies Act, 1956 with effect from July 1, 1988 and the word 'Private' was deleted from the name of our Company. Subsequently, our Company became a Public Limited Company on May 19, 1992 and the Registrar of Companies, Andhra Pradesh issued a fresh certificate of incorporation on May 19, 1992 in the name of SVEC Constructions Limited)

Registered Office: 1014, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad - 500001, Andhra Pradesh; **Tel.:** +91-40-23202166; **Fax:** +91-40-23201921

(For details of incorporation and change in our Registered Office, please refer to page no. 8 of this Draft Red Herring Prospectus)

Corporate Office: Plot No. 1355/A, 2nd Floor, Road No. 1 & 45, Jubilee Hills, Hyderabad - 500033, Andhra Pradesh

Tel.: +91-40-30511818; **Fax:** +91-40-30511919; **Website:** www.svec.in **Compliance Officer & Contact person:** Mr. B. Madhu; **Email:** ipo@svec.in

Name of Promoters: Mr. C.Ajad Kumar, Mr. C.Sreemannarayana, Mrs. K.Bhanu Smitha and Mrs. C.L.R.Bhavani

PUBLIC ISSUE OF 40,00,000 EQUITY SHARES OF RS 10/- EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 25.13% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

PRICE BAND: RS. [●] TO [●] PER EQUITY SHARE OF FACE VALUE OF RS 10/- EACH

THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for 3 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 and National Stock Exchange of India Limited, 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.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of SVEC Constructions Limited ("our Company"), there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares of the Company is Rs. 10/- per share and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value of the Equity Shares of the Company.** The Issue Price (as has been determined and justified by the Book Running Lead Manager and our Company as stated herein under the paragraph 'Basis of Issue Price') 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 the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. **Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Draft Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this 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 offered through this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The in-principle approvals of BSE and NSE for listing of Equity Shares of our Company have been received pursuant to letters dated [●] and [●] respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

GRADING

This Issue has been graded by ICRA. ICRA has assigned "ICRA IPO GRADE [●]", indicating [●] to the Initial Public Offering of our Company. The rationale furnished by the grading agency for its grading, will be updated at the time of filing of the Red Herring Prospectus with the RoC. For more information on IPO Grading, please refer to the section titled "General Information" beginning on page 12 of this Draft Red Herring Prospectus.

Information on the Issuing, please refer to the section titled "General Information" beginning on page 12 of this Draft Red Herring Prospectus.	
BOOK RUNNING LEAD MANAGER	
 almondz the financial powerhouse	ALMONDZ GLOBAL SECURITIES LIMITED 3 Scindia House, Janpath, New Delhi - 110001 Tel: +91-11-41514666-69 Fax: +91-11-41514665 Website: www.almondzglobal.com Email: svec.ipo@almondz.com Investor Grievance: complaint@almondz.com Contact Person: Mr. Puneet Arora / Ms. Shivani Kohli SEBI Registration No: INM000000834
REGISTRAR TO THE ISSUE	
 KARVY Karvy Computershare Private Limited	KARVY COMPUTERSHARE PRIVATE LIMITED Plot No. 17-24, Vithalrao, Madhapur, Hyderabad - 500081, Andhra Pradesh Tel: +91 40 4465 5000 Fax: +91 40 2343 1551 Email: svec.ipo@karvy.com Website: www.karvy.com Contact Person: Mr. M Murali Krishna SEBI Registration Number: INR 000000221
BID/ISSUE PROGRAMME	
BID/ISSUE OPENS ON	[●]
BID/ISSUE CLOSING ON	[●]

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SECTION I: GENERAL- DEFINITIONS AND ABBREVIATIONS

Definitions and abbreviations of certain capitalised terms used in this Draft Red Herring Prospectus are set forth below:

Company Related Terms

Term	Description
“SVEC Constructions Limited” or “Issuer” or “the Company” , “Our Company”	SVEC Constructions Limited, a public limited company incorporated under the Companies Act and whose registered office is at 1014, Raghava Ratna Towers, Chirag Alie Lane, Abids, Hyderabad-500001, Andhra Pradesh, India.
“We” or “us” or “our”	Unless the context otherwise requires, refers to SVEC Constructions Limited
Articles/ Articles of Association	The Articles of Association of SVEC Constructions Limited, as amended.
Auditors	The statutory auditors of SVEC Constructions Limited viz. M/s C.Venkat Krishna & Company, Chartered Accountants.
Board of Directors/ Board	The Board of Directors of SVEC Constructions Limited.
Companies Act	The Companies Act, 1956, as amended
Corporate Office	Plot No. 1355/A, 2nd Floor, Road No. 1 & 45, Jubilee Hills, Hyderabad – 500033, Andhra Pradesh
Depositories Act	The Depositories Act, 1996, as amended
Director(s)	The Director(s) of SVEC Constructions Limited, unless otherwise specified.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India.
ICRA	ICRA Limited
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of SVEC Constructions Limited
Non Residents	A person resident outside India, as defined under FEMA
NRIs/ Non-Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires

Promoter(s)	Mr. C. Ajad Kumar, Mr. C. Sreemannarayana, Mrs. K. Bhanu Smitha and Mrs. C.L.R. Bhavani.
Promoter Group	The persons constituting our Promoter Group pursuant to Regulation 2(1)(zb) of SEBI (ICDR) Regulations
Promoter Group Entity	SVEC Poly Pack Private Limited
Registered Office	The registered office of the Company located at 1014, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500001, Andhra Pradesh, India.
ROC/Registrar of Companies	The Registrar of Companies, Hyderabad, Andhra Pradesh.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited

Issue Related Terms / Abbreviations

Term	Description
Almondz	Almondz Global Securities Limited
Allot/ Allotment/ Allocation	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
Allottee	The successful bidder to whom the Equity Shares are being / have been issued.
Applications Supported by Blocked Amount / ASBA	The application (whether physical or electronic) for subscribing to this Issue alongwith an authorization to SCSB to block the Bid Amount in their specified bank account
ASBA Bidders / ASBA Investors	means any Investor/ Bidder, who intends to apply through ASBA process
ASBA Form / Bid-cum-ASBA Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus
ASBA Process	The ASBA process, as detailed in the section titled "Issue Procedure" beginning on page no. 182 of this Draft Red Herring Prospectus.
ASBA Revision Form	The forms used by the ASBA Bidders to modify the quantity of equity shares or bid price in any of their Bid-cum-ASBA Forms or any previous Revision Form(s).
Banker(s) / Escrow Bankers	[•]

to the Issue	
Bid	<p>An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.</p> <p>For the purposes of ASBA Bidders, Bid means an indication to make an offer during the Bidding Period by any Investor/Bidder, to subscribe to the Equity Shares of our Company.</p>
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid-cum-Application Form / Bid Form	The form used by the Bidder (including the format of such application form used by the ASBA Bidder, whether physical or electronic) to make a Bid and which will be considered as the application for allotment for the purposes of this Draft Red Herring Prospectus.
Bid Closing Date / Issue Closing Date	The date after which the Syndicate Members and SCSBs will not accept any Bids for the Issue, which shall be notified in an English National Newspaper, a Hindi National Newspaper and a Telegu Newspaper with wide circulation
Bid Opening Date / Issue Opening Date	The date on which the Syndicate Members and SCSBs shall start accepting Bids for the Issue, which shall be the date notified in an English National Newspaper, Hindi National Newspaper and a Telegu Newspaper with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form.
Bidding Period/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders may submit their Bids.
Book Building Process	The book building process as described in Schedule XI of the ICDR Regulations and in terms of which this Issue is made.
BRLM / Book Running Lead Manager	The Book Running Lead Manager to the Issue, in this case being Almondz Global Securities Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation including any revisions thereof, sent to each successful Bidder indicating the Equity Shares allocated after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in
Cut-off Price	The Issue Price finalized by our Company in consultation with the BRLM and it shall be any price within the price band. Only Retail Individual Bidders are entitled to bid at Cut-off Price, for a Bid Amount not exceeding Rs.1,00,000. Qualified Institutional Buyers and Non-Institutional Bidders are not entitled to bid at Cut-off Price.

Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid-cum-Application Forms used by ASBA Bidders and a list of which is available at http://sebi.gov.in .
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, and following which the Board of Directors shall Allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus filed with SEBI, prepared and issued by our Company in accordance with the SEBI Regulations.
Electronic ASBA	Submission of Bid-cum-ASBA Form electronically, by an ASBA Investor, through the internet banking facility offered by the SCSBs.
Equity Shares	Equity Shares of the Company of face value of Rs.10/- each, unless otherwise specified in the context thereof.
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidder) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar, the Escrow Collection Bank(s), the BRLM, and the Syndicate Members for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the Bid-cum ASBA Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
IPO	Initial Public Offering
Issue / Public Issue	Public Issue of 40,00,000 equity shares of Rs. 10/- each for cash at a price of Rs. [●] per equity share, aggregating Rs. [●] lakhs. The Issue would constitute 25.13% of the fully diluted post issue paid-up capital of our Company.
Issue Account / Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account and from the SCSBs from the bank accounts of the Bidders on the Designated Date
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with BRLM.

Issue Proceeds	Gross proceeds to be raised by our Company through this Issue.
Members of the Syndicate	The BRLM and the Syndicate Members
Mutual Funds	Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Mutual Fund Portion	1,00,000 Equity Shares or 5% of the QIB Portion, available for allocation to Mutual Funds out of the QIB Portion
Non Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLM and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 1,00,000.
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of 6,00,000 Equity Shares, available for allocation to Non-Institutional Bidders.
Physical ASBA	ASBA Forms submitted by an ASBA Investor physically with the designated branches of the SCSBs.
Price Band	Being the price band of a minimum price of Rs. [•] per Equity Share (Floor Price) and the maximum price of Rs. [•] per Equity Share (Cap Price) (both inclusive), and including revision thereof.
Pricing Date	Means the date on which the Company, in consultation with the BRLM, finalizes the Issue Price.
Prospectus	The Prospectus, filed with the ROC containing, <i>inter-alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Qualified Institutional Buyers/QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Foreign Institutional Investors and sub account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Venture Capital Funds registered with SEBI, Foreign venture capital funds registered with SEBI, Multilateral and bilateral development financial institutions, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 2500 lakhs, Pension Funds with minimum corpus of Rs. 2500 lakhs, National Investment Fund, set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance funds set up and managed by army, navy or air force of the Union of India.
QIB Portion	Not more than 50% of the Issue being 20,00,000 Equity Shares of Rs. 10/- each available for allocation to QIB bidders.
RHP or Red Herring Prospectus	Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing date.
Refund Account	Account opened with an Escrow Collection Bank from which the

	refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund Bank	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being [•]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable.
Registrar/Registrar to this Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 1,00,000.
Retail Portion	The portion of the Issue being not less than 35% of the Issue Size consisting of 14,00,000 Equity Shares of Rs. 10 each, available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders excluding the ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
SCSBs or Self Certified Syndicate Banks	SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI's list of SCSBs displayed on its website at www.sebi.gov.in . Bid-cum-ASBA forms can be accepted only by SCSBs.
Syndicate Agreement	Agreement to be entered into among our Company and Syndicate Member(s) in relation to the collection of Bids in the Issue (excluding Bids from the ASBA Bidders)
Syndicate Members	[•]
Transaction Registration Slip/TRS	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of the Red Herring Prospectus
Underwriters	Members of the Syndicate
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

Abbreviations / General / Conventional Terms

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
AY	Assessment Year
BPLR	Bank Prime Lending Rate

BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
DB	Designated Branch
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earning Per Share
EXIM/ EXIM Policy	Export – Import Policy
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIPB	Foreign Investment Promotion Board
FIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GoI/Government	Government of India
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
MOU	Memorandum of Understanding
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
NA	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NRI	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

OCB	Overseas Corporate Bodies
p.a.	per annum
PAN	Permanent Account Number
PAT	Profit After Tax
P/E Ratio	Price/Earnings Ratio
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rs.	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
Sec.	Section
STT	Securities Transaction Tax
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
VCF /Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.

Technical / Industry Related Terms

Terms	Description
AP	Andhra Pradesh
APSEB	Andhra Pradesh State Electricity Board
AWHO	Army Welfare Housing Organisation
BOT	Build Operate and Transfer
BOQ	Bill of Quantities
CAGR	Compound annual growth rate.
CIDC	Construction Industry Development Council
CM & CD	Cross Masonry & Cross Drainage
C.A.R	Contractors All Risk Policy.
DRDO	Defence Research Development Organisation
D.G. Set	Diesel generator set.
EMD	Earnest money deposit.
EPC	Engineering, Procurement and Construction
ESIC	Employees' state insurance corporation
Ha	Hectares
I&CAD	Irrigation and Command Area Development
ISRO	Indian Space Research Organisation
JV	Joint venture

Km	Kilometer.
kV	Kilovolt.
KVA	Kilo volt ampere.
MW	Megawatt.
m. ha.	Million hectares
MoRTH	Ministry of Road, Transport and Highways
MoCA	Ministry of Civil Aviation
MoP	Ministry of Power
MoWR	Ministry of Water Resources
NH	National highways.
PPP	Public private partnership.
PWD	Public Works Department.
RMC	Ready mixed concrete.
SDBC	Semi-dense bituminous concrete.

SECTION II: RISK FACTORS

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA

Unless stated otherwise, the financial information and data used in this Draft Red Herring Prospectus is derived from our Company's restated financial statement as of FY 2009-10, FY 2008-09, FY 2007-08, FY 2006-07 and FY 2005-06 prepared in accordance with Indian GAAP and the Companies Act, 1956 and adjusted in accordance with SEBI (ICDR) Regulations, as stated in the report of our Statutory Auditors, M/s C. Venkat Krishna & Company, Chartered Accountants, included in this Draft Red Herring Prospectus.

References herein to fiscal years i.e. fiscal 2010, 2009, 2008, 2007 and 2006, are to the financial years ended March 31 of a particular year.

Unless stated otherwise, throughout this Draft Red Herring Prospectus, all figures have been expressed in lakhs. In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed may be due to rounding off.

For additional definitions, see the section titled 'Definitions and Abbreviations' beginning on page a of this Draft Red Herring Prospectus. Market and industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications, government 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 our Company believes market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by our Company to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions 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 the expectations include but are not limited to: -

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Regulatory changes relating to the industries in which we operate
- Ability to successfully implement Company’s strategy, growth and expansion, technological changes, Company’s exposure to market risks that have an impact on its business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations, taxes and changes in competition in industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Changes in political condition in India.

For further discussion of factors that could cause actual results to differ, see the section titled “Risk Factors” and “Our Business” beginning on page no. iii and 58 of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither 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 / Stock Exchanges requirements, our Company, and Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risk and uncertainties described below, before making an investment in the Equity Shares. If any of the following risk actually occurs, our business, results of our operations and financial condition could suffer, the trading price of our equity shares could decline, and you may lose all or part of your investment. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. The risks and risk factors set forth below are not an exhaustive list of the risks currently facing us or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on our business, financial condition and results of operations.

Investors are advised to read the risk factors carefully before taking an investment decision in this offering. Before making an investment decision, investors must rely on their own examination of the offer and us. The Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and in the section entitled "Forward-Looking Statements" on page no. ii of this Draft Red Herring Prospectus.

Unless specified or quantified in the relevant risk factors mentioned below, our Company is not in a position to ascertain the financial and other implication of any of the other risks mentioned below. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of the Company as of and for the Fiscals 2006, 2007, 2008 2009 and 2010, in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

1. Some events may have material impact qualitatively instead of quantitatively.
2. Some events may not be material individually but may be found material collectively.
3. Some events may not be material at present but may be having material impact in future.

INTERNAL RISK FACTORS

1. ***Our Company has experienced fluctuations in growth during the last three financial years, as a result of which we can not assure that our business will continue to grow in the future.***

Our income from contract receipts decreased from Rs. 22,613.65 lakhs in FY 2008-09 to Rs. 20,539.04 lakhs in FY 2009-10, representing a decrease of 9.2%. The income from contract receipts increased from 17,502.35 lakhs in 2007-08 to Rs. 22,613.65 lakhs in 2008-09, showing an increase of 29.2%. Similarly, Profit after tax (PAT) decreased from Rs. 895.01 lakhs in FY 2008-09 to Rs. 641.87 lakhs in FY 2009-10, representing a decrease of 28.3%. Profit after tax increased from Rs. 489.62 lakhs in 2007-08 to Rs. 895.01 lakhs in 2008-09, showing an increase of 82.8%. We cannot assure that we will not have such fluctuations in the future or maintain growth in revenues and profits. In addition, we are now intending to expand our operations significantly. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we expand our operations, we may not be able to focus on existing operations efficiently, which could result in delays, increased costs

and diminished quality and may adversely affect our reputation. Any inability to manage our growth may have an adverse effect on our business and results of operations.

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

Our order book as of any particular date comprises of unbilled/ unfinished portions of our ongoing projects, for which we have received orders but are yet to commence construction, and the value of our share in our joint venture. Our order book was Rs. 164540.04 lakhs as of June 30, 2010. Our order book is not audited and may not reflect our financial results in the future. The order book amount does not necessarily indicate future earnings related to the performance of that work and if we do not achieve our expected margins or suffered losses on one or more of these contracts, this could reduce our income or cause us to incur a loss. Future earnings related to the performance of the work in the order book may not necessarily be realised. Although projects in the order book represent business that we consider firm, cancellations or scope adjustments may occur. Due to changes in project scope and schedule, we cannot predict with any certainty when or if the projects in our order book will be performed and will generate revenue. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or dispute the amounts owed to us. There may also be delays associated with collection of receivables from clients. Any delay, cancellation or payment default could materially harm our cash flow position, revenues or profits, and adversely affect the trading price of our Equity Shares.

3. *A significant part of our business contracts are with government and public sector undertakings which may subject us to several risks.*

Our business and revenues are substantially dependent on projects awarded by government authorities, including central, state and local authorities and agencies and public sector undertakings (Government-owned companies). As of June 30, 2010, approximately 84.27% of our order book constituted of awards granted by the government or governmental entities. We expect that contracts awarded by government authorities and public sector undertakings will continue to account for a high proportion of our business. Any adverse change in the focus or policy framework regarding infrastructure development and construction industry, of the GoI, the state governments and various governmental agencies in India, could adversely affect our existing projects and opportunities to secure new projects.

Although the Government of India has encouraged greater private sector participation in the power and infrastructure sectors, and in the past has increased budgetary allocation in such sectors, there can be no assurance that this will continue. The government projects may be subject to extensive internal processes, policy changes, delays, changes due to local, national and internal politics, insufficiency of funds or changes in budgetary allocations. Any adverse change in the focus or policy framework regarding infrastructure development and construction industry, of the GoI, the state governments and various governmental agencies in India, could adversely affect our existing projects and opportunities to secure new projects.

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

Our business and growth are dependent on our ability to bid for and secure large and varied projects. Bidding for construction projects is dependent on various criteria, including, bid capacity and pre-qualification capability. Bid capacity relates to the highest possible value of a single project that can be awarded to us. In addition to meeting bid capacity requirements, we may also be required to pre-qualify

for the projects. This includes various factors such as the technical capability and experience of having executed similar projects. It is imperative to enhance our bid capacity and pre-qualification capability. However, we cannot assure that we shall always maintain our bid capacity and our pre-qualification capabilities, or at all, and that we shall be able to continually secure projects so as to enhance our financial performance and results of operations.

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

Our projects are performed on a fixed-price or lump-sum basis. Under the terms and conditions of such fixed-price or lump-sum contracts, we agree for a fixed price for providing engineering, procurement and construction services for a part of the project. In the case of turnkey contracts, completed facilities which are delivered in a ready-to-operate condition, subject to contract variations pursuant to changes in the client's project requirements and escalation clauses relating to increases in the prices of raw materials. The actual costs incurred by us in connection with the execution of a fixed-price or lump-sum turnkey contract may, however, vary from the assumptions underlying our bid for several reasons.

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

All risks of loss of or damage to physical property and of personnel injury and death, which arise during and in consequence of the performance of the contract, are our responsibility.

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

Most of our construction contracts require us to complete the project within 12 to 48 months. Such long term agreements have inherent risks that may not be within our control and expose us to implementation and other risks, including construction delays, material shortages, unanticipated cost increases and cost overruns. In addition, business circumstances may materially change over the life of one or more of our agreements and we may not have the ability to modify our agreements to reflect these changes. Further, our commitments under these agreements may reduce our flexibility to implement changes to our business plans and expose us to increased risk of unforeseen industry changes.

7. *Any disruption in the adequate and timely supply of and increase in the cost of raw materials, particularly cements, steel and other raw materials could have a material adverse impact on our financial condition and results of operations.*

The timely and cost effective execution of our projects is dependant on the adequate and timely supply of raw materials, such as steel, bitumen, aggregate, cement, pipes and electrical goods. We have not

entered into any long-term contracts for the purchase of such raw materials with our suppliers. We cannot assure you that we will be able to procure adequate supplies of key materials in the future, as and when we need them on commercially acceptable terms.

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

8. *Our business and growth primarily depends upon the award of new contracts in a timely manner.*

The growth of our business depends on the new contracts awarded to us. We cannot predict whether we will be able to successfully bid for and be awarded new contracts at reasonable intervals. The time gap between bidding and being awarded a contract generally a lengthy and complex process which in is affected by a number of factors, including changes in existing or assumed market conditions, financing arrangements, governmental approvals and environmental matters. Our results of operations and cash flows may fluctuate materially from period to period depending on the timing of contract awards.

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

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

10. *Our inability to meet our working capital requirements may have a material adverse effect on our business, financial condition and results of operations.*

Our business demands significant amount of working capital which varies depending upon the nature of each project. Our contracts provide for progressive payments from clients with reference to the volume of work completed upon reaching certain milestones. Generally, in our business, significant amounts of our working capital is required to finance the purchase of materials and the performance of engineering, construction and other work on projects before payment is received from clients. In addition, a portion of the contract value, which may range up to 7.50%, is withheld by the client as retention money and released in stages depending upon the completion of the project. We also provide performance guarantees to our clients for the duration of the warranty or defect liability period, which generally ranges from 12 months to 24 months, after the testing of the commissioning of the project. Some of the performance guarantees are secured by guarantees from banks. Our working capital requirements will increase as we seek to expand our businesses. Our working capital requirements may also increase if, in

certain contracts, payment terms include reduced advance payments or payment schedules that specify payment towards the end of a project or are less favorable to us. Delays in progressive payments or release of retention money or bank guarantees from our clients may increase our working capital needs. We may also experience significant cash outflows to satisfy any indemnity and liability claims. Due to any liquidity issues, we might be unable to arrange for the appropriate earnest money deposit which might affect our ability to bid for new projects. We may need to incur additional indebtedness and capital expenditures in the future to satisfy our working capital needs. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations.

11. *Timely and successful completion of our projects is dependent upon our performance as well as the performance of third parties such as sub-contractors. Any failure or delay in the performance of the third parties could adversely affect the timely execution of our projects and reputation.*

The construction contracts are subject to definite completion timelines with liquidated damages chargeable in the event that a project falls behind schedule. In cases where we engage sub-contractors, the timely completion of the contract for our client depends in part on the performance of such sub-contractors. Accordingly, the timing and quality of execution of our projects depend on the availability and skill of such sub-contractors. Failure to adhere to contractually agreed timelines for any reason could cause damage to our reputation and client base, which may require us to pay liquidated damages or lead to forfeiture of security deposits or invocation of performance guarantees. Furthermore, damage to our reputation could adversely affect our ability to pre-qualify for projects, which in turn may adversely affect our business and results of operations. While we may seek to recover these amounts as claims from the sub-contractor responsible for the delay or for providing non-conforming products or services, we cannot assure you that we will recover all or any part of these costs in all circumstances or that there will not be considerable delay in such recovery proceedings. The occurrence of any of these possibilities may also adversely affect industry perception of our operations and the perception of our suppliers, clients and employees, leading to an adverse effect on our business, results of operations and financial condition.

12. *Our ability to negotiate standard terms in government contracts may be limited.*

We rely on governmental entities for a substantial portion of our revenues. Political or financial pressures could cause them to force us to renegotiate our contracts and could adversely affect their ability to pay. We cannot assure that the payments we are entitled to receive under our contracts will not be subject to reductions by governmental entities. Any such reduction, if material, could materially and adversely affect our business, prospects and results of operations. In addition, our ability to negotiate the terms of contracts with governmental entities is limited and we may be forced to accept unusual or onerous provisions in such contracts in order to be hired for the projects. Such provisions may limit amounts we recover for our services or cause us to incur additional costs not typically borne by us.

13. *Contracts awarded by the Government of India have the right to unilaterally terminate our contracts for convenience.*

Since contracts with government entities usually contain standard terms, we have limited ability to negotiate such contracts and hence, many terms tend to favor the government entities. One of the standard conditions in contracts awarded by the Government is that they have the right to terminate the contract for convenience, without any reason, at any time after providing us with notice. Since a substantial portion of our projects are contracts with government entities, we are susceptible to such

termination or invocation of indemnity provisions which may materially and adversely affect our business, results of operations and financial condition.

- 14. *We are awarded contracts following competitive bidding processes. As a result, we may be required to lower the prices we charge for our services in response to competition from major players in our industry, which may materially adversely impact our revenue and profitability.***

Our contracts are awarded following competitive bidding processes and satisfaction of other prescribed pre-qualification technical and financial criterias. We face intense competition from major international and domestic construction companies as well as numerous smaller localized contractors/companies. Once the prospective bidders clear the technical requirements of the tender, the contract is usually awarded based on price of the contract quoted by the prospective bidder. The nature of this process may cause us and other prospective bidders to lower prices for award of the contract, so as to maintain our respective market share. As a result of this competition, we also face margin pressure. Consequently, this could have a material negative affect on our financial condition.

- 15. *The projects currently being executed by us may be delayed or cancelled, which could materially harm our cash flow position, revenue and earnings.***

Projects under execution stage comprise anticipated revenues from the uncompleted portion of existing contracts. The amount of our order book does not necessarily indicate future earnings related to the performance of that work and hence it should not be relied as a means to determine our future performance. Although the projects under execution may be considered firm, cancellations or scope adjustments may occur. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amount owed. Any delay, cancellation or payment default could materially effect our cash flow position, revnues and earnings, and adversely affect the trading price of the Equity Shares.

- 16. *We face the risk of loss of sub-contract orders being executed by us due to any loss of the primary agreement entered into between the construction companies and the contractees.***

Our Company also works on orders received on sub-contract basis from construction companies, which in turn enter into the primary agreements with the contractees. The primary agreements entered into by the construction companies with the contractees prevail over the sub-contract agreements entered into between the construction companies and our Company. Any breach of primary agreement by the contractees or the construction companies, resulting into the loss of primary order, also results in the loss of sub-contract order being executed by us. As on June 30, 2010, we are executing one sub-contract order for an aggregate amount of Rs. 15646 lakhs, out of which balance of Rs. 5841 lakhs is yet to be executed. Any loss of the primary order resulting into the loss of sub-contract work being done by us may significantly impact our financial operations and cash flows, thereby affecting our profitability.

- 17. *Any delay or non-receipt of periodic approvals or renewals could adversely affect the operations of our Company affecting our results of operations.***

Following approval is pending for our existing operations:

Nature of approval	Authority	Date of application	Status
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Labour license for civil construction of building works at Bahadurpally awarded by A.P. Rajiv Swagruha Corporation Ltd.	Licensing Officer and Joint Commissioner of Labour, Ranga Reddy District.	March 8, 2010	Pending
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Further, our business is subject to government regulations and requires periodic approvals and renewals and changes in these regulations or in their implementation. There can be no assurance that we will receive the approvals on a timely basis, or at all. If we do not receive the requisite approvals for our various projects or if such approvals are delayed, our business operations may be adversely affected. For status of all licenses/approvals, please refer to section titled "Government Approvals and licensing arrangements" beginning from page no. 164 of the Draft Red Herring Prospectus.

18. *We are involved in legal proceedings and any unfavorable outcome of the proceedings may adversely impact our business and financial conditions.*

We are involved in legal proceedings and claims in relation to certain matters. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities.

The summary of the cases is as follows:-

Type	Total Number	Amount (Rs. In lakhs)	Nature of Case
Litigation against our Company			
Civil Cases	3	23.70 (including one arbitration case where amount is not ascertainable)	Dispute with sub-contractors and one arbitration matter in respect of change in terms of tender
Motor Accident claims	7	20.63 (including one case where amount is not ascertainable)	Claims against motor accidents with employees of sub-contractor or with our Company
TOTAL	10	44.33*	
Litigation by our Company			
Sales Tax/VAT matters	5	34.77 (including one case where amount is not ascertainable)	Disputed sales tax/VAT liabilities
Civil Cases	5	202.96 (involving two cases where amount is not ascertainable)	Dispute in relation to completion of work, escalation charges, etc.
TOTAL	10	237.73*	
Other Litigations involving our Company			
Motor Accident claims	3	8.78	Accident claims to our sub-contractors where our Company was made a party alongwith insurance company.

*including cases where amount is not ascertainable.

For details, these legal proceedings, see the section titled “Outstanding Litigations and Material Developments” beginning on page no. 149 of the Draft Red Herring Prospectus.

19. We had negative cash flows for certain periods. Any negative cash flow in future could affect our operations and financial conditions.

We had negative cash flow from various activities, details of which are as under:

	(Rs. in lakhs)				
Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Net Cash flow from operating activities	673.83	185.19	(1726.62)	949.50	625.66
Net Cash flow from investing activities	(245.34)	(1424.25)	(569.83)	(749.21)	(1,997.48)
Net Cash flow from financing activities	(634.31)	2,281.64	2342.26	(477.93)	1,651.99
Total Net Cash flow	(205.82)	1,042.58	45.81	(277.64)	280.17

The net cash flow of a company is a key indicator to show the extent of total cash generated from all activities of the company including operations, investment and financing for a particular year. Our operating expenses have increased as we have continued to develop and expand our business at a high pace. We expect our operating expenses to continue to increase as we continue to grow. In addition, we have been required by certain suppliers and sub-contractors to make substantial advance payments, which has had and may continue to have an adverse effect on our liquidity and financial condition. If our revenues do not grow as expected or if our expenses and working capital requests increase at a greater rate than we expect, we may not be able to achieve positive operating cash flow. If we do achieve positive cash flow, we cannot assure you that we will be able to sustain our growth or achieve profitability in future periods.

20. We have certain contingent liabilities not provided for, which may affect our financial condition.

As per our audited accounts for the period ended March 31, 2010, we have following outstanding contingent liabilities:

	(Rs. in lakhs)
Particulars	March 31, 2010
Performance guarantee issued by Banks on behalf of our Company	6,656.49
Sales tax payable under dispute	18.13
Civil disputes in courts of law	41.70
Total	6,716.32

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

21. We face significant competition in our business from our competitors.

The Indian infrastructure industry is competitive. Majority of our contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and size of previous contracts in similar projects, although price competitiveness of the bid is the most important selection criterion. Our competition varies depending upon the size, nature and the complexity of the project. In the past, the prices have been under immense pressure. Further, we are currently qualified to bid for projects upto a certain value and therefore may not be able to compete for larger projects. Our ability to bid for and win major projects is dependent on our ability to show experience of working on any large projects and develop execution capabilities and credentials to execute technically complex projects. We may be required to further enhance our execution and bidding capabilities, so as to successfully compete with the other players in the construction business, in which we may not be successful. If we are unable to bid for and win such projects, whether large or small, or compete with larger competitors, we may be unable to sustain or increase, our volume of order intake and our results of operations may be materially adversely affected.

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

Our operations and clients are currently concentrated in certain selected regions viz. Andhra Pradesh, Maharashtra, Haryana, Uttar Pradesh, Bihar and Rajasthan. We are, thus, exposed to certain operational risks emanating therefrom. Should there be a regional slowdown in construction activity or economic activity in these regions or any developments that make construction and infrastructure projects economically less beneficial, the growth of our business, our financial condition and results of operations in the future could suffer. In addition, our business is dependent on construction projects in these States being undertaken or awarded by governmental authorities. If there is a slowdown in the development of construction and infrastructure projects or a decrease in the participation of the private sector in such projects, the growth of our business and results of operations in the future could be materially and adversely affected.

23. *Our revenues and order book is significantly dependent on one projects in the state of Andhra Pradesh and any adverse change in State Government policy(ies) or any force majeure event could have material adverse effect on our business, financial position and results of operations.*

A significant portion of our order book, i.e., Rs. 73073.00 lakhs which is approximately 44.41% of our total order book outstanding as on June 30, 2010 is from Andhra Pradesh Rajeev Swagruha Corporation Limited for construction of integrated thematic township including infrastructural facilities comprising of 5400 flats (38 blocks) at Bahadurpally (V), R.R. District, Andhra Pradesh. Any adverse change in the focus or policy framework regarding infrastructure development or slowdown in construction activity in the State of Andhra Pradesh, could adversely affect our operations and financial condition. Further, any localized social unrest, natural disaster, adverse weather conditions, earthquakes, fires, explosives, power loss, or breakdown of services and utilities in and around Andhra Pradesh could have material adverse effect on our business, financial position and results of operations.

24. *Our business is subject to significant number of tax regimes and any changes in central or state legislation governing the rules, could negatively and adversely affects our results of operations.*

We currently have operations and staff spread across six states in India. Consequently, we are subject to the jurisdiction of a number of tax authorities and regimes. The revenues recorded and income earned in these various jurisdictions are taxed on differing bases, including net income actually earned, net income deemed earned and revenue-based tax withholding. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax laws, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Central or state governments in India that affect our industry include customs duties, excise duties, VAT, income tax, service tax and other taxes, duties or surcharges introduced from time to time. The Central and state tax scheme in India is extensive and subject to change from time to time.

Further, certain tax credits under Section 80IA of the IT Act are available to all projects relating to infrastructure development; which results in reduced tax rate, compared to the statutory tax rates. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations.

25. *Unauthorized parties may infringe upon or misappropriate our intellectual property. This could have a material adverse effect on our business which in turn adversely affect results of operations.*

The trademark and logo of our Company has been registered with the Trade Marks Registry, Mumbai under Class 37 for building constructions. However, our application dated October 22, 2009 for registration of our trademark and logo under Class 42 in respect of projects like the construction of major specialized public utility buildings and irrigation projects besides heavy structural steel fabrication works and other works of infrastructure are pending with Trade Marks Registry, Chennai. There is no assurance that the application for the registration of our trademark and logo will be approved by the Trade Marks Registry, Chennai. In addition, our application may be opposed by third parties. If we are unable to obtain registration of our trademark and logo, we may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trade Mark Act, 1999, as otherwise available for registered marks. This could have a material adverse effect on our business, which in turn adversely affect our results of operations. For details, please refer to para titled "Intellectual Property Rights" appearing on page no. 81 of this Draft Red Herring Prospectus.

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

Our business is subject to extensive and increasingly stringent environmental, health and safety laws and regulations and various labor, workplace and related laws and regulations. Any changes in or amendments to these standards or laws and regulations could further regulate our business and could force us to incur additional, unanticipated expenses in order to comply with these changed standards. Additionally, the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted. The costs and management time required to comply with these requirements could be significant. The measures that we and third parties upon whom we depend implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed our estimates. If we fail to meet safety, health and environmental requirements, we may also be subject to administrative, civil and

criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as that could limit or halt our construction or operations and could include us being required to incur substantial clean up costs. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, payment of fines or other penalties, other liabilities and related litigation, could adversely affect our business, prospects, financial condition and results of operations.

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

We recognize revenue from our infrastructure projects on the “percentage completion method” of accounting on the basis of physical measurement of work actually completed on the balance sheet date. Although this method of accounting is widely used in the industry, we cannot assure that you that these estimates will always match the actual costs incurred with respect to the projects. The effect of such changes to estimates is recognized in the financial statements of the period in which facts requiring such changes are known. Our revenue recognition is based on the number of projects which are under construction during a financial period. Any significant change in the progress of construction of projects in a particular financial period may lead to fluctuations in our recognized revenues in comparable financial periods. Further, in the event of any change in law or Indian GAAP, which results in change to the method of revenue recognition, the financial results of our operations may be affected.

28. *We depend on forming successful joint ventures to qualify for the bidding process for certain big infrastructure contracts. In case joint venture partner fails to discharge his obligations under the contract, our Company is liable to get the entire contract performed to the satisfaction of the client.*

To bid for certain infrastructure projects, which require higher capital adequacy or technical expertise, we have to meet certain pre-qualifications pertaining to capital adequacy and technical requirements. In order to meet these pre-qualifications, we enter into joint ventures / memorandum of understanding with other companies. In case we are unable to forge an alliance with other companies to meet the prequalification requirements we may lose out on the opportunity to bid in those big infrastructure projects. Further, where we have formed the joint venture and being awarded the project, the credit for the project will be that of joint venture. Our Company can claim credit to the extent of its share in the joint venture as is agreed to upfront in the Joint Venture Agreement. However, since the liability of the joint venture partners is joint and several, implying thereby that in case the joint venture partner fails to discharge his obligation under the contract, our Company would be liable to get the entire contract performed to the satisfaction of the client, thereby affecting our performance.

29. *Our operations may be affected by adverse weather conditions.*

Our business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our

jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely heavy rains during monsoon, which restrict our ability to carry on construction activities and fully utilize our resources. Therefore, our revenues and profitability may vary significantly from quarter to quarter.

- 30. *Our project completion depends on effective and efficient project management capabilities. Any adverse change in our project management capabilities could affect our ability to complete projects on a timely basis or at all, which may cause us to incur liquidated damages for time overruns pursuant to our contracts.***

Our business depends on the proper and timely management of our projects. Although, we focus on project management in a number of ways, including by appointing project managers, ineffective or inefficient project management could increase our costs and expenses, and thus materially and adversely affect our profitability. We typically enter into contracts which provide for liquidated damages for time overruns. In case of non-fulfillment of time schedule stipulated by the client in the contract, the client shall levy liquidated damages for delay subject to maximum of 7.50% of the contract price. Liquidated damages for delay in commissioning and non fulfillment of performance guarantee values are independent and shall be applied separately. Our financial condition and results of operations could be materially and adversely affected by any such delay.

- 31. *We may be subject to various warranty & indemnity claims, remedial and other costs relating to our projects.***

In relation to our projects, we may be subject to claims resulting from defects arising from workmanship, procurement and/or construction services provided by us within the applicable warranty periods (i.e. Defect Liability Period). Actual or claimed defects in equipment procured and/or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, or damage to property, equipment and facilities or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. A failure to meet quality standards could expose us to the risk of liability claims during the project execution period when our obligations are typically secured by performance guarantees, and during the defects liability period, which typically range from 12 months to 24 months from the completion of work. Any defects in our work could also result in customer claims for damages. In defending such claims, we could incur substantial costs and be subject to adverse publicity. Management resources could be diverted away towards defending such claims. In the event that the defects are not rectified to the satisfaction of our clients, the clients may decide not to return part or all of the retention monies under the contract.

- 32. *There are restrictive and financial covenants under our loan agreements, which could adversely affect our financial condition.***

We have sanctioned secured bank term loans of Rs. 900 lakhs as on July 31, 2010 and are also enjoying total fund-based and non-fund credit facilities to the extent of Rs. 30800 lakhs. We are subject to a number of financial and restrictive covenants under the loan agreements to which we are a party. These covenants provide, among other things, that we cannot effect any change in capital structure, sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to bank, take up any new project or any large scale expansion, make any changes in management setup, enter into additional borrowing

arrangements, declare dividends etc.. For details, please refer to paragraph titled “Restrictive and financial covenants” appearing on page no. 84 of this Draft Red Herring Prospectus.

Further, there can be no assurance that our Company will be able to comply with these financial or restrictive covenants or that our Company will be able to obtain the consents necessary to take the actions our Company believes are necessary to operate and grow our Company’s business. An event of default under any loan agreements, if not cured or waived, could have a material adverse effect on us. Additionally, loans availed are secured by a first charge on the current assets of our Company. Any failure to service our indebtedness, comply with any requirement to obtain a consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities, which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

- 33. *Our Promoters have pledged their Equity Shares as collateral security under various agreements executed with various lenders in connection with the credit facilities obtained from them. In the event of any default/cross default under the said agreements, the lenders may enforce aforementioned pledges, which could result in a change in control of our Company.***

As on June 30, 2010, a total of 11,91,560 Equity Shares of our Company representing 11.09% of Promoter/Promoter Group’s shareholding or 10.0% of the total paid-up equity share capital of our Company, have been pledged to banks to secure loans. If any of the Promoter Group entity or Promoter default on their obligations under their financing arrangements, it is possible that the lenders may exercise their rights under the share pledges, sell all or a portion of such pledged Equity Shares in the stock market or to one or more third parties, or have pledged Equity Shares transferred to their names and take significant control over our Company. Any of these events may adversely affect our Company’s business strategy, financial condition, cash flows and the market price of Equity Shares. For details of pledge, please refer to the section titled “Capital Structure” beginning on page no. 17 of this Draft Red Herring Prospectus.

- 34. *Our inability to obtain no objections from our lenders for the issue, in a timely manner or at all could adversely affect raising of funds.***

Our Company is required to obtain prior no-objections & consents from the banks viz. UCO Bank, Barclays Bank Plc, State Bank of India and IDBI Bank Limited pursuant to their respective restrictive covenants. Our Company has applied for no-objection/consents from all the lending banks in connection with our proposed Issue. We have received no-objections from UCO Bank and Barclays Bank Plc, but no-objection certificates from State Bank of India and IDBI Bank Limited are still pending. Our inability to obtain such no-objection certificates from them in a timely manner or at all, may adversely affect timely raising of funds.

- 35. *We have not yet placed orders for 100% of our construction equipments as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.***

The net proceeds of the Issue proposed to fund the procurement of construction equipments are explained in the section titled ‘Objects of the Issue’ beginning on page no. 28 of this Draft Red Herring

Prospectus. We have not yet placed orders for any construction equipment. Any delay in placing the orders or procurement of construction equipment, may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.

36. *Delay in raising funds from the Issue could adversely impact the implementation schedule.*

The proposed capital expenditure as specified under the section titled 'Objects of the Issue' beginning on page no. 28 of this Draft Red Herring Prospectus is to be entirely funded from the proceeds of this Issue. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule which could have a material adverse effect on our financial condition and results of operations.

37. *We had in the past filed Red Herring Prospectus with Registrar of Companies, Andhra Pradesh on January 17, 2008 and our issue opened and closed for public subscription on February 4, 2008 and February 12, 2008 respectively. However, due to poor response from the investors to the extent of approximately 23%, we had to refund the entire application money to the investors.*

38. *We have not appointed any Independent agency for the appraisal of the proposed project.*

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. The deployment of funds is entirely at the discretion of our Board of Directors within the parameters as mentioned in the section titled 'Objects of the Issue' beginning on page no. 28 of this Draft Red Herring Prospectus. Further, there is no requirement of an independent monitoring agency in this Issue. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently, our programs for deployment of the Net Proceeds may be rescheduled.

39. *Our Company has not tied-up part of the additional working capital requirements needed for the Objects of the Issue and any of our inability to arrange for additional working capital requirement on terms favourable to us, could adversely affect our operations and profitability.*

Our additional working capital requirement from banks for the FY 2011-12 is Rs. 6300 lakhs, which is not tied up. We are using Rs. 1,000.00 lakhs as long term working capital requirements from the Issue proceeds. Our inability to arrange for this additional working capital requirement from banks on terms favourable to us, will affect our operations and profitability.

40. *We have entered into certain related party transactions and may continue to do so.*

We have entered into related party transactions aggregating to Rs. 93.45 lakhs for the FY 2009-10 with our Promoters, Directors and Promoter Group Companies. While we believe that all such transactions have been conducted on the arms length basis, there can be no assurance that we could not have been achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to section titled "Related Party Transactions" at page no. 136 of this Draft Red Herring Prospectus.

- 41. *The Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of its financing arrangements.***

The amount of its future dividend payments, if any, will depend upon the Company's future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividend in the foreseeable future. Additionally, the Company is restricted by the terms of its debt financing from making dividend payments in the event the Company makes a default in any of the repayment instalments.

- 42. *We do not own our corporate office and other premises from which we operate.***

We do not own the premises on which our corporate office is situated and operate from rented and leased premises. We also enter into lease or license agreements for the site offices where we operate. Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate or breach of the contractual terms of such leave and license agreements or any inability to renew the said leave and license agreement on terms acceptable to us may impede our business operations.

- 43. *Our Company could not appoint Company Secretary for some period as required under Section 383 A of the Companies Act, 1956 which may invite some financial liability on our Company***

Our Company did not have whole time Company Secretary as required under Section 383A of the Companies Act, for the period from November 12, 1992 to December 13, 2000 and January 3, 2006 to December 13, 2006. However, our Company appointed Company Secretary w.e.f. December 14, 2006. In order to compound the aforesaid offence, of non-appointment of Company Secretary for the aforesaid period, the Company had filed an application with the Registrar of Companies, Andhra Pradesh on January 17, 2008 which is pending. This may invite financial liability on our Company as prescribed under the Companies Act, 1956.

While we believe that we are in compliance with all applicable laws in relation to our business and operations, we cannot assure that similar instances of such compounding or other proceedings may not occur in the future.

- 44. *Our Promoter Group Company viz. SVEC Poly Pack Private Limited has applied for striking off the name with Registrar of Companies, Andhra Pradesh on August 31, 2010. In the past, one of our Promoter Group Company viz. SVEC Finance & Investments Private Limited had also got its name struck off from register of Registrar of Companies, Andhra Pradesh.***

SVEC Poly Pack Private Limited was incorporated on March 18, 1985 with the objective of carrying on the business of all types of polythelene and polypropelene plastic goods and machinery materials. The company was inoperative for the last 15 years and therefore, the company had now applied to Registrar of Companies, Andhra Pradesh on August 31, 2010 for striking off its name under the Easy Exit Scheme (EES), 2010.

In the past, another Promoter Group Company viz. SVEC Finance & Investments Private Limited, which was incorporated with the main objective of investment and trading, hire-purchasing, leasing activity,

etc. and was inoperative since incorporation, had got its name struck off from the register on December 30, 2005. The company is no longer in existence.

45. *Our insurance cover may be inadequate to fully protect us from all losses*

We have various insurance policies covering stocks, buildings, furniture, plant & machinery, laboratory equipment, etc. for total insured amount of Rs. 228537.10 lakhs, details of which are disclosed on page number 77 of this Draft Red Herring Prospectus. However, our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverages. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, we are not covered by business interruption policy. Interruption of our business operations for any reasons including on account of fire, flood, any natural calamities etc. may have a material and adverse impact on our business operations and profitability.

46. *Our inability to retain and attract key managerial personnel could adversely affect our business*

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

47. *Our Promoters and Promoter Group will continue to retain majority control in our Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.*

After completion of the Issue, the Promoters and Promoter Group will continue to hold approximately 63.66% of post-issue paid up share capital. So long as the Promoters and Promoter Group holds a majority of our Company's Equity Shares, they will be able to control most matters affecting our Company, including the appointment and removal of our Directors; our business strategy and policies; any determinations with respect to mergers, business combinations and acquisitions; our dividend payout and financing. Further, the extent of Promoters and Promoter Group shareholding may result in delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to other shareholders.

48. *The market price of our Equity Shares may adversely effect due to additional issuances of Equity Shares or sale of Equity Shares by major shareholders.*

Any future issuances of our Equity Shares may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by the members of our Promoter Group could adversely affect the market price of

our Equity Shares. The perception that any such primary or secondary sale may occur also could adversely affect the market price of our Equity Shares.

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

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

EXTERNAL RISK FACTORS

50. *Our business could be adversely affected by any economic, political and social developments in India and particularly in the regional markets where we operate.*

Our performance and growth are dependent on the health of the Indian economy and other economies directly or indirectly. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, any adverse development in the World economy, introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed to operate in or succeed in obtaining all requisite regulatory approvals in the future for our operations which could have an adverse impact on our business, financial condition and results of operations.

51. *Regulatory changes may adversely affect our performance or financial conditions.*

Regulatory changes relating to business segments in which we operate in India can have a bearing on our business. Each state in India has different local taxes and levies which may include value added tax, sales tax and octroi. Changes in these local taxes and levies may impact our profits and profitability. Any negative changes in the regulatory conditions in India or our other geographic markets could adversely affect our business operations or financial conditions.

52. *Instability of economic policies and the political situation in India or elsewhere could adversely affect the fortunes of the industry.*

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The

Government of India plays an important role by regulating the policies and regulations governing the private sector over the past several years.

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

- 53. *Force majeure events, terrorist attacks or natural disaster or any other acts of violence or war involving India, or other countries could adversely affect the financial markets, may result in loss of customer confidence and adversely affect our Company's business, results of operations, financial conditions and cash flows.***

Certain force majeure events, being beyond our Company's control, including natural disasters, terrorist attacks and other acts of violence or war which may involve India, or other countries, may adversely affect Indian or worldwide financial markets, and could lead to economic recession. These acts may also result in a loss of business confidence and have other consequences that could adversely affect business, results of operations and financial condition of our Company. More generally, any of these events could lower confidence in India. Any such event could adversely affect the financial performance or the market price of the Equity Shares of our Company.

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

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

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

Under the SEBI (ICDR) Regulations, we are permitted to list the Equity Shares within 12 working days of the Bid/Issue Closing Date. Consequently, the Equity shares you purchase in the Issue may not be credited to your demat account with Depository Participants until 11 working days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account, final listing and trading approvals are received from the Stock Exchanges and trading

commences on the Stock Exchanges. There can be no assurance that final listing and trading approvals will be obtained from the Stock Exchanges on time or at all. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified periods.

56. *After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not sustain.*

The prices of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including volatility in the Indian and global securities markets; our operational performance, financial results and capacity expansion, developments in India's economic liberalization and deregulation policies, particularly in the infrastructure and construction sector; and changes in India's laws and regulations impacting our business.

We cannot assure you that an active trading market for our equity shares will be sustained after this Issue or that the price at which our equity shares would be traded subsequent to this Issue will correspond to the current prices for our already existing equity shares.

PROMINENT NOTES:

1. The Net worth of our Company as on March 31, 2010 is Rs. 4,422.85 lakhs as per the restated financial statements and the size of the Issue is Rs. [●] lakhs.
2. The average cost of acquisition of Equity shares of the Promoters is as per the details given below (including issue of bonus shares).

Name of Promoter	Total number of Equity Shares	Average Cost of Acquisition - Per Equity Share (Rs.)
Mr. C. Ajad Kumar	75,57,440	4.06
Mr. C. Sreemannarayana	16,32,160	4.98
Mrs. K. Bhanu Smitha	4,93,280	3.62
Mrs. C.L.R. Bhavani	4,49,280	1.53

The Book value per share as on March 31, 2010 is Rs. 37.12 per Equity Share.

3. Public Issue of 40,00,000 Equity Shares of Rs 10/- each for cash at a price of Rs. [●] per Equity Share, aggregating Rs. [●] lakhs (The "Issue"). The Issue would constitute 25.13% of the fully diluted post Issue paid-up capital of our Company.
4. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

5. For interest of our Promoters/Directors/Key Managerial Personnel and joint venture, please refer to sections titled "Risk Factors", "Our Promoters", "Promoter Group", "Our Management", "Related Party Transactions" and "Financial Statements" beginning on page nos. iii, 111, 113, 97, 136 and 119 of this Draft Red Herring Prospectus.
6. We have entered into various related party transactions with related parties including joint venture amounting to Rs. 93.45 lakhs for the FY 2009-10. For nature of transactions and other details as regard to related party transactions, please refer to paragraph "Related Party Transactions" appearing on page no. 136 of this Draft Red Herring Prospectus.
7. We have not made any allotment of Equity Shares in the twelve months before the date of this Draft Red Herring Prospectus where the price of such issuances would be lower than the Issue Price.
8. No loans and advances have been made to any person(s) / Companies in which the Director(s) of our Company are interested except as stated in the Auditors Report. For details of loans and advances, please refer to Annexure-VIII of Auditors Report under section titled "Financial Statements of the Company" appearing on page no. 130 of this Draft Red Herring Prospectus.
9. Our Promoters/Promoter Group/Directors have not purchased/sold/financed/acquired any shares of the Company during the past 6 months,
10. The Investors are advised to refer to the Paragraph on "Basis for Issue Price" beginning on page no. 39 of this Draft Red Herring Prospectus before making any investment in this Issue.
11. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
12. Any clarification or information relating to the Issue shall be made available by the BRLM, our Company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any matter whatsoever. Investor may contact the BRLM for any complaint pertaining to the Issue.
13. Our Company has not changed its name in the last three years preceding the date of filing this Draft Red Herring Prospectus.
14. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, key managerial personnel, associate or joint venture.
15. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis. For more information, please refer section titled "Basis of Allocation" on page no. 211 of this Draft Red Herring Prospectus.

SECTION III: 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 chapter titled “Risk Factors” and “Financial Statements” and related notes beginning on page nos. iii and 119 of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

Summary of our Industry

The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation, all of which already suffer from a substantial deficit from the past in terms of capacities as well as efficiencies in the delivery of critical infrastructure services. The pattern of inclusive growth of the economy projected for the Eleventh Plan, with GDP growth averaging 9% per year can be achieved only if this infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities.

The strategy for infrastructure development in the Eleventh Plan reflects the dominant role of the public sector in building infrastructure. However, it also recognizes that the total resources required to meet the deficit in infrastructure exceed the capacity of the public sector. It is, therefore, necessary to attract private investment through appropriate forms of public private partnerships to meet the overall investment requirements.

The strategy for the Eleventh Plan encourages private sector participation directly as well as through various forms of Public Private Partnerships (PPP) where desirable and feasible. The anticipated public sector share of investment in the Tenth Plan across the ten major sectors was 80% and the balance 20% was contributed by the private sector. In the Eleventh Plan, the private sector's contribution would have to grow to around 30% or Rs 6,19,591 crores (US\$ 154.90 billion). Central share in the overall infrastructure investment would decline from 46% in the Tenth Plan to 37.24% in the Eleventh Plan and the States' share will slightly decline to 32.63% compared to 34% anticipated in the Tenth Plan.

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

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Our Company's Overview

Our Company is an infrastructural development company engaged in the business of civil, electrical and mechanical construction works on contract basis with Government, Semi-Government and Private organizations. We execute infrastructure projects either independently or in joint ventures with other construction companies. Our business operations can be divided into the following three major activities:

- (i) **Building works** – include construction of residential and commercial properties.
- (ii) **Irrigation works** – include construction, excavation, modernization and rehabilitation of canals, canal syphons, canal earthwork, service roads to the branch canals, etc.
- (iii) **Water treatment works** – include construction of effluent and water treatment plants.

We are enlisted on the panel of approved contractors for various government and semi-government organizations under different categories. We have also received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications in respect of design, development and construction of structures and irrigation projects; constructions of buildings and construction of other civil engineering works.

Business Strategies

Opportunities in irrigation sector and building works

We believe that there is scope for increased activity in this area. We believe that our experience in the development of irrigation and building works, as well as our track record of executing projects for the government, will provide us with an advantage in pursuing growth opportunities in these sectors.

Having already done irrigation works in the state of Andhra Pradesh, Maharashtra, Rajasthan, Chattisgarh and Madhya Pradesh, we now plan to leverage on the experience thus gained in bidding for irrigation projects in other states as well. We have executed a large number of building projects for various defence and government agencies and further plan to expand our operations by bidding for large value works. For large value projects, we may have to form strategic alliances with other relevant experienced and qualified financiers and joint venture partners.

Focus on augmenting our pre-qualification credentials

We intend to continuously augment our pre-qualification credentials in order to bid for and successfully obtain contracts of higher value. This would require investment not just in our technical capabilities but also in our financial strength. We believe that by raising funds through this Issue would enhance our pre-qualification credentials, which in turn will help us attain projects with higher value and quality. For details relating to 'Objects of this Issue', please refer to page no. 28 of this Draft Red Herring Prospectus.

Pursue new opportunities

We have identified water treatment works as an area with significant growth opportunity in the long run. For this purpose, we have formed Water Treatments Technology (India) Private Limited by entering into a Joint Venture with W.T.T. Technology Services India Private Limited. For details relating to the joint venture, please refer to page no. 94 of this Draft Red Herring Prospectus.

Continue to enhance our project execution capabilities

We intend to continuously strengthen our execution capabilities by adding to our existing pool of experienced staff, facilitating continuous learning with in-house and external training opportunities. We also continue to focus on our health, safety and environmental management and quality management

standards as we believe that these elements of performance management have become important competition differentiators and key criteria for pre-qualification of contractors by potential clients.

Our Strengths

Project management experience and track record

Our Company has executed several construction projects during the last 25 years and has developed experience in our line of operations which is characterized by our ability to minimize overheads, cost control and prevent overruns on project schedules along with skills in construction and contract management. Since commencement of our business, we have successfully executed various projects in the field of building and irrigation works. We believe that our track record has helped us in developing project management skills for executing projects in a time and cost effective manner.

Order Book

Our order book represents our estimated revenues from ongoing and new contracts awarded to us. As on June 30, 2010, our order book was Rs. 164540.04 lakhs spread across building and irrigation projects. Currently, we are executing 14 projects for building works and 14 projects for irrigation works.

Pre-qualification credentials

Pre-qualification is a basic requirement in our industry. Pre-qualification capability includes various factors such as technical capability, financial capability and past experience in the similar projects. We have focused on increasing these parameters and continuously increased our bid capacity. Our track record of over 25 years enables us to meet customers' pre-qualification requirement either independently or in association with joint-venture partners. In the current FY 2010-11, we have successfully bid and procured four additional projects with contract value of Rs. 6890.16 lakhs.

Quality assurance standards and registration with various government authorities

We believe that we are committed to execute quality work for our clients on time. In order to achieve this, we endeavour to maintain experienced project management staff and construction equipments available. We have also received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications in respect of design, development and construction of structures and irrigation projects; constructions of buildings and construction of other civil engineering works. We are also empanelled to work with various government and semi-government organizations under different categories:

S. No.	Authority	Empanelment
1.	National Buildings Construction Corporation Limited	Prequalification of construction contractors/firms for hospitals/ institutional buildings : category H-1 (Hospitals / Institutional Buildings), G-II
2.	Military Engineer Services	Enlistment as "SS-37"-Class contractors for irrigation and building projects
3.	Engineering Projects (India) Limited	Empanelment under category 'U1' for residential/office complexes/infrastructure works/multistoried buildings, irrigation works, etc.
4.	U.P. Projects Corporation Limited	Category-I contractors for Buildings and Irrigation works
5.	I&CAD Department, Government of Andhra Pradesh	Special Class Contractors under category 'Building & Irrigation'

6.	PWD, Government of Karnatka	Class-I Contractors under category Irrigation & Building
7.	Water Resource Department, Government of Chattisgarh	Class A-V Contractors under the category Irrigation & Building
8.	PWD, Government of Madhya Pradesh	Class A-V Contractors under the category Irrigation & Building
9.	Narmada Valley Development Authority, Government of Madhya Pradesh	Class A-V Contractors under the category Irrigation

Experienced management team

We have an experienced management team led by our Promoters, Mr. C.Ajad Kumar and Mr. C.Sremannarayana, each of whom have over 35 years and 4 years of experience respectively in the construction industry. Apart from our promoter directors, our executive director Mr. E.Ramesh Kumar has over 23 years of experience in the construction industry. Our key managerial personnel and technical teams also have extensive experience in their respective domains. We believe that the experience of our management team and our management's understanding of the construction industry will enable us to continue to take advantage of both current and future market opportunities.

Long-term relationships with reputed clients

We believe that we have been able to maintain long-term relationship with many of our clients and received repeat businesses from them. We believe we continuously seek to address our client's requirements by regularly interacting with them. This approach assists in building our stronger relationships with our clients.

Owned fleet of construction equipments

We believe that our strategic investment in construction equipments enables us to rapidly mobilize our equipment to project sites as needs arise. We have a fleet of construction equipment assets comprising of heavy earth moving machines, concreting plants, road equipments, etc. For further details of equipments, please refer to the section titled 'Equipments' appearing on page no. 73 of this Draft Red Herring Prospectus.

SUMMARY OF FINANCIAL DATA

STATEMENT OF RESTATED PROFIT & LOSS ACCOUNT

(Rs. in lakhs)

YEAR / PERIOD ENDED	2009-10	2008-09	2007-08	2006-07	2005-06
INCOME					
Contract Receipts	20,539.04	22,613.65	17,502.35	14,103.23	9,115.87
Other Income	201.90	369.37	220.00	150.95	26.81
Increase / (Decrease) in Work in Progress	(289.86)	360.80	(1,050.88)	691.49	303.30
Total Income	20,451.08	23,343.82	16,671.47	14,945.67	9,445.98
EXPENDITURE					
Materials consumed	7,283.70	7,237.30	4,468.62	4,347.95	1,920.25
Works expenditure	8,830.92	11,873.18	9,003.48	8,125.85	5,695.47
Administration Expenses	1,499.83	1,537.00	1,228.68	661.12	492.94
Total Expenditure	17,614.45	20,647.48	14,700.78	13,134.92	8,108.66
Operating Profit Before Finance cost, Depreciation and Income Tax	2,836.63	2,696.34	1,970.69	1,810.75	1,337.32
Interest & Finance charges	1,442.40	933.94	583.18	388.28	352.34
Depreciation & amortization	418.41	371.46	292.32	270.18	197.50
Net Profit before tax and Extraordinary items	975.82	1,390.94	1,095.19	1,152.29	787.48
Provision for Taxation	333.95	495.93	389.54	397.11	267.89
Current Tax & FBT	287.23	431.00	393.00	355.01	218.10
Deferred tax	46.72	64.93	(3.46)	42.10	49.79
Net Profit after tax before Extraordinary items	641.87	895.01	705.65	755.18	519.59
Extraordinary items (net of tax)	-	-	216.03	-	-
Net Profit after Extraordinary items	641.87	895.01	489.62	755.18	519.59
Provision for Dividend and tax thereon	69.70	69.70	34.85	-	-
Net Profit carried to the Balance Sheet	572.17	825.31	454.77	755.18	519.59

STATEMENT OF AUDITED ASSETS & LIABILITIES AS RESTATED

(Rs. in lakhs)

YEAR / PERIOD ENDED	2009-10	2008-09	2007-08	2006-07	2005-06
A. Fixed Assets					
Gross Block	5,764.87	5,601.77	4,187.98	3,889.69	3,203.88
Less: Depreciation	1,650.54	1,403.99	1,097.57	961.47	764.29
Net Block	4,114.33	4,197.78	3,090.41	2,928.22	2,439.59
Less: Revaluation Reserve	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-
Total (A)	4,114.33	4,197.78	3,090.41	2,928.22	2,439.59
B. Investments	0.21	0.21	-	7.63	38.74
C. Current Assets, Loans & Advances					
1. Current Assets					
Inventories					
Raw Materials	1,734.65	2,066.03	1,339.84	604.34	511.34
Work in progress	325.10	614.96	254.16	1,305.04	613.55
Sundry Debtors	5,323.81	4,773.39	2,933.86	265.73	664.14
Cash & Bank Balance	1,704.78	1,910.60	868.02	822.21	1,099.85
Other Current Assets	2,686.34	1,979.42	1,108.80	695.46	543.14
2. Loans and Advances	2,698.10	2,399.80	2,359.53	1,475.99	1,836.34
Total (C)	14,472.78	13,744.2	8,864.21	5,168.77	5,268.36
D. Total Assets (A+B+C)	18,587.32	17,942.19	11,954.62	8,104.62	7,746.69
E. Liabilities & Provisions					
Secured Loans	5,971.95	5,349.27	3,450.02	1,176.76	979.13
Unsecured Loans	2,620.77	2,786.52	1,755.36	1,328.13	1,934.06
Deferred Tax Liabilities / (Assets)	298.72	252.00	187.07	190.53	148.43
Current Liabilities and Provisions	5,273.03	5,703.72	3,536.80	2,838.60	2,966.01
Total (E)	14,164.47	14,091.51	8,929.25	5,534.02	6,027.63
F. Networth (D-E)	4,422.85	3,850.68	3,025.37	2,570.60	1,719.06
G. Represented by:					
Share Capital	1,191.56	1,191.56	1,191.56	1,191.56	684.50
Reserves & Surplus	3,231.29	2,659.12	1,833.81	1,379.04	1,034.56
Less: Revaluation Reserve	-	-	-	-	-
Reserves & Surplus (Net of Revaluation Reserves)	3,231.29	2,659.12	1,833.81	1,379.04	1,034.56
Net Worth	4,422.85	3,850.68	3,025.37	2,570.60	1,719.06

THE ISSUE

Equity Shares offered:	40,00,000 Equity Shares
QIB Portion including Mutual Funds*	Not more than 20,00,000 Equity Shares constituting 50% of the Issue to the Public (allocation on proportionate basis) out of which 5% i.e. 1,00,000 Equity Shares will be available for allocation to Mutual Funds only and the remaining QIB portion will be available for allocation to all QIBs, including Mutual Funds
Non Institutional Portion*	Not less than 6,00,000 Equity Shares constituting 15% of the Issue to the Public (Allocation on proportionate basis)
Retail Portion*	Not less than 14,00,000 Equity Shares constituting 35% of the Issue to the Public (Allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	1,19,15,600 Equity Shares
Equity Shares outstanding after the Issue	1,59,15,600 Equity Shares
Objects of the Issue	Please see the section entitled "Objects of the Issue" beginning on Page no. 28 of this Draft Red Herring Prospectus.

* Under subscription, if any, in any of the categories would be allowed to be met with spill over from any of the other categories, at the discretion of our Company in consultation with the BRLM.

GENERAL INFORMATION

SVEC Constructions Limited

Our Company was incorporated as 'SVEC Constructions Private Limited' on April 10, 1985 to acquire the business of M/s Sree Venkateswara Engineering Contractors, a partnership firm established in 1964 by Late Mr. C. Sreemannarayana Murthy, Mr. N.S.M. Prasad, Mrs. Chalasani Bhanuvathamma and Mrs. Edupuganti Bapamma, to undertake civil construction and other engineering works. Our Company became a Deemed Public Company u/s 43A of the Companies Act, 1956 with effect from July 1, 1988 and the word 'Private' was deleted from the name of our Company. Subsequently, our Company became a Public Limited Company on May 19, 1992 pursuant to a special resolution passed at the Extraordinary General Meeting held on March 30, 1992 and the Registrar of Companies, Andhra Pradesh issued a fresh certificate of incorporation on May 19, 1992 in the name of SVEC Constructions Limited.

Registered Office of our Company

1014, Raghava Ratna Towers,
Chirag Ali Lane
Hyderabad-500 001,
Andhra Pradesh
Tel No: +91-40-23202166
Fax No: +91-40-23201921
Website: www.svec.in

Corporate Office

Plot No. 1355/A,
2nd Floor, Road No. 1 & 45,
Jubilee Hills, Hyderabad - 500 033
Tel.: +91-40-30511818
Fax: +91-40-30511919
Website: www.svec.in

Changes in the registered office of Our Company

Date of change	Particulars	Reason for change
May 10, 1989	The registered office of our Company was shifted from Congress Office Road, Governorpet, Vijayawada - 520002 to D. No. 40-6-3, Railway Officers Colony, behind Kandhari Hotel, Venkateswara Puram, Vijayawada- 520 010, Andhra Pradesh by a resolution passed at Board meeting held on May 10, 1989	Operational convenience
April 1, 1992	The registered office of our Company was shifted from D. No. 40-6-3, Railway Officers Colony, Behind Kandhari Hotel, Venkateswara Puram, Vijayawada- 520 010, Andhra Pradesh to 1014, Raghava Ratna Towers, Chirag-Ali-Lane, Hyderabad - 500 001 by a resolution passed at Board meeting held on March 17, 1992	Operational convenience

Registration Number of our Company

05445

Company Identification Number (CIN):

U45200AP1985PLC005445

Address of the Registrar of Companies

Registrar of Companies

Sultan Bazar, 2nd Floor

CPWD Building

Kendriya Sadan

Hyderabad-500 195, India

Board of Directors

Name of Director	Designation	Nature of Directorship
Mr. C. Ajad Kumar	Chairman & Managing Director	Executive Director
Mr. C. Sreemannarayana	Executive Director	Executive Director
Mrs. C.L.R. Bhavani	Director	Non Executive Director
Mr. E. Ramesh Kumar	Whole Time Director	Executive Director
Mr. Chereddi Ramachandra Naidu	Director	Non-Executive Independent Director
Mr. M. Vijaya Kumar	Director	Non-Executive Independent Director
Mr. S. Venkata Reddy	Director	Non-Executive Independent Director
Mr. T R Raghavan	Director	Non-Executive Independent Director

Mr. C. Ajad Kumar

Mr. C. Ajad Kumar, aged 63 years, is the Chairman & Managing Director and also one of the promoters of our Company. He has done B.E. (Mechanical) from the University of Mysore and has over 34 years of experience in construction industry. He started his career at the age of 25 with Sree Venkateswara Engineering Contractors, which was later on acquired by the Company. He overlooks the affairs of our Company and plays a key role with his inputs in strategic planning, business development, project programming, scheduling and commissioning.

Mr. C. Sreemannarayana

Mr. C. Sreemannarayana, aged 35 years, is an Executive Director and also one of the promoters of our Company. He is a graduate in Mechanical Engineering from Nagarjuna University. He also holds a Masters degree in Engineering Science from the University of New South Wales, Sydney, Australia. He has over 10 years of experience. He worked in USA for 6 years in the areas of systems study, analysis of business processes and implementation of integrated systems that help in the optimal usage of enterprise resources. He joined our Company in year 2006 after his return from USA. He is presently involved in the day to day operations of our Company, developing new business opportunities and overlooking project implementation.

Mr. E. Ramesh Kumar

Mr. E. Ramesh Kumar, aged 41 years, is the Director (Operations) of our Company. He holds Diploma in Civil Engineering from State Board of Technical Education and Training Hyderabad and has over 23 years of experience. He started his career by joining our Company in 1987 as an Engineer and has held

various positions since then. At present, he looks after the operations, participation in tenders, supervision, execution and completion of the projects.

Mrs. C.L.R. Bhavani

Mrs. C.L.R Bhavani, aged 54 years, is a Non-Independent Non-Executive Director and one of the promoters of our Company. She is Undergraduate and prior to joining our Company as a Director, she had worked with Sree Venkateswara Engineering Contractors, in the areas of administration and finance for a period of 5 years.

For further details of our Company's Directors, please refer to chapter titled "Our Management" on page no. 97 of this Draft Red Herring Prospectus.

Compliance Officer & Company Secretary

Mr. B. Madhu

Plot No. 1355/A,

2nd Floor, Road No. 1 & 45,

Jubilee Hills, Hyderabad – 500 033

Tel.: +91-40-30511818

Fax: +91-40-30511919

E mail: ipo@svec.in

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment and credit of allotted shares in the respective beneficiary account or refund orders.

Bankers to our Company

State Bank of India

Commercial Branch, Bank Street,

Koti, Hyderabad-500095

Tel.: +91-40-24755933

Fax: +91-40-24757627

Email: murali.b@sbi.co.in

Contact Person: Mr. B.Murali Krishna

IDBI Bank Limited

Specialized corporate Branch

5-9-89/1/2, Chapel Road

Hyderabad-500001

Tel.: +91-40-66746013

Fax: +91-40-66834823

Email: ss.koch@idbi.co.in

Contact Person: Ms. Sunitha Koch

UCO Bank

Plot No.490,D.No.8-2-293/82/A/490

Road No.10&22 Corner,

Jubilee Hills, Hyderabad-500033

Tel.: +91-40-23555768
Fax: +91-40-23555769
Email: ucjubileehilss@ucobank.co.in
Contact Person: Mr. C.Srinivasa Swamy

Barclays Bank Plc

5th Floor Ceejay House, Shivsagar Estate
Dr.A.Besant Road, Worli, Mumbai-400018, India
Tel.: +91-22-67196960
Fax: +91-22-67196767
Email: rampraksh.khetan@barclays.com
Contact Person: Mr. Ramprakash Khetan

Book Running Lead Manager

Almondz Global Securities Limited
3 Scindia House, Janpath, New Delhi - 110001
Tel: +91-11-41514666-69
Fax: +91-11-41514665
Website: www.almondzglobal.com
Investor Grievance: complaint@almondz.com
Email: svec.ipo@almondz.com
Contact Person: Mr. Puneet Arora/Ms. Shivani Kohli

Syndicate Member

[•]

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17-24, Vithalrao Nagar, Madhapur,
Hyderabad - 500 081,
Andhra Pradesh
Tel: +91-40-4465 5000
Fax: +91-40-2343 1551
Email: svec.ipo@karvy.com
Website: www.karvy.com
SEBI Registration Number: INR 000000221
Contact Person: Mr. M Murali Krishna

Legal Advisors to the Issue

V. S. Raju and Associates
106, Dhanunjaya Towers,
Main Road, Banjara Hills
Hyderabad - 500 034,
Andhra Pradesh
Tel: +91-40-23397154
Fax: +91-40-23391333
Email: vb@vsraju.com
Contact Person: Mr. V.B.Raju

Bankers to the Issue and Escrow Collection Banks

[•]

Self Certified Syndicate Banks

The list of banks who have been notified by SEBI to act as SCSBs for ASBA process are provided at <http://www.sebi.gov.in/pmd/scsb.pdf>.

Statutory Auditors

M/s. C. Venkat Krishna & Co.
Chartered Accountants,
909A, Raghava Ratna Towers,
Chirag Ali Lane,
Abids, Hyderabad.
Tel: +91-40-23201598
Fax: +91-40-23201035
Email: hyd1_auditor@yahoo.co.in

Statement of inter-se allocation of responsibilities

Since Almondz Global Securities Limited is the sole BRLM to this issue, statement of inter-se allocation of responsibilities among Book Running Lead Manager's is not applicable.

IPO Grading

The Issue has been graded by ICRA, a SEBI registered credit rating agency, as [•] indicating [•] fundamentals. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. A copy of the press release provided by [•], furnishing the rationale for its grading will be attached as Annexure I at the time of filing the Red Herring Prospectus with the RoC and will be made available for inspection at our Registered Office from 10.00 a.m. to 3.00 p.m. on Business Days during the Bidding / Issue Period.

Credit Rating

This being an Issue of Equity Shares, Credit rating is not required.

Trustee

This being an Issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

The size of the issue is being less than five hundred crore rupees; there is no requirement of monitoring agency in terms of Regulation 16 of SEBI (ICDR) Regulations, 2009.

Appraising Entity

The objects of this issue have not been appraised by any agency. The objects of this issue and means of finance thereof are based on internal estimates of our Company.

Book Building Process

Book Building refers to the process of collection of Bids from investors, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- our Company;
- the Book Running Lead Manager;
- the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as Underwriters. The Syndicate Members are appointed by the BRLM;
- the Escrow Collection Bank(s);
- the Self Certified Syndicate Bank(s); and
- the Registrar to the Issue.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

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

Our Company shall comply with (ICDR) Regulations issued by SEBI for this Issue. In this regard, our Company has appointed Book Running Lead Manager to manage the Issue and to procure subscription to the Issue.

The process of bidding through the ASBA process by ASBA Investors under the SEBI Circular dated December 30, 2009 may be subject to change from time to time which may either be of a clarificatory nature or otherwise and ASBA Investors are advised to make their own judgment about investment through this process prior to submitting a Bid cum ASBA Form to SCSB.

QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. In addition, allocation to QIBs will be on a proportionate basis. Please refer to the section titled "Issue Procedure" beginning on page no. 182 of this Draft Red Herring Prospectus for more details.

Steps to be taken by the Bidder for bidding:

- Check eligibility for making a bid, see the section titled "Issue Procedure-Who Can Bid?" beginning on page no. 183 of this Draft Red Herring Prospectus;
- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form or Bid cum ASBA Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form or Bid cum ASBA Form;
- Ensure that the Bid cum Application Form or Bid cum ASBA Form is accompanied by the Permanent Account Number. For details please refer to the section titled "Issue Procedure" beginning on page no. 182 of this Draft Red Herring Prospectus. Bidders are specifically requested not to submit their

General Index Register number instead of Permanent Account Number as the Bid is liable to be rejected on those grounds. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction;

- Bids by ASBA Bidders (physical ASBA) will only have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum ASBA Form is not rejected and
- Bids by QIBs shall be submitted only to the BRLM, other than bids by QIBs who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to this Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs 30 to Rs. 34 per equity share, issue size of 3,000 equity shares and receipt of five bids from Bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	34	500	16.67%
1000	33	1500	50.00%
1500	32	3000	100.00%
2000	31	5000	166.67%
2500	30	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 32 in the above example. The issuer, in consultation with the Book Running Lead Manager, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 32. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	[●]
BID/ISSUE CLOSES ON	[●]

Bids and any revision in Bids will be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of Bids submitted through ASBA, the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000 and (ii) A standard cut-off time of 5.00 p.m. for uploading of Bids received from Retail Individual Bidders where the Bid Amount is up to Rs. 100,000 which may be extended up to such time as deemed fit by the BSE and the NSE after taking

into account the total number of applications received upto the closure of timings and reported by BRLM to the Stock Exchanges within half an hour of such closure. Bids will be accepted only on Working Days i.e. Monday to Friday (excluding public holidays). Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p. m.(Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Issuer/ BRLM and the Syndicate Member will not be responsible for such Bids not being uploaded.

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

On the Bid / Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of the timing for acceptance of Bid cum Application Form and ASBA Form as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to the extent of 20% of the Floor Price advertised at least one day before the Bid/Issue opening date.

In case of revision of the Price Band, the Bid/Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/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 changes on the websites of the BRLM and at the terminals of the Syndicate Member.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this 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 their respective Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

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

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
[•]	[•]	[•]
TOTAL	[•]	[•]

The amount of underwriting would be finalized after determination of Issue Price and finalization of the Basis of Allotment. The above Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on certificates given to them by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on [•], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

CAPITAL STRUCTURE

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

(Rs. in lakhs)			
S. No.	Particulars	Aggregate value at nominal value	Aggregate value at issue price
A	Authorized Capital		
	1,80,00,000 Equity Shares of Rs. 10/- each	1,800.00	
B	Issued, Subscribed and Paid-up Capital		
	1,19,15,600 Equity Shares of Rs. 10/- each	1,191.56	
C	Present Issue to the Public in terms of this Draft Red Herring Prospectus		
	40,00,000 Equity shares of Rs. 10/- each fully paid up	400.00	[•]
D	Paid up Capital after the Issue		
	1,59,15,600 Equity Shares of Rs. 10/- each	1,591.56	
E	Share Premium Account		
	Before the Issue	-	
	After the Issue	[•]	

Details of changes in authorized share capital of our Company:

(Rs. in lakhs)				
S. No.	Date	Increased from (Rs. in lakhs)	Increased to (Rs. in lakhs)	Remarks
1.	April 10, 1985	-	50.00	On Incorporation 50,000 Equity Shares of Rs. 100/- each
2.	March 30, 1992	Sub-division	Sub-division	Sub-division of 50,000 equity shares of Rs. 100/- each into 5,00,000 equity shares of Rs. 10/- each.
3	March 30, 1992	50.00	350.00	Increased from Rs. 50.00 lakhs divided into 5,00,000 equity shares of Rs. 10/- each to Rs. 350.00 lakhs divided into 35,00,000 equity shares of Rs. 10/- each.
4.	December 5, 2005	350.00	1,000.00	Increased from Rs. 350.00 lakhs divided into 35,00,000 equity shares of Rs. 10/- each to Rs. 1,000.00 lakhs divided into 1,00,00,000 equity shares of Rs. 10/- each.
5.	September 29, 2006	1,000.00	1,500.00	Increased from Rs. 1,000.00 lakhs divided into 1,00,00,000 equity shares of Rs. 10/- each to Rs. 1,500.00 lakhs divided into 1,50,00,000 equity shares of Rs. 10/- each.
6	November 10, 2006	1,500.00	1,800.00	Increased from Rs. 1,500.00 lakhs divided into 1,50,00,000 equity shares of Rs. 10/- each to Rs. 1,800.00 lakhs divided into 1,80,00,000 equity shares of Rs. 10/- each.

Notes to Capital Structure

1. Capital Build up (Equity Share Capital history of our Company):

Date of Allotment / Fully Paid-up	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Securities Premium Account (Rs. in lakhs)	Cumulative No. of Equity Shares	Cumulative Paid-up Equity Capital (Rs. in lakhs)	Consideration	Nature of Allotment
April 15, 1985	20	100	100	-	20	0.02	Cash	Subscription to Memorandum of Association
June 1, 1985	15,780	100	100	-	15,800	15.80	Other than Cash	Consideration for acquisition of partnership firm M/s Sree Venkateswara Engineering Contractors
March 28, 1988	4,500	100	100	-	20,300	20.30	Cash	Preferential Allotment to promoter
June 25, 1988	4,600	100	100	-	24,900	24.90	Cash	Preferential Allotment to promoter
March 17, 1992	25,000	100	100	-	49,900	49.90	Cash	Preferential Allotment to Promoter & promoter group
March 30, 1992	Sub-division of equity shares	10	-	-	4,99,000	49.90	--	Sub-division of face value of equity share from Rs.100/- to Rs.10/- each
November 12, 1992	3,74,250	10	10	-	8,73,250	87.33	Cash	Rights Issue in the ratio of 3:4
January 3, 2006	26,19,750	10	-	-	34,93,000	349.30	Bonus	Bonus Issue in the ratio of 3:1
March 27, 2006	33,52,000	10	10	-	68,45,000	684.50	Cash	Preferential Allotment to Promoters
October 17, 2006	41,07,000	10	-	-	1,09,52,000	1,095.20	Bonus	Bonus Issue in the ratio of 3:5
October 17, 2006	7,58,960	10	10	-	1,17,10,960	1,171.10	Cash	Preferential Allotment to associates of

October 30, 2006	1,16,700	10	10	-	1,18,27,660	1,182.77	Cash	promoters Preferential allotment to Employees
November 10, 2006	30,890	10	10	-	1,18,58,550	1,185.86	Cash	Preferential allotment to Employees
November 27, 2006	57,050	10	10	-	1,19,15,600	1,191.56	Cash	Preferential allotment to Employees

The allotment of Equity shares of our Company is in compliance with the provisions of section 67 (3) of the Companies Act 1956.

- The list of Shareholders of our Company belonging to the category “Promoter and Promoter Group” as on the date of this Draft Red Herring Prospectus is detailed in the table given below:

S. No.	Name of the Promoter	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of total pre-issue paid up equity capital	Number	As a % of total Shares held by the Promoter	As a % of total pre-issue paid up equity capital
(A) Promoters						
1.	Mr. C. Ajad Kumar	75,57,440	63.42%	11,91,560	15.77%	10.00%
2.	Mr. C. Sreemannarayana	16,32,160	13.70%	-	-	-
3.	Mrs. K. Bhanu Smitha	4,93,280	4.14%	-	-	-
4.	Mrs. C.L.R. Bhavani	4,49,280	3.77%	-	-	-
Total (A)		1,01,32,160	85.03%	11,91,560	15.77%	10.00%
(B) Promoter Group						
1.	Mrs. C. Chamundeswari	1,63,840	1.38%	-	-	-
2.	Ms. C. Ajitha	4,31,360	3.62%	-	-	-
3.	Mrs. C. Anasuya Devi	-	-	-	-	-
4.	Mr. I.Bhaskar Rao	-	-	-	-	-
5.	Mrs.I.Satyavathi	-	-	-	-	-
6.	Mr. I Nageswara Rao	-	-	-	-	-
7.	Master Amshuman	-	-	-	-	-
8.	Mr. G. Ganaeswara Rao	5,000	0.04%	-	-	-
9.	Mrs. G. Lokeswari	5,000	0.04%	-	-	-

10	Mr. G. Srinivas	10,000	0.08%	-	-	-
11.	Mr. K.Ajay	-	-	-	-	-
12.	Ms. K.Srivarshini	-	-	-	-	-
13.	Ms.K.Shreyani	-	-	-	-	-
14.	Mrs. K. Vasundhara Devi	-	-	-	-	-
15.	Mr. K. Harish	-	-	-	-	-
16.	Mr. K. Avinash	-	-	-	-	-
Total (B)		6,15,200	5.16%	-	-	-
Total (A + B)		1,07,47,360	90.19%	11,91,560	15.77%	10.00%

Mr. C.Ajad Kumar has pledged 11,91,560 equity shares held by him in favour of State Bank of India as collateral security and on pari-passu basis with UCO Bank, IDBI Bank Limited and Barclays Bank Plc as collateral security towards various facilities taken from them by our Company in the normal course of business.

3. Details of promoters' contribution and lock in

(a) Build up of Promoters

Name	Date of Allotment / Transfer / Acquisition	Date when made fully paid-up	Consideration (cash / bonus / kind, etc)	No. of Equity Shares	Face Value (Rs.)	Issue / Acquisition price
Mr. C. Ajad Kumar	April 15, 1985	April 15, 1985	Cash (Subscriber to Memorandum)	10	100/-	100/-
	June 1, 1985	June 1, 1985	Other than Cash (Consideration for Acquisition of partnership firm M/s Sree Venkateswara Engineering Contractors)	2,890	100/-	-
	December 29, 1986	December 29, 1986	Cash (Transfer)	1,000	100/-	100/-
	January 5, 1987	January 5, 1987	Cash (Transfer)	600	100/-	100/-
	December 23, 1987	December 23, 1987	Cash (Transfer)	1,800	100/-	100/-
	March 28, 1988	March 28, 1988	Cash (Preferential allotment)	4,500	100/-	100/-
	June 25, 1988	June 25, 1988	Cash(Preferential allotment)	4,600	100/-	100/-
	March 17, 1992	March 17, 1992	Cash (Preferential allotment)	20,000	100/-	100/-
	March 30, 1992		Sub-division	3,54,000	10/-	-

	November 12, 1992	November 12, 1992	Cash (Rights Issue in the ratio of 3:4)	1,82,300	10/-	10/-
	March 23, 2005	March 23, 2005	Cash (Transfer)	4,800	10/-	10/-
	December 30, 2005	December 30, 2005	Cash (Transfer)	1,750	10/-	10/-
	January 3, 2006	January 3, 2006	Bonus Issue in the ratio of 3:1	16,28,550	10/-	-
	March 27, 2006	March 27, 2006	Cash (Preferential allotment)	25,52,000	10/-	10/-
	October 17, 2006	October 17, 2006	Bonus Issue in the ratio of 3:5	28,34,040	10/-	-
Total (A)				75,57,440		
Mr. C. Sreemanna rayana	March 17, 1992	March 17, 1992	Cash (Preferential allotment)	1,000	100/-	100/-
	March 30, 1992	-	Sub-division	10,000	10/-	-
	November 12, 1992	November 12, 1992	Cash (Rights Issue in the ratio of 3:4)	40,000	10/-	10/-
	June 4, 1993	June 4, 1993	Cash (Transfer)	100	10/-	10/-
	September 15, 1993	September 15, 1993	Cash (Transfer)	500	10/-	10/-
	November 18, 1995	November 18, 1995	Cash (Transfer)	8,100	10/-	10/-
	October 21, 1996	October 21, 1996	Cash (Transfer)	700	10/-	10/-
	May 24, 1997	May 24, 1997	Cash (Transfer)	1,200	10/-	10/-
	March 23, 2005	March 23, 2005	Cash (Transfer)	300	10/-	10/-
	December 30, 2005	December 30, 2005	Cash (Transfer)	5,000	10/-	10/-
	January 3, 2006	January 3, 2006	Bonus Issue in the ratio of 3:1	1,97,700	10/-	-
	March 27, 2006	March 27, 2006	Cash (Preferential Allotment)	7,35,000	10/-	10/-
	March 27, 2006	March 27, 2006	Cash (Transfer)	21,500	10/-	10/-
	October 17, 2006	October 17, 2006	Bonus Issue in the ratio of 3:5	6,12,060	10/-	-
Total (B)				16,32,160		
Mrs. K. Bhanu Smitha	March 17, 1992	March 17, 1992	Cash (Preferential Allotment)	1,000	100/-	100/-
	March 30, 1992		Sub-Division	10,000	10/-	-
	November 12, 1992	November 12, 1992	Cash (Rights Issue in the ratio of 3:4)	30,000	10/-	10/-
	June 4, 1993	June 4, 1993	Cash(Transfer)	100	10/-	10/-

	September 15, 1993	September 15, 1993	Cash(Transfer)	100	10/-	10/-
	January 03, 2006	January 03, 2006	Bonus Issue in the ratio of 3:1	1,20,600	10/-	-
	March 27, 2006	March 27, 2006	Cash(Transfer)	92,500	10/-	10/-
	March 27, 2006	March 27, 2006	Cash (Preferential Allotment)	55,000	10/-	10/-
	October 17, 2006	October 17, 2006	Bonus Issue in the ratio of 3:5	1,84,980	10/-	-
Total (C)				4,93,280		
Mrs. C.L.R. Bhavani	December 24, 1987	December 24, 1987	Cash (Transfer)	800	100/-	100/-
	March 17, 1992	March 17, 1992	Cash (Preferential Allotment)	1,000	100/-	100/-
	March 30, 1992		Sub-Division	18,000	10/-	-
	November 12, 1992	November 12, 1992	Cash (Rights Issue in the ratio of 3:4)	23,000	10/-	10/-
	April 2, 1999	April 2, 1999	Cash (Transfer)	400	10/-	10/-
	March 23, 2005	March 23, 2005	Cash (Transfer)	26,300	10/-	10/-
	January 3, 2006	January 3, 2006	Bonus Issue in the ratio of 3:1	2,03,100	10/-	-
	March 27, 2006	March 27, 2006	Cash (Preferential Allotment)	10,000	10/-	10/-
	October 17, 2006	October 17, 2006	Bonus Issue in the ratio of 3:5	1,68,480	10/-	-
Total (D)				4,49,280		
Total (A + B + C + D)				1,01,32,160		

(b) Lock-in of Minimum Promoters' Contribution

Pursuant to the SEBI (ICDR) Regulations, an aggregate of 20.10% of the post-Issue equity share capital i.e. 32,00,000 Equity Shares of our Company held by the Promoters shall be locked in for a period of three (3) years from the date of allotment. The details of the same are as follows:

Name of Promoter	No. of shares locked-in	Face Value (Rs.)	% of Pre-Issue paid up capital	% of Post-Issue paid up capital
Mr. C. Ajad Kumar	23,75,000	10/-	19.93%	14.92%
Mr. C. Sreemannarayana	5,20,000	10/-	4.36%	3.27%
Mrs. K. Bhanu Smitha	1,58,000	10/-	1.33%	0.99%
Mrs. C.L.R. Bhavani	1,47,000	10/-	1.23%	0.92%
Total	32,00,000			20.10%

- i. The Equity Shares to be locked-in for a period of three years have been computed as 20.10% of Equity Share Capital after the Issue. It is confirmed that the Equity Shares offered by the Promoters for three years lock-in are not pledged to any creditor. Further all the Equity Shares, which are being locked in for 3 years, are not ineligible for computation of promoters' contribution and lock-in as per Regulation 33(1) of SEBI (ICDR) Regulations.
- ii. The Promoters have vide their letter dated August 30, 2010 given their consent for lock-in of shares as stated above. The lock-in shall start from the date of allotment in the public issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the issue.
- iii. In addition to above promoters' contribution which is locked in for a period of three years, the entire remaining pre-Issue equity capital of our Company i.e. 87,15,600 equity shares will be locked in for a period of one year from the date of allotment of equity shares in this Issue constituting 54.76% of the post issue equity share capital of our Company.
- iv. In terms of Regulation 39 of SEBI (ICDR) Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the condition that (i) if the equity shares are locked-in in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of loan; and (ii) if the equity shares are locked-in in terms of clause (b) of Regulation 36 and the pledge of equity shares is one of the terms of sanction of the loan.
- v. In terms of Regulation 40 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Equity Shares held by the Promoter may be transferred to and amongst the Promoters / Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Further, in terms of Regulation 40 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and in compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, locked in Equity Shares held by persons other than the Promoters may be transferred to any other person holding shares which are locked-in as per Regulation 37 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, subject to continuation of the lock-in in the hands of the transferees for the remaining period and such transferee shall not be eligible to transfer them till the lock-in period stipulated under the Regulations has expired.

Further, in the preceding three years, shares considered for promoter's contribution have not been acquired for consideration other than cash and revaluation of assets or resulting from bonus issue out of revaluation reserves or reserves created without accrual of cash resources or against shares which are otherwise ineligible for promoter's contribution. Also, promoter's contribution does not include any shares acquired during last one year at a price lower than the Issue price.

- vi. The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary. For the purpose of calculating Promoter's contribution, the same has been brought in the specified minimum lot of Rs. 25,000/- per application from each individual and from persons defined as Promoters under the SEBI (ICDR) Regulations.

4. There is no “buyback” or “standby” arrangement for purchase of Equity Shares by our Company, its Directors, its Promoters, or the BRLM for the Equity Shares offered through this Draft Red Herring Prospectus.
5. Except as stated below our Company has not issued any equity shares for consideration other than cash.

Date of Allotment	Reasons for the Issue	Name of allottees	Number of equity shares	Issue Price	Benefits accrued to our company
June 1, 1985	Acquisition of business as a going concern of partnership firm M/s. Sree Venkateswara Engineering Contractors	Mr. C. Ajad Kumar	2,890	10	Acquired ongoing business & assets of the partnership firm M/s Sree Venkateswara Engineering Contractors
		Mrs. E. Bapamma	1,600		
		Mr. I. Bhaskara Rao	2,240		
		Mr. Y. S. V. Prasada Rao	1,600		
		Mrs. P. Bijili	500		
		Mr. N. Kutumba Rao	500		
		Mr. N. Ramachandra Rao	2,150		
		Mrs. E. Jayaprada	2,100		
		Mrs. N. Ratnabhai	2,200		
January 3, 2006	Bonus Issue in the ratio of 3:1	To shareholders as on January 3, 2006	26,19,750	10	-
October 17, 2006	Bonus Issue in the ratio of 3:5	To shareholders as on October 17, 2006	41,07,000	10	-

6. An over-subscription to the extent of 10% of Issue to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Offer to Public, as a result of which, the post Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by our 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.
7. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up.
8. The Equity Shares offered through this Issue shall be made fully paid up and the unpaid equity shares may be forfeited within 12 months from the date of allotment of shares in the manner specified as per Regulation 4(2)(f) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
9. Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company, in consultation with the BRLM.
10. (a) Details of top ten shareholders of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI are as follows: -

Sr. No.	Name	No. of Shares	% of shareholding
1.	Mr. C. Ajad Kumar	75,57,440	63.42
2.	Mr. C. Sreemannarayana	16,32,160	13.70
3.	Mrs. K. Bhanu Smitha	4,93,280	4.14
4.	Mrs. C L R Bhavani	4,49,280	3.77
5.	Ms. C Ajitha	4,31,360	3.62
6.	Mrs. C Chamundeswari	1,63,840	1.38
7.	Mrs C.V.S. Sasikala	1,20,000	1.01
8.	Mrs. P Rajya Lakshmi	1,15,000	0.97
9.	Mrs. N Bhuvaneswari	1,00,000	0.84
10.	Mr. Y. Joshi	47,890	0.40

(b) Details of top ten shareholders of our Company as on ten days prior to filing of this Draft Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name	No. of Shares	% of shareholding
1.	Mr. C. Ajad Kumar	75,57,440	63.42
2.	Mr. C. Sreemannarayana	16,32,160	13.70
3.	Mrs. K. Bhanu Smitha	4,93,280	4.14
4.	Mrs. C L R Bhavani	4,49,280	3.77
5.	Ms. C Ajitha	4,31,360	3.62
6.	Mrs. C Chamundeswari	1,63,840	1.38
7.	Mrs C.V.S. Sasikala	1,20,000	1.01
8.	Mrs. P Rajya Lakshmi	1,15,000	0.97
9.	Mrs. N Bhuvaneswari	1,00,000	0.84
10.	Mr. Y. Joshi	47,890	0.40

(c) Details of top ten shareholders of our Company as on two years prior to filing of this Draft Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name	No. of Shares	% of shareholding
1.	Mr. C. Ajad Kumar	75,57,440	63.42
2.	Mr. C. Sreemannarayana	1632,160	13.70
3.	Mrs. K. Bhanu Smitha	4,93,280	4.14
4.	Mrs. C L R Bhavani	4,49,280	3.77
5.	Ms. C Ajitha	2,77,760	2.33
6.	Mrs. C Chamundeswari	1,63,840	1.38
7.	Mrs. C Anasuya Devi	1,53,600	1.29
8.	Mrs.Vajha Usha Rani	1,20,000	1.01
9.	Mrs. P Rajya Lakshmi	1,15,000	0.97
10.	Mrs. N Bhuvaneswari	1,00,000	0.84

The above shareholders do not hold any shares, which they would be entitled to upon exercise of warrant, option, rights to convert a debenture, loan or other instrument.

11. Pre-Issue & Post-issue shareholding pattern of our Company:

Category	Pre-Issue		Post-Issue	
	No. of equity shares	% of the pre-issue share capital	No. of equity shares	% of the post-issue share capital
Promoters' holding				
Promoters	1,01,32,160	85.03%	1,01,32,160	63.66%
Promoter Group	6,15,200	5.17%	6,15,200	3.87%
Sub-total (Promoter & Promoter Group)	1,07,47,360	90.20%	1,07,47,360	67.53%
Non-Promoters' holding				
Public	11,68,240	9.80%	51,68,240	32.47%
Sub-total (Non-Promoters' holding)	1,19,15,600	100.00%	1,59,15,600	100.00%

12. As on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debenture, loans or other financial instruments into Equity Shares of our Company.
13. Our Promoters/ Promoter Group/Directors and their immediate relatives have not purchased / sold / financed / acquired any equity shares of our Company during the past 6 months, from the date of this Draft Red Herring Prospectus.
14. Our Company has not raised any bridge loan against the proceeds of the present issue. For details on use of proceeds, see the section titled "Objects of the Issue" beginning on page no. 28 of this Draft Red Herring Prospectus.
15. There would be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, public issue or otherwise during the period commencing from submission of this Draft Red Herring Prospectus with SEBI till the Equity Shares offered through this Draft Red Herring Prospectus/Prospectus have been listed.
16. At present, our Company does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutional placement, except that our Company may issue options to its employees pursuant to any Employee Stock Option plan, or if our Company go for acquisitions and joint ventures, our Company may consider raising additional capital to fund such activity or use shares as currency for acquisition and / or participation in such joint venture.
17. Our Company does not have any Employee Stock Option Scheme (ESOS) / Employee Stock Purchase Scheme (ESPS) for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to

our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

18. Our Company has not issued any shares out of revaluation reserves.
19. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.
20. Our Company has 378 shareholders as on the date of filing of this Draft Red Herring Prospectus with SEBI.
21. Our Company has not revalued its assets since its incorporation.
22. Neither the BRLM nor their associates hold any Equity Shares in the Company.
23. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from other categories at our sole discretion, in consultation with the BRLM.
24. An applicant in public category cannot make an application for the number of Equity Shares exceeding the number of Equity Shares offered to the public.
25. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allocation" appearing on page no. 211 of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

Rationale for the Issue

Our Company is an infrastructural development company engaged in the business of civil, electrical and mechanical construction works on contract basis with Government, Semi-Government and Private organizations. To excel our growth, we intend to increase our presence and construction capabilities.

The proceeds from the proposed Issue of shares are intended to be deployed for:

1. Procurement of construction equipments
2. Long term working capital requirements
3. Prepayment of a portion of the term loan taken by our Company
4. General corporate purposes; and
5. Issue expenses

The main objects clause and the objects incidental or ancillary to the main 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 through this Issue.

Fund Requirements

The details of fund requirement for objects mentioned above are given in the following table:

(Rs. in lakhs)		
S. No.	Particulars	Amount
1.	Procurement of construction equipments	1,704.21
2.	Working Capital Requirements	1,000.00
3.	Prepayment of a portion of the term loan taken by our Company	476.48
4.	General Corporate Purposes*	[•]
5.	Issue Expenses*	[•]
Total		[•]

* will be incorporated after finalization of Issue Price

Means of Finance

(Rs. in lakhs)		
S. No.	Particulars	Amount
1.	Proceeds of the Issue*	[•]
Total		[•]

* will be incorporated after finalization of Issue Price

The aforesaid requirement of funds is proposed to be entirely financed by the Issue proceeds as mentioned in the above table. Thus provisions of Regulations (VII)(C)(1) of Schedule VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 in connection with firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed public issue and internal accruals does

not apply to our Company as our Company does not proposes to avail any borrowed funds for part financing the Objects of the Issue.

The proceeds from the Initial Public Offering / IPO would be crystallized on finalization of the Issue Price on conclusion of the Book Building Process. Any shortfall in meeting the objects of the issues on determination of issue price on conclusion of the Book Building Process would be met from internal accruals and /or debt. Further, the amount that is in excess of the funds required for the objects 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.

The fund requirements and the intended use of the net proceeds as described herein are based on management estimates and various quotations received by us from different suppliers and have not been appraised by any bank or financial institution or any independent organisation.

We may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management. In addition, the estimated dates of completion of the expansion project as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

Appraisal

The fund requirements and the funding plans are as per our management's estimates, and have not been appraised by any bank / financial institution.

Details of utilisation of issue proceeds

1. Procurement of construction equipments

In order to meet our growth plans, we propose to make investments in construction equipments. We believe that owning these equipments and not having to hire the same will enable us to mobilize our resources and render services to our clients in a more efficient and cost competitive manner. We have envisaged a capital expenditure of approximately Rs. 1,704.21 lakhs for the purchase of the construction equipments, details of which are as follows:

S.No.	Equipment	Quantity	Per unit rate * (Rs. lakhs)	Estimated Cost (Rs. in lakhs)	Name of the supplier	Date of quotation
1.	Hydraulic Excavators (PC-200)	4	48.64	194.57	Larsen & Toubro Limited	Aug 12, 2010
2.	Motor Grader (Komatsu make)	1	74.54^	74.54	Larsen & Toubro Limited	Aug 12, 2010
3.	Soil Compactors	3	24.63	73.88	Escorts Construction Equipments Limited	Jul 26, 2010
4.	Loader Backhoe	4	18.53	74.12	L&T Case Equipment	September 1,

					Private Limited	2010
5.	Tractor Loaders	2	9.35	18.69	Bell Stone Hitech Internantional	Aug 05, 2010
6.	Bulldozers	1	75.28	75.28	BEML Limited	August 30, 2010
7.	Turbos-14 Cum	20	21.73	434.64	Automotive Manufacturers Pvt Ltd	Jul 24, 2010
8.	Tipper (Body)	7	19.20	134.43	Automotive Manufacturers Pvt Ltd	Jul 24, 2010
9.	Water Tankers (12,000 litres capacity)	7	1.58	11.07	Tirumalac Engineering Works	Aug 06, 2010
10.	Tractors (Mahindra & Mahindra make)	4	5.20	20.80	Durga Automotives	Jul 26, 2010
11.	Trailors for Tractors	4	1.09	4.38	Tirumalac Engineering Works	Aug 06, 2010
12.	Vehicles	3	7.54	22.63	Automotive Manufacturers Pvt Ltd	July 24, 2010
13.	Batching plants (CP 30 of 30 Meter cube/Hr capacity)	2	44.01	88.02	Schwing Stetter (India) Private Limited	Jul 24, 2010
14.	Mobile batching machines	3	7.38	22.15	Acme Cocrete Mixers Private Limited	Jul 28, 2010
15.	Concrete pumps	2	16.79	33.59	Schwing Stetter (India) Private Limited	Jul 24, 2010
16.	Acessories for concrete pumps	1	3.26	3.26	Schwing Stetter (India) Private Limited	Jul 24, 2010
17.	Concrete paving machines	2	11.93	23.86	Mekaster Engineering Limited	August 31, 2010
18.	2 cu.mtr self loading mobile concrete mixer	1	28.79	28.79	Ajax Fiori Engineering (I) Private Limited	Aug 13, 2010
19.	Transit mixers - body	8	17.81	142.52	Automotive Manufacturers Pvt Ltd	Jul 24, 2010
20.	Transit mixer of 6 cu. mtr capacity	8	9.84	78.75	Schwing Stetter (India) Private Limited	Jul 24, 2010
21.	Ride-on power trowels	1	9.19	9.19	Aquarius Technologies Private Limited	Aug 17, 2010

22.	Mechanical Bar Bending Machines	3	1.85	5.56	Spartan Engineering Industries Pvt. Ltd	August 31, 2010
23.	Mechanical Bar Cutting Machines	3	1.74	5.21	Spartan Engineering Industries Pvt. Ltd	August 31, 2010
24.	Shuttering sheets	7,000	0.01	63.32	BSL Scaffolding Ltd	Aug 17, 2010
25.	Adjustable props	3,000	0.01	35.72	BSL Scaffolding Ltd	Aug 17, 2010
26.	Adjustable spans	1,000	0.03	25.25	BSL Scaffolding Ltd	Aug 17, 2010
Total				1,704.21		

* The per unit rate quotation includes applicable excise duty and central sales tax or value added tax amounts.

^The cost of motor grader is US\$ 1,25,000. The amount in Indian currency has been calculated by using conversion rate of 1 USD = Rs. 46.84 as on August 30, 2010 and adding applicable estimated custom duty and port clearance charges.

None of the above vendors /suppliers is related to us in any manner.

Our Company plans to meet the above expenditure out of the proceeds of this Issue. However, pending receipt of the Issue proceeds, we might be required to make certain initial payments/ deposits with the vendors / suppliers in order to avail the competitive rates quoted by them in their quotations. We plan to deploy the same out of our existing cash reserves/internal accruals and would recoup the amounts deployed from the issue proceeds.

2. Meeting long term working capital requirements

At present, the Company has been sanctioned a working capital limit of Rs. 5800 lakhs as fund based limits and Rs. 25000 lakhs as non-fund based limits from State Bank of India, UCO Bank, IDBI Bank Limited and Barclays Bank Plc. For details of terms of sanction of working capital limits and also of term loans enjoyed by the Company, please refer section titled "Our Financial Indebtedness" as appearing on page no. 83 of this Draft Red Herring Prospectus.

We have estimated our total working capital requirements based on our audited financials for the fiscal year 2009-10 and is calculated as under:

(Rs. in lakhs)			
Particulars	Holding level (days)	FY 2011-12 (Estimated)	FY 2009-10 (Audited)
Raw materials, stock in process, finished goods	43	4,814.00	2,059.75
Receivables	60	7,850.00	5,323.81
Advance to suppliers, sub-contractors & others		3,712.00	2,698.10
Security deposit		2,800.00	2,135.50
Other current assets		666.00	550.84
Sub-total (A)		19,842.00	12,768.00
Less: Creditors	33	1,720.00	1,600.78
Advance payments from customers		1,300.00	1,311.01

Amount payable to sub-contractors & others	2,092.00	2,361.24
Sub-total (B)	5,112.00	5,273.03
Net Current Assets (excluding cash) (A - B)	14,730.00	7,494.97
Funding Pattern		
Internal Accruals	7,430.00	2,196.97
Estimated Bank Finance available	6,300.00	5,298.00
Margin money from Issue Proceeds	1,000.00	-
Total	14,730.00	7,494.97

The working capital for FY 2009-10 is based on the position of the current assets and current liabilities as per the audited financial position of our Company for the financial year ended 2009-10.

On the basis of estimated holding period for the FY 2011-12, we have projected the bank borrowings for the FY 2011-12 at the level of Rs. 6,300.00 lakhs against the total working capital requirement of Rs. 14,730.00 lakhs, which gives the balance long term working capital requirement of Rs. 8,430.00 lakhs for FY 2011-12, part of which amounting to Rs. 7,430.00 lakhs would be met from internal accruals and the balance of Rs. 1,000.00 is proposed to meet through IPO proceeds.

3. Prepayment of a portion of the term loan taken by our Company

Our Company has obtained certain secured and unsecured loan facilities from various banks and financial institutions for our projects and to meet our working capital requirements. In order to reduce the leverage and allow flexibility in financial management of our operations, we intend to repay outstanding loans to the extent of Rs. 476.48 lakhs in FY 2010-11. The repayment of loans through equity infusion will reduce interest outflow on the loans and improve financials of the Company. Brief details of the terms of such loan facilities are as provided herein below.

(Rs. in lakhs)

Lender	State Bank of India		SREI Infrastructure Finance Limited	
Nature of Facility / Object of Loan	Construction equipment loan		Hire Purchase /Lease/Loan for puzzolona crushing plant	Hire Purchase/Lease/Loan for Spartan cranes and tractor loaders
Amount of sanctioned facility	900.00	1000.00	350.00	104.32
Amount of availment	103.00	320.00	-	-
Amount outstanding (including interest) as on July 31, 2010	103.94	220.91	106.95	44.68
Date of sanction letter	April 7, 2010	February 28, 2009	November 29, 2007	August 30, 2008
Period	3 years		36 months	36 months
Repayment	Repayable in 30 equal monthly installments		Repayable in 34 monthly	Repayable in 35-monthly instalments

	commencing 6 months after the disbursement of each tranche of the loan	installments with moratorium of 60 days	with moratorium of 30 days
Installments/Rentals	-	IRR @ 9.55% + 1% of asset cost towards RTE	Rs. 3.7752 lakh @ 16.50%
Rate of Interest	1% below SBAR, present effective rate being 10.75% p.a.	-	-
Prepayment penalty, if any	2% of the repaid amount	Nil	Nil

M/s C.Venkat Krishna & Company, Chartered Accountants, Statutory Auditors of our Company, vide their certificate dated August 31, 2010, have confirmed the above mentioned details of the loans and have also confirmed that the above loans were utilized for the purpose for which they were originally availed.

The abovementioned loan agreements provide for certain restrictive covenants, details of which have been provided in “Our Financial Indebtedness” on page no. 83 of this Draft Red Herring Prospectus. For details of risks in relation to such arrangements, see “Risk Factors” on page no. iii of this Draft Red Herring Prospectus.

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

Copies of loan documents entered into with the above lenders which are intended to be pre-paid/ repaid through a portion of the Net Proceeds will be made available for inspection at our Registered Office from 10.00 am to 3.00 pm on Working Days from the date of filing of the Red Herring Prospectus with the RoC until the date of closure of this Issue.

4. General corporate purposes

We, in accordance with the policies set up by the Board will have flexibility in applying the net proceeds of the Issue, after the aforesaid objects are met, for general corporate purposes including, but not restricted to meeting contingencies for any cost overrun in the expansion project, strategic initiatives, expanding into new geographies, strengthening of market capabilities, future projects and meeting exigencies which we in the ordinary course may not foresee. As on the date of this Draft Red Herring Prospectus, we have not entered into any commitment for any strategic initiatives. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

5. Meeting the Issue expenses*

The expenses for this Issue includes Issue management fees, underwriting & selling commission (including commission to SCSB for ASBA applications) & brokerage, registrars’ fee, grading fee, printing and distribution of issue stationery, advertisement and marketing expenses, legal counsel fees and listing

fees payable to the stock exchanges, among others. The total expenses for this Issue are estimated to be Rs. [•] lakhs, details of which are as under:

(Rs. in lakhs)			
Activity	Amount (Rs. in lakhs)	% of total issue size	% of issue expenses
Issue management fees, underwriting and selling commission (including commission to SCSBs for ASBA applications) and brokerage	[•]	[•]	[•]
Registrars fees	[•]	[•]	[•]
Fees for legal counsels	[•]	[•]	[•]
Fee payable to the grading agency	[•]	[•]	[•]
Printing and stationery expenses	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[•]	[•]	[•]
Total	[•]	[•]	[•]

* will be incorporated after the finalization of issue price.

Funds deployed till date

The details of the amounts spent by our Company till August 15, 2010 on projects as part of the 'Objects of the Issue' and as certified by M/s C.Venkat Krishna & Company, Chartered Accountants, vide certificate dated August 31, 2010 are provided in the table below:

Particulars	Amount (Rs. In lakhs)
Funds Deployed	
Issue Expenses	18.77
Sources of Funds	
Internal Accruals	18.77

Schedule of Implementation

S. No	Activity	Expected month of commencement	Expected month of completion
1.	Procurement of construction equipments	February 2011	April 2011
2.	Prepayment of a portion of the term loan taken by our Company	February 2011	February 2011

Proposed deployment of funds in the project

The break-up of proposed deployment of funds is mentioned below:

(Rs. in lakhs)				
Particulars	Already incurred till date	Fiscal year 2010-11	Fiscal year 2011-12	Total

	August 15, 2010	Q4	Q1	Q2	Q3	
Procurement of construction equipments	-	1,000.00	704.21	-	-	1,704.21
Long term working capital requirements	-	-	400.00	300.00	300.00	1,000.00
Prepayment of a portion of the term loan taken by our Company	-	476.48	-	-	-	476.48
General corporate purposes*	-	[●]	[●]	[●]	[●]	[●]
Issue expenses*	18.77	[●]	[●]	[●]	[●]	[●]

* will be incorporated after finalization of Issue Price

Interim use of proceeds

Our Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies approved by the Board from time to time. We confirm that pending utilization of Issue proceeds; we shall not use the funds for any investments in the Equity markets.

Monitoring of utilisation of funds

The appointment of monitoring agency is not required in accordance with Clause 16 of SEBI (ICDR) Regulations, 2009. We have therefore not appointed any Monitoring Agency for the purpose of monitoring the utilization of issue proceeds. We will disclose the utilization of the proceeds under a separate head in our Company's balance sheet for the FY 2010-11 and FY 2011-12 clearly specifying the purpose for which such proceeds have been utilised. We, in our balance sheet for the FY 2010-11 and FY 2011-12, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any of such unutilized proceeds of the Issue.

Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of fund utilized for purposes other than stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilization of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation / adverse comments of the Audit Committee public through advertisement in newspaper.

No part of the issue proceeds, will be paid by our Company, as consideration to Promoters, Directors, Promoter Group, Key Managerial Personnel except in the usual course of business.

BASIC TERMS OF ISSUE

PUBLIC ISSUE OF 40,00,000 EQUITY SHARES OF RS 10/- EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 25.13% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY

Price band: Rs. [●] to [●] per Equity Share of face value of Rs 10/- each.

The Issue price is [●] times the face value at the lower end of the price band and [●] times the face value at the higher end of the price band.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allocation*	Not more than 20,00,000 Equity Shares	Not less than 6,00,000 Equity Shares	Not less than 14,00,000 Equity Shares
Percentage of Issue Size Available for allocation	Not more than 50% of the Issue of which 5% will be available for proportionate allocation to Mutual Funds only. 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 in the Mutual Fund reservation will be available to QIBs	Not less than 15% of Issue	Not less than 35% of Issue
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: a. Equity Shares shall be allocated on proportionate basis to Mutual Funds in the Mutual Funds Portion; b. Equity Shares shall be allocated on proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid amount does not exceed the Issue, subject to	Such number of Equity Shares in multiples of [●] Equity Shares so that	Such number of Equity in multiples of [●] Equity Shares so that the Bid

	applicable limits.	the Bid amount does not exceed the Issue, subject to applicable limits.	amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One	One	One
Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lakhs, pension funds with minimum corpus of Rs. 2500 lakhs, National Investment Fund and Insurance funds set up and managed by army, navy or air force of the Union of India in accordance with applicable laws.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts.	Individuals including NRIs and HUFs (in the name of the Karta) applying for Equity Shares such that the Bid amount does not exceed Rs. 100,000 in value.
Terms of Payment***	The entire bid amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members	The entire bid amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members	The entire bid amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate

			Members
Margin Amount	100% of the bid amount	100% of the bid amount	100% of the bid amount

* Subject to valid Bids being received at or above the Issue Price.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Under subscription, if any, in any category would be met with spill over from any of the other category or combination of categories, at the discretion of our Company in consultation with the BRLM.

** In case the Bid-cum-Application form/ ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the bid cum application form/ ASBA Form.

*** In case of ASBA Bidders, SCSB shall be authorized to block such funds in the bank account of the ASBA Bidders that are specified in the Bid-cum-ASBA Forms.

BASIS FOR 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 offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10/- and Issue Price is Rs. [•] per Equity Share and is [•] times the face value.

Investors should read the following summary with the risk factors appearing on page no. iii of this Draft Red Herring Prospectus and the details about our Company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

Qualitative Factors

For details in respect of our qualitative factors, please refer to the section “Our Strengths” appearing on page no. 76 of this Draft Red Herring Prospectus.

Quantitative Factors

1. Adjusted Earning per Equity Share

Period (Financial Year)	Earnings per Equity Share (Rs.)	Weight
2009-10	5.39	3
2008-09	7.51	2
2007-08	5.92	1
Weighted Average	6.19	

2. Price / Earning Ratio (P/E)

Particulars	At the Lower Band of Rs. [•] per Equity Share	At the Upper Band of Rs. [•] per Equity Share
Based on the Adjusted EPS for the year ended March 31, 2010	[•]	[•]
Based on the weighted average EPS	[•]	[•]

Industry P/E

Sr. No.	Particulars	Industry P/E
Construction		
(i)	Highest	573.5
(ii)	Lowest	4.6
(iii)	Average	25.3

(Source: Capital Market dated August 9 – 22, 2010)

3. Return on Networth (RONW)

Period (Financial Year)	RONW%	Weight
2009-10	14.50%	3
2008-09	23.20%	2
2007-08	23.30%	1
Weighted Average	18.87%	

4. Minimum Return on increased Net Worth required to maintain pre-issue EPS.

Particulars	At the Lower Band of Rs. [•] per Equity Share	At the Upper Band of Rs. [•] per Equity Share
Minimum required RONW for maintaining EPS	[•]	[•]

5. Net Asset Value per share (NAV)

Particulars	Adjusted NAV
a. As on March 31, 2010	37.12
c. After Issue	[•]

NAV per share = Paid up share capital + Reserves and surplus – Miscellaneous expenditure not yet written off / Number of Equity Shares of our Company outstanding.

6. Comparison with Industry Peers

The comparable ratios of companies, who are in similar line of business and similar size of operations in terms of total income, are given below:

Name of the Company	Face Value (Rs.)	E.P.S. (Rs.)	P/E	Book Value (Rs.)	RONW (%)
Gayatri Projects Ltd.	10.00	46.8	8.4	197.6	20.9
ARSS Infrastructure	10.00	60.4	19.3	227.7	37.0
Tantia Constructions	10.00	11.3	9.2	81.2	16.7
SVEC Constructions	10.00	5.39	-	37.12	14.50

(Source: Capital Market dated August 9 – 22, 2010)

Note: The restated financial information of the industry peers is not ascertainable, the ratios disclosed in the Draft Red Herring Prospectus for the purpose of comparison with the accounting ratios of our Company is not based on restated financial statements of the industry peers.

The face value of the shares of our Company is Rs. 10/- per share and the Issue Price of Rs. [•] per share is [•] times of the face value of the Shares of our Company.

The BRLM believes that the Issue price of Rs. [●] is justified in view of the above qualitative and quantitative factors. See the section titled “Risk Factors” and “Financial Statements of the Company” beginning on page no. iii and 119 of this Draft Red Herring Prospectus, including important profitability and return ratios, as set out in the Auditor’s Report beginning on page no. 119 for further information.

STATEMENT OF TAX BENEFITS

The Board of Directors
SVEC CONSTRUCTIONS LTD.
1014, Raghava Ratna Towers,
Chirag Ali Lane,
Abids, Hyderabad - 500 001

We hereby report that the enclosed annexure states the possible tax benefits available to SVEC Constructions Ltd., (the "Company") and its shareholders under the current tax laws presently in force in India as amended by the Finance Act, 2010 / Direct Tax laws relevant to the Assessment Year 2010-11. 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 is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

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

For C. Venkat Krishna & Company,
Chartered accountants

U.GOPALA KRISHNA MURTY
Partner
Membership No: 025824

Hyderabad
Date: August 31, 2010

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO SVEC CONSTRUCTIONS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

The following benefits shall be available to the Company.

SPECIAL TAX BENEFITS

- (1) There are no special tax benefits available to the Shareholders.
- (2) To the Company

Exemption under Section 80IA

The Company is eligible for 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, beginning from the year in which eligible undertaking starts developing the Infrastructure facility on complying with the conditions specified in the said section. However there is no 801A benefit currently available to the Company.

GENERAL TAX BENEFITS:

A. BENEFITS AVAILABLE UNDER THE INCOME - TAX ACT - 1961 (THE "ACT")

I. TO THE COMPANY

1) Depreciation under Section 32

In accordance with and subject to the provisions of section 32 of the Income Tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified

2) Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

3) Preliminary Expenses Under Section 35D

In accordance with and subject to the provisions of Section 35D of the Income Tax Act, the company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

4) Dividends exempt under Section 10(34)

Dividends (Whether interim or final) declared, distributed or paid by any Indian company are exempt in the hands of company as per the provisions of Section 10(34) read with Section 115-O of the Act.

5) Lower Tax Rate under Section 112 on Long term Capital gains

As per the provisions of Section 112 of the Act, long term gains 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).

6) Lower Tax rate Under Section 111A on short term Capital gains

As per the provisions 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 percent (Plus applicable surcharge and education cess).

7) Exemption of Long term capital gain under Section 10(38)

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

8) Exemption of Long term capital gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year cannot exceed Rs. 50 lakhs

9) Benefit under Section 115JAA (1A)

Under Section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT becomes allowable.

II. TO RESIDENT SHAREHOLDERS

1) 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) read with Section 115-O of the Act.

2) Exemption of Long term capital gain under Section 10(38)

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

3) Lower Tax rate under Section 112 on long term capital gains

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) Lower Tax rate under Section 111A on long term capital gains

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).

5) Exemption of capital gain from income tax.

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.

6) Exemption of Long term capital gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year cannot exceed Rs. 50 lakhs.

7) Exemption of Long term capital gain under Section 54F

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 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.

8) 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, ie 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.

III. TO NON- RESIDENT INDIAN SHAREHOLDERS

1) 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) read with Section 115-O of the Act.

2) Lower Tax rate under Section 112 on long term capital gains

In case investment is made in Indian rupees, the long term capital gain is to be computed after indexing the cost. According to the provision 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 a 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)

3) Lower Tax rate under Section 111A on long term capital gains

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).

4) 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:

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, 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;

- i) According to the provision 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
- ii) 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 or 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 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. Further, if the specified asset or savings 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 savings certificates are transferred.

- iii) 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.
- iv) Under section 115H of the Act, Where 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 the year and subsequent assessment years until such assets are converted into money.
- v) As per the provisions of Section 115I of the Act, 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.

5) Exemption of Long term capital gain under Section 10(38)

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.

6) Exemption of Long term capital gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April,

2007 in the above specified assets by an assessee during any financial year cannot exceed Rs. 50 lakhs.

7) Exemption of Long term capital gain under Section 54F

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 in 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 are reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

8) 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 recognised 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 the 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.

9) Tax Treaty benefits

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

IV. TO OTHER NON-RESIDENTS

1) 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) read with Section 115-O of the Act.

2) Lower Tax rate under Section 112 on long term capital gains

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 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).

3) Lower Tax rate under Section 111A on long term capital gains

As per 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)

4) Exemption of long term capital gain under Section 10(38)

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.

5) Exemption of long term capital gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

6) Exemption of Long term capital gain under Section 54D

According to the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of share capital” within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- i. the issue is made by a public company formed and registered in India; and
- ii. the shares forming part of the issue are offered for subscription of the public
- iii. However, if the above specified shares are sold or otherwise transferred within a period of one year from date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the shares are sold or otherwise transferred.
- iv. Where the benefit of section 54ED has been availed of on investments in the equity shares forming part of an eligible issue of share capital, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

7) Exemption of Long term capital gain under Section 54F

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or 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 transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

8) 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.

9) Tax Treaty benefits

A non-resident 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.

V. TO FOREIGN INSTITUTIONAL INVESTORS (‘FIIs’)

1) Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hand of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

2) Benefits on taxability of capital gains

As per the provisions of section 115 AD 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

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. According to 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).

3) Exemption of Long term capital gain under Section 10(38)

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

4) Exemption of Long term capital gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

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

6) 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.

7) Tax Treaty benefits

A non-resident 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 the investor is a tax resident, whichever is more beneficial.

VI. TO APPROVED INFRASTRUCTURE CAPITAL FUNDS/ COMPANIES/ CO-OPERATIVE BANKS

1) 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) read with Section 115-O of the Act.

2) Exemption of long term capital gain under Section 10(38)

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.

VII. TO MUTUAL FUNDS

1) 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) read with Section 115-O of the Act.

2) Exemption of Income under Section 10(23D)

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

VIII. TO VENTURE CAPITAL COMPANIES / FUNDS

1) 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) read with Section 115-O of the Act.

- 2) In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company.

A. BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Exemption from Wealth Tax

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.

B. BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT, 1958

Exemption from Gift Tax

Gift tax is not liable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. However, in the hand of Donee the same will be treated as the income unless the Gift is from relative as defined under Explanation to section 56(vi) of the Income Tax Act.

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. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV - ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources. We have not verified or attempted to verify 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. Accordingly, investment decisions should not be based to an undue extent on such information. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. The data may have been re-classified by us for the purpose of presentation.

Overview of the Indian Economy

The Economic Advisory Council to the Prime Minister has estimated the growth of Indian economy by 8.5% in 2010-11 and by 9.0% in 2011-12. The following table depicts the growth of Indian economy since 2005-06 and the forecasted growth rates:

	2005-06	2006-07	2007-08	2008-09 QE	2009-10 Rev	2010-11 f	2011-12 f
Agriculture & allied activities	5.2%	3.7%	4.7%	1.6%	0.2%	4.5%	4.0%
Mining & quarrying	1.3%	8.7%	3.9%	1.6%	10.6%	8.0%	8.0%
Manufacturing	9.6%	14.9%	10.3%	3.2%	10.8%	10.0%	10.5%
Electricity, gas & water supply	6.6%	10.0%	8.5%	3.9%	6.5%	7.5%	9.0%
Construction	12.4%	10.6%	10.0%	5.9%	6.5%	10.0%	11.0%
Trade, hotels, transport, storage & communication	12.1%	11.7%	10.7%	7.6%	9.3%	10.0%	10.0%
Finance, insurance, real estate & business services	12.8%	14.5%	13.2%	10.1%	9.7%	9.5%	10.5%
Community & personal services	7.6%	2.6%	6.7%	13.9%	5.6%	6.0%	7.5%
Gross Domestic Product at factor cost	9.5%	9.7%	9.2%	6.7%	7.4%	8.5%	9.0%

Notes:

1. QE refers to the Quick Estimates for National Income released on January 29, 2010.
2. Rev refers to the Revised Estimate for National Income released on May 31, 2010.
3. f stands for forecasts made by the Economic Advisory Council.

Construction activity showed a sharp up-tick in the third and fourth quarters of 2009-10, with 8.1% and 8.7% growth respectively. The Economic Advisory Council expects this trend to be further reinforced in 2010-11 and in the next year. This conclusion flows from the expected expansion of investment in physical infrastructure, including housing. Accordingly, the GDP arising in the construction sub-sector would rise by 10% in 2010-11, which is likely to inch up to 11% in 2011-12.

(Source: Report on Economic Outlook for 2010-11 submitted by Economic Advisory Council to the Prime Minister on July 22, 2010; www.pmindia.nic.in)

Infrastructure Industry in India

The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation, all of which already suffer from a substantial deficit from the past in terms of capacities as well as efficiencies in the delivery of critical infrastructure services. The pattern of inclusive growth of the economy projected for the Eleventh Plan, with GDP growth averaging 9% per year can be achieved only if this infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities.

The investment required by the Central and State Governments and the private sector in each of the ten major physical infrastructure sectors for sustaining a growth rate of 9% in GDP over the Eleventh Plan (2007-08 to 2011-12) and corresponding to the quantitative targets for the Eleventh Plan is given in the table below. The total investment amounts to Rs 20,56,150 crores. This level of investment amounts to an average of 7.6% of GDP during the Eleventh Plan as a whole.

Sector-wise Investment Anticipated in the Tenth Plan and Projected for the Eleventh Plan

(at 2006-07 price)

Sectors	Amount (Rs. in crores)	Amount (US\$ billion @ Rs.40/\$)	Share (%)
Electricity (including Non-conventional Energy)	6,66,525	166.63	32.42%
Roads and bridges	3,14,152	78.54	15.28%
Telecommunications	2,58,439	64.61	12.57%
Railways (including Mass Rapid Transit System)	2,61,808	65.45	12.73%
Irrigation (including WD)	2,53,301	63.32	12.32%
Water Supply and Sanitation	1,43,730	35.93	6.99%
Ports	87,995	22.00	4.28%
Airports	30,968	7.74	1.51%
Storage	22,378	5.59	1.09%
Gas	16,855	4.21	0.82%
Total Investment	20,56,150	514.04	100.00%

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

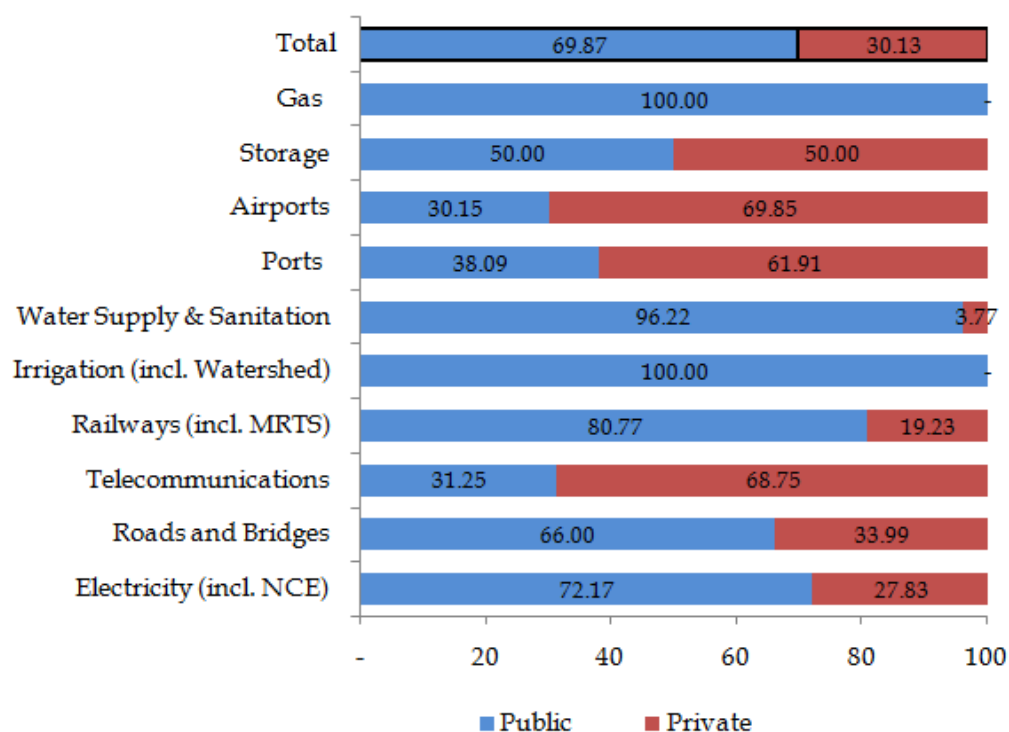
The Role of the Private Sector in Infrastructure Development

The strategy for infrastructure development in the Eleventh Plan reflects the dominant role of the public sector in building infrastructure. However, it also recognizes that the total resources required to meet the deficit in infrastructure exceed the capacity of the public sector. It is, therefore, necessary to attract private investment through appropriate forms of public private partnerships to meet the overall investment requirements.

The strategy for the Eleventh Plan encourages private sector participation directly as well as through various forms of Public Private Partnerships (PPP) where desirable and feasible. The anticipated public sector share of investment in the Tenth Plan across the ten major sectors was 80% and the balance 20% was contributed by the private sector. In the Eleventh Plan, the private sector's contribution would have

to grow to around 30% or Rs 6,19,591 crores (US\$ 154.90 billion). Central share in the overall infrastructure investment would decline from 46% in the Tenth Plan to 37.24% in the Eleventh Plan and the States' share will slightly decline to 32.63% compared to 34% anticipated in the Tenth Plan.

Ratio wise Sector Participation in the Eleventh Plan



(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Source of Funding the Investment

The projected investment of Rs. 20,56,150 crores for the Eleventh Plan is estimated to be met as follows:

Source-wise Projected Investment

	Total Investment (Rs. crores)	% share
Centre	7,65,622	100.0%
Central Budget	2,00,000	26.1%
Internal Generation (IEBR)	1,69,687	22.2%
Borrowings (IEBR)	3,95,936	51.7%
States	6,70,937	100.0%
States Budgets	4,44,671	66.3%
Internal Generation (IEBR)	67,880	10.1%
Borrowings (IEBR)	1,58,386	23.6%
Private	6,19,591	100.0%
Internal Accruals/Equity	1,85,877	30.0%
Borrowings	4,33,713	70.0%
Total Projected Investment	20,56,150	100.0%
Internal Accruals/Equity	1,85,877	51.9%
Borrowings	4,33,713	48.1%

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Construction Industry – Overview

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

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Criticality of the Construction Sector to Economy

The contribution of construction to the GDP at factor cost in 2006–07 was Rs 1,96,555 crores, registering an increase of 10.7% from the previous year. The share of construction in GDP has increased from 6.1% in 2002–03 to 6.9% in 2006–07. The increase in the share of construction sector in GDP has primarily been on the account of increased government spending on physical infrastructure in the last few years, with programmes such as National Highway Development Programme (NHDP) and PMGSY/Bharat Nirman Programme receiving a major fillip of late. The construction industry is experiencing a great upsurge in the quantum of the work load, and has grown at the rate of over 10% annually during the last five years. Although various steps have been taken to strengthen the construction industry, it is crucial to take necessary measures in order to prepare the industry to meet the challenges of growth.

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

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Developments during the Tenth Plan

During 2002–07, many milestones were achieved by the Indian construction industry in the areas of institutional finance, human resource development, dispute resolution, procurement procedures, safety and quality in the construction industry, and disaster mitigation initiatives. The construction industry was accorded Industrial Concern Status under the Industrial Development Bank of India (Amendment) Act, thereby providing the much needed impetus in terms of availability of finance to the construction industry. Many national initiatives in human resource management were implemented for the non-formal construction sector, addressing workers as well as engineers and management professionals in the industry. Other major initiatives included, inter alia, the establishment of arbitral institutions for

dispute resolution, development of institutions for safety and quality aspects, setting up of disaster mitigation and Retrofitting Clinics along with the training of professionals in disaster mitigation, improvement in procurement practices in public sector, development of regulatory manuals for procurement procedures, as well as dissemination of information regarding good practices and development of action framework for quality and safety audits, certification, and training of manpower.

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Strategies for the Eleventh Plan

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

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Construction Finance

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

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Path Ahead

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

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

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

OUR BUSINESS

Overview

Our Company was incorporated as 'SVEC Constructions Private Limited' on April 10, 1985 to acquire the business of M/s Sree Venkateswara Engineering Contractors, a partnership firm established in 1964 by Late Mr. C. Sreemannarayana Murthy, Mr. N.S.M. Prasad, Mrs. Chalasani Bhanuvathamma and Mrs. Edupuganti Bapamma, to undertake civil construction and other engineering works. Our Company became a Deemed Public Company u/s 43A of the Companies Act, 1956 with effect from July 1, 1988 and the word 'Private' was deleted from the name of our Company. Subsequently, our Company became a Public Limited Company on May 19, 1992 by passing a special resolution on March 30, 1992 in this regard.

Our Company is an infrastructural development company engaged in the business of civil, electrical and mechanical construction works on contract basis with Government, Semi-Government and Private organizations. We execute infrastructure projects either independently or in joint ventures with other construction companies. Our business operations can be divided into the following three major activities:

- (iv) **Building works** – include construction of residential and commercial properties.
- (v) **Irrigation works** – include construction, excavation, modernization and rehabilitation of canals, canal syphons, canal earthwork, service roads to the branch canals, etc.
- (vi) **Water treatment works** – include construction of effluent and water treatment plants.

Our major clients are primarily Central and State Government authorities such as Irrigation & CAD Department of Government of Andhra Pradesh, irrigation departments of Madhya Pradesh and Maharashtra, water resources departments of Government of Rajasthan and Chattisgarh, Army Welfare Housing Organization and Air Force Naval Housing Board. The income from contract receipts of our Company from each of the three activities in the last three financial years is as follows:

(Rs. in lakhs)

Activity	FY 2009-10		FY 2008-09		FY 2007-08	
	Income from contract receipts	% to total	Income from contract receipts	% to total	Income from contract receipts	% to total
Building works	12,082.03	58.8%	13,193.78	58.3%	6,817.41	39.0%
Irrigation works	8,457.01	41.2%	9,313.41	41.2%	9,792.28	55.9%
Water Treatment works	-	0.0%	91.14	0.4%	799.58	4.6%
Others	-	0.0%	15.32	0.1%	93.08	0.5%
Total	20,539.04	100.0%	22,613.65	100.0%	17,502.35	100.0%

We are enlisted on the panel of approved contractors for various government and semi-government organizations under different categories. We have also received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications in respect of design, development and construction of structures and irrigation projects; constructions of buildings and construction of other civil engineering works.

Our Business Operations

Our Company is an infrastructural development company engaged in the business of civil, electrical and mechanical construction works on contract basis with Government, Semi-Government and Private organizations. Our business operations can be divided into the following three major activities, each of which is described below:

- A. Building works
- B. Irrigation works
- C. Water Treatment works

Building works

Building works constituted approximately 58.8% of our total turnover from contract receipts in FY 2009-10. The services provided by us under Building works include:

- **Residential projects** such as construction of residential accommodation, townships including infrastructural facilities like sanitary and water supply works, drainage, swimming pool, roads, parking blocks etc.
- **Commercial projects** such as construction of office buildings.
- **Retail projects** such as construction of shops and shopping arcades.
- **Other** constructions on behalf of local authorities.

We have successfully completed the following major Building works, worth Rs. 23,576.60 lakhs of value:
(Rs. in lakhs)

S.No.	Client	Nature of work	Value of work completed	Year of Completion
1.	International Airport Authority of India	Construction of New Domestic Terminal Complex (Phase I) at Madras Airport, Madras including construction of terminal building, inclusive of sanitary installations and electrical wiring	340.00	May, 1985
2.	Office of the Chief Engineer, Dry Dock & Visakhapatnam Zone	Construction of multistoried accommodation for Lieutenants at Visakhapatnam (4 blocks of 10 storeyed buildings)	140.00	Before Aug 1987
3.	Office of the Chief Engineer, Dry Dock & Visakhapatnam Zone	Construction of multistoried accommodation for Commanders at Visakhapatnam (6 blocks of 10 storeyed buildings)	279.00	Before Aug 1987
4.	Office of the Chief Engineer, Dry Dock & Visakhapatnam Zone	Construction of swimming pool with diving facilities	42.00	Before Aug 1987
5.	Office of the Chief Engineer Dry Dock & Visakhapatnam zone.	Construction of 206 bedded Naval Hospital at Visakhapatnam	210.00	Before Aug 1987

6.	Office of the Chief Engineer Dry Dock & Visakhapatnam zone.	Construction of accommodation for sailors on 104 acres at Visakhapatnam (3 blocks of 10 storeyed buildings)	173.00	Before Aug 1987
7.	Office of the Chief Engineer Dry Dock & Visakhapatnam zone.	Construction of 4 blocks of MCPOs / CPOs in 10 storey construction at 104 acres at Visakhapatnam (4 blocks of 10 storeyed building)	249.00	Before Aug 1987
8.	International Airport Authority of India	Construction of International Passenger Terminal complex at Madras Airport, Madras including construction of terminal building and aerobridge including water supply, sanitary installations	480.00	January, 1989
9.	Engineers India Limited	Civil & Structural works for Gas Cracker Unit, Part 'B' for MGCC Project at Nagothane, Maharashtra	268.91	April, 1989
10.	Capital Project Administration, Bhopal, Government of Madhya Pradesh	Construction of 100 bedded ward at Sultania Zanana Hospital, Bhopal	320.00	June, 1994
11.	Reserve Bank of India, Chennai	Construction of general building, sanitary and plumbing, and site development works at Training College complex at Masab Tank, Hyderabad	420.00	February, 1995
12.	Madras Metropolitan Development Authority	Construction of wholesale market complex - II and Section III at Koyambedu, Madras	500.00	June, 1995
13.	Public Works Department, Bangalore	Remodelling and upgradation of Sree Kanteerava Stadium, Bangalore, with a seating capacity of 40,000 audience	2,200.00	May, 1997
14.	Capital Project Administration, Bhopal, Government of Madhya Pradesh	Construction of judicial complex building at Jail Road, Arera Hills, Bhopal	800.00	March, 2003
15.	Research & Development Organization, Ministry of Defence	Provision of civil works for production of ETF at RCI, Hyderabad	804.49	March, 2008
16.	Research & Development Organization, Ministry of Defence	Provision of civil works for Booster Integration facility for PJ-10, Hyderabad	588.27	April, 2008
17.	Research & Development Organization, Ministry of Defence	Provision for equipment foundation for Radome Test Facility at RCI, Hyderabad	125.13	April, 2008

18.	Army Welfare Housing Organization	Construction of residential accommodation for Army Welfare Housing Organisation on Part A of AWHO Plot at Sector-49, Gurgaon, Haryana	5,155.00	April, 2008
19.	Research & Development Organization, Ministry of Defence	Provision of civil works for Radome chamber at RCI, Hyderabad	116.33	July, 2008
20.	Yogi Vemana University	Construction of multistoried buildings at S.V. University (now Yogi Vemana Univeristy), Post Graduate Centre at Kadapa, Hyderabad	3,517.35	December, 2008
21.	Brandix India Apparel City Private Limited	Construction of administration building, commercial building, restaurant & food court buildings for BIAC at Atchuthapuram, Andhra Pradesh	700.00	August, 2009
22.	Army Welfare Housing Organisation *	Construction of Residential accommodation under Jai Jawan Awas Yojna for Army Welfare Housing Organization (AWHO) on AWHO Plot Part 'X' at Hadapsar, Pune	1,499.00	February, 2010
23.	Married Accomodation Project, Naval Base Post, Vishakapatnam	Construction of dwelling units including allied external services at Naval Station Vishakhapatnam Junior Salor - Dolphin Hill	3,778.90	August, 2009
24.	Research & Development Organization, Ministry of Defence *	Provision for civil works for technical facilities (PH-I) for Armour Technology Centre at Devatalagutta, DMRL, Hyderabad	870.22	March, 2009
Total			23,576.60	

* We have raised our final invoice for this project, but are yet to receive the completion certificate.

As on the date of filing of this Draft Red Herring Prospectus, we are executing 14 building projects amounting to Rs. 1,14,724.15 lakhs of work order. The projects that are currently under execution are:

(Rs. in lakhs)

S. No	Client	Nature of work	Contract value (Rs. in lakhs)	Balance work to be completed	Estimated year of completion
1.	Army Welfare Housing Organisation	Construction of community hall, project office, guest house building, amenity shopping building, swimming pool and change rooms for Army Welfare Housing Organization (AWHO) at residential complex at Hadapsar, Pune	384.18	364.00	November, 2010
2.	Administrative Staff College of	Construction of Administrative and Hostel Building at college park	415.00	302.00	February, 2011

	India	campus, Administrative staff college of India, Road No.3/5, Banjara Hills Hyderabad.			
3.	Andhra Pradesh Rajiv Swagruha Corporation Limited	Construction of 198 "Basic" (C-Type) Duplex Houses (150 Sq. yards), including infrastructural facilities for "SRIVALLI" Township at Yellareddyguda (V), Narketpally (M) in Nalgonda district, Andhra Pradesh	2,283.78	1,831.00	March, 2011
4.	Andhra Pradesh Rajiv Swagruha Corporation Limited	Construction of Integrated thematic township comprising of 5400 flats (38 blocks) at 'VISHISHTHA' situated at Bahadurpally (V), R.R. District, Andhra Pradesh including infrastructural facilities	73,504.76	73,073.00	September, 2012
5.	Army Welfare Housing Organisation	Construction of Residential accommodation for Army Welfare Housing Organisation on plot no. GH - AWHO, Sector - 27, Panchkula Extension, Haryana	11,729.00	6,002.00	June, 2011
6.	Air Force Naval Housing Board, Air Force Station	Construction of residential complex at Lower Tank Bund, Hyderabad including civil and architectural work, external development work, internal sanitation & plumbing work, internal water supply work, external water supply & plumbing work, drainage work, fire fighting installation works, installation of lifts, rain water harvesting and internal & external electrical works	9,567.00	3,543.00	March, 2011
7.	Gandour India Limited	Construction of Plant Building, Administration Block, Ancillary Structures, Roads, Drains, External water supply and sanitary works at Cherlapally, Hyderabad	1,680.00	35.00	December, 2010
8.	UP Rajkiya Nirman Nigam Limited	Construction of Hostel Block of Mahamaya Balika inter college at Sector -44 , Noida	3,500.00	781.00	December, 2010
9.	Andhra Pradesh Rajiv Swagruha Corporation Limited	Construction of 22 'Classic' (A-Type) Duplex Houses (266 Sq. yards) 58 'intrinsic' (B-Type) Duplex Houses (200 sq. yards) and 177 'Civic' (D-Type) Independent Houses (100 sq.yards) including infrastructural facilities for "SRIVALLI" township at Yellareddyguda (V), Narkerpally (M)	2,686.00	1,903.00	March, 2011

in Nalgonda district, Andhra Pradesh

10.	National Building Construction Corporation Limited	NBCC - Construction of permanent structure of 201 & 204 SAF BN. CRPF Jagadapur, (CG) for Package - IX (Construction of Type - II. 5 Nos Block (16 Units/per Block)	569.71	569.71	May, 2011
11.	National Building Construction Corporation Limited	NBCC - Construction of permanent structure of 201 & 204 SAF BN. CRPF Jagadapur, (CG) for Package - X (Construction of Type - II. 5 Nos Block (16 Units/per Block)	569.71	569.71	May, 2011
12.	Department of Border Management, Ministry of Home Affairs, GOI	Development of integrated check post at Jogbani along Indo - Nepal Border	4,997.13	4,997.13	June, 2011
13.	Katra Wilhelmsen Logistics Private Limited	Construction of supply, installation and commissioning of stacker and reclaimer handling facilities including civil works at Krishnapatnam port based on sea bulk design as per design specification, mobilisation and civil works on turnkey basis.	20,000.00	20,000.00	December, 2011
14.	Military Engineering Services	Provision of centralised multistoried parking facility at DLRL Hyderabad	753.60	753.60	January, 2012
Total			1,32,639.88	1,14,724.15	

Irrigation works

Irrigation works constituted approximately 41.2% of our total turnover from contract receipts in FY 2009-10. The services provided by us under Irrigation works include construction and modernization of the canals, canal syphons, canal earthwork, structures, lining and service road to the branch canals, etc.

We have successfully completed the following major Irrigation works, worth Rs. 20,374.76 lakhs of value:

(Rs. in lakhs)

S.No.	Client	Nature of work	Value of work completed	Date of Completion
1.	M.R.P.Canal Division No.2, Gangrel (M.P)	Remodelling and concrete lining of Mahanadi Main Canal, Madhya Pradesh	625.37	March, 1987

2.	Irrigation & CAD Department, Government of Andhra Pradesh	Earthwork excavation and lining the canal including construction of canal side walls and construction of structures on Srisailem Right Branch Canal from Km.67.00 to 72.50	2,745.00	July, 1996
3.	Irrigation & CAD Department, Government of Andhra Pradesh	Earthwork excavation for seating of lining and providing lining for minors and sub minors of Pandlapuram Major in Block No. VIII of SRBC, (Package no. XXIII)	583.82	December, 2001
4.	Irrigation & CAD Department, Government of Andhra Pradesh	Rehabilitation and modernisation of distributory system D/83 Main and its minors from M2R to M12R of Kakatiya Canal Package No.L6-13A, Andhra Pradesh	2,858.47	July, 2003
5.	Irrigation & CAD Department, Government of Andhra Pradesh	Improvements, repairs and treatment to Slips of Kakatiya Canal from Km.68 to 146 Package No. (L3-01 (A2))	1,752.64	November, 2003
6.	Irrigation & CAD Department, Government of Andhra Pradesh	Rehabilitation and modernisation of distributory system of RSB from Km. 14.700 to Km. 39.417 and M 6 L of RSB including minors and sub-minors	3,454.39	June, 2004
7.	GNSS Division, Government of Andhra Pradesh	Earthwork excavation and cement concrete lining of K.C.Canals including reconstruction / repairs of structures from Km.291.070 to km.305.650 of package ICB-16 in reach 5 in Cuddapah district, Andhra Pradesh	1,393.70	June, 2005
8.	Irrigation & CAD Department, Government of Andhra Pradesh	Providing side and bed lining to T.G.P. Main Canal from Km.42.566 to Km.96.130 i.e. Kurnool - Kadapa Border, excluding where lining is already completed and including widening at required places and other miscellaneous works	6,606.38	July, 2007
9.	Irrigation & CAD Department, Government of Andhra Pradesh *	Major irrigation improvements to Budameru Diversion Channel to carry 37.555 cusecs entrustment of work excavation in the reaches from Km 2.50 to Km 6.50	355.00	August, 2009
Total			20,374.76	

* We have raised our final invoice for this project, but are yet to receive the completion certificate.

As on the date of filing of this Draft Red Herring Prospectus, we are executing 14 irrigation projects amounting to Rs. 49,815.89 lakhs of work order. The projects which are currently under execution are:

(Rs. in lakhs)

S. No	Client	Nature of work	Contract value (Rs. in lakhs)	Balance work to be completed	Estimated year of completion
1.	Narmada Valley Development Authority, Government of Madhya Pradesh	Rani Awanti Bai Lodhi Sagar Project - Earth work & construction of cement concrete lining & structures from R.D. 0.00 Km to 4.50 Km. of Sadhumar Branch Canal & Dungariya Distributory R.D. 5.00 Km. to 23.00 Km. with complete distribution system	1,745.00	252.00	June, 2011
2.	Water Resources Department, Government of Maharashtra	Rehabilitation and Modernization of Right Bank canal Km. 22 to 48.50, Khaparkheda Branch & Distributories on it. (Maharashtra Water Sector Improvement Project - a World Bank Aided Project)	3,900.00	2,268.00	March, 2011
3.	Irrigation & CAD Department, Government of Andhra Pradesh	Package No. 21 - Bhima Lift Irrigation Project - Investigation, design, estimation and excavation of Left Main Canal, distributory system including construction of CM & CD works from Budpur balancing reservoir, Budpur, Armakur Mandal, Mahaboobnagar District to feed about 32,000 acres	6,379.00	1,537.00	June, 2011
4.	Irrigation & CAD Department, Government of Andhra Pradesh	Package No. 22 - Investigation, design, estimation and excavation of right main canal, distributory system including construction of CM & CD works from Budpur Balancing Reservoir, Budpur, Atmakur Mandal, Mahaboobnagar District to feed about 14,000 acres	2,715.00	511.00	June, 2011
5.	Larsen & Turbo Limited (Sub-contract work)	Survey, investigation, design, preparation of hydraulic particulars, estimates and earthwork excavation, forming embankment, lining and construction of CM & CD works including investigation, designing and estimation of Polavaram Project Right Bank Main Canal (PPRMC) from Km 156.50 to Km. 174.00	15,646.00	5,841.00	June, 2011
6.	Water Resources Department, Government of Rajasthan	Rajasthan Water Sector Restructuring Project - Rehabilitation of Chambal Right Main Canal in patches from Km. 98.00 to Km. 123.00 in District Baran, Rajasthan	4,929.00	1,980.00	October, 2011

7.	Water Resources Department, Government of Rajasthan	Rajasthan Water Sector Restructuring Project - Rehabilitation of Chambal Right Main Canal in patches from Km. 8.00 to Km. 24.00 in District Kota, Rajasthan	5,556.00	2,250.00	October, 2011
8.	Water Resources Department, Government of Maharashtra	Rehabilitation and Modernization of Pench Right Bank main canal Km. 0 to 22, Khaparkheda Branch & distributories on it. (Maharashtra Water Sector Improvement Project - a World Bank Aided Project)	3,243.00	2,422.00	November, 2011
9.	Irrigation & CAD Department, Government of Andhra Pradesh	Excavation of flood flow canal taking off from Mehendranatha river near Chapara village of Meliaputti Mandal in Srikakulam District, formation of off-shore reservoir near Regulapadu village and formation of canals from reservoir including distributory network. <i>Being done as a Joint Venture with Indu Projects Limited</i>	6,286.00	6,224.00	March, 2012
10.	Irrigation & CAD Department, Government of Andhra Pradesh	EPC turnkey contract for modernisation of High Level Main Canal (HLMC) from Km 162.00 to Km 172.00 and distributory system for stabilization of localized ayacut of 9236 acres under the T.B.P.H.L.C. system including C.M. & C.D. works, distributory system, approach road and investigation, design, estimation and execution inclusive of operation & maintenance for two khariff seasons as defect liability period	5,665.50	4,953.00	August, 2012
11.	Irrigation & CAD Department, Government of Andhra Pradesh	Nagarjunasagar Lal Bahadur Canal (NSLBC) - Andhra Pradesh Water Sector improvement Project (APWSIP) - Rehabilitation and Modernization of Madhira Branch Canal from Km 0.00 to Km. 31.454 of Nagarjunasagar Lal Bahadur Canal, Andhra Pradesh	2,978.12	1,698.00	August, 2012
12.	Irrigation & CAD Department, Government of Andhra Pradesh	Nagarjunasagar Lal Bahadur Canal (NSLBC) - Andhra Pradesh Water Sector Improvement Project (APWSIP) - Rehabilitation and modernization of NSLBC from Km 90.540 to Km 123.450 of Nagarjunasagar Lal Bahadur Canal, Andhra Pradesh	4,367.20	3,573.00	August, 2012
13.	Irrigation & CAD Department,	Nagarjunasagar Lal Bahadur Canal (NSLBC) - Andhra Pradesh Water Sector	4,092.00	3,280.00	August, 2012

	Government of Andhra Pradesh	Improvement Project (APWSIP) - Rehabilitation and Modernization from Km 123.450 to Km. 180.00 of Nagarjunasagar Lal Bahadur Canal, Andhra Pradesh			
14.	Irrigation & CAD Department, Government of Andhra Pradesh	Pranahitha Chevella Lift Irrigation Scheme Link - IV (Package 13) - Investigation, designs and execution of Lift Irrigation Scheme for drawal of 68.694 TMC of water from new reservoir at Tadkapalli (V) to new reservoir at Thipparam Village, Kondapaka Mandal, Medak District by water conveyor system with all associated components. <i>Being done as a Joint Venture with L&T Limited</i>	13,243.75	13,026.89	November, 2012
Total			80,745.57	49,815.89	

Notes:

(1) Joint Venture with Indu Projects Limited

Our Company entered into a joint venture agreement with Indu Projects Limited on February 20, 2008 to execute the project namely 'Excavation of flood flow canal taking off from Mehendranatha river near Chapara village of Meliaputti Mandal in Srikakulam District, formation of off-shore reservoir near Regulapadu village and formation of canals from reservoir including distributory network' for the Irrigation & CAD Department, Government of Andhra Pradesh. As per the terms of the joint venture agreement, our Company is the lead partner for the project with 51% share. The remaining 49% share is held by Indu Projects Limited. The total contract value is Rs. 12,325.09 lakhs and our share is Rs. 6,286.00 lakhs.

(2) Joint Venture with Larsen and Toubro Limited

Our Company entered into a joint venture agreement with Larsen and Toubro Limited on May 19, 2008 to execute the project namely 'Pranahitha Chevella Lift Irrigation Scheme Link - IV (Package 13) - Investigation, designs and execution of Lift Irrigation Scheme for drawal of 77.14 TMC of water from new reservoir at Tadkapalli (V) to new reservoir at Thipparam Village, Kondapaka Mandal, Medak District by water conveyor system with all associated components' for the Irrigation & CAD Department, Government of Andhra Pradesh. As per the terms of the joint venture agreement, Larsen and Toubro Limited is the lead partner for the project with 75% share. The remaining 25% share is held by our Company. The total contract value is Rs. 52,975.00 lakhs and our share is Rs. 13,243.75 lakhs.

Water Treatment works

Under water treatment works, we undertake construction of effluent and water treatment plants. We have recently formed Water Treatments Technology (India) Private Limited by entering into a Joint Venture with W.T.T Technology Services India Private Limited in the area of water treatment works. For details relating to W.T.T Technology Services India Private Limited, please refer to page no. 95 of this Draft Red Herring Prospectus.

We have successfully completed the following water treatment works:

(Rs. in lakhs)

S.No.	Client	Nature of work	Value of work completed	Year of Completion
1.	TATA Projects Limited	Construction of 3 nos. of common Effluent Treatment Plant for Tirupur group of Tamilnadu Water Investment Company Limited	713.14	Mar-07
2.	Sharadha Terry Products Limited	Construction of Waste Water Treatment Plant at Mettupalayam, Tamil Nadu	999.00	Mar-08
Total			1,712.14	

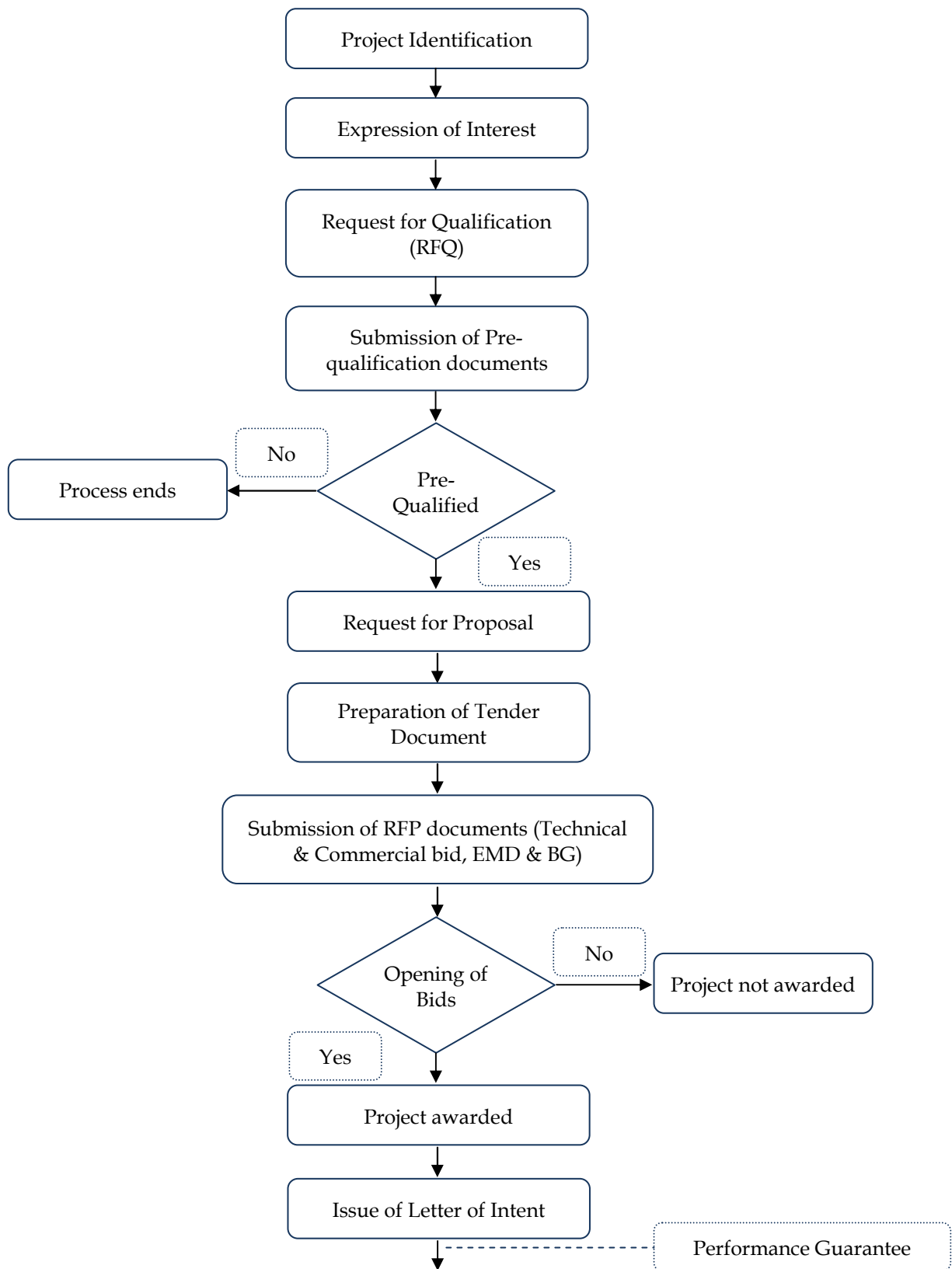
As of the date of this Draft Red Herring Prospectus, we are not executing any project under water treatment works.

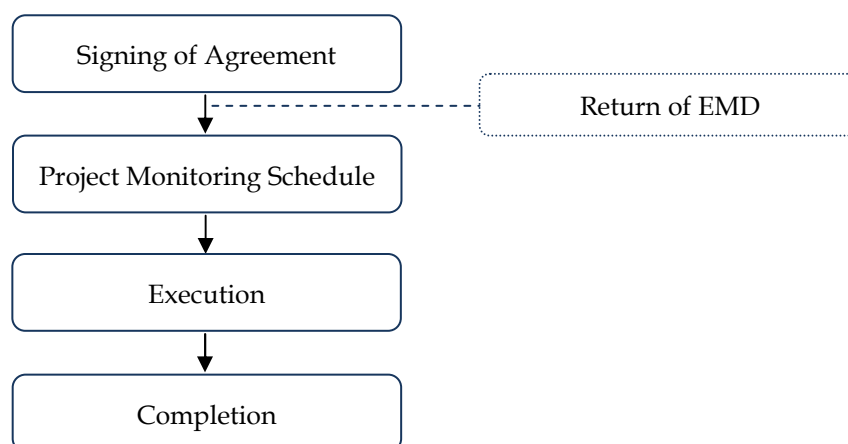
Project Lifecycle

Our Company mainly works on projects backed by government or government agency, including the Central Government, State Governments and Municipalities. The construction contracts are generally awarded through a competitive bidding process. The clients typically advertise the project requirements in a leading newspaper and/or on their website and call for an Expression of Interest (EOI). Clients then pre-qualify the bidders based on parameters including financial capability, technical capability, past experience in executing projects of similar nature, etc. The pre-qualified bidders are then asked to submit a complete techno-commercial proposal which is evaluated based on pre-defined parameters. The commercial proposal of only technically qualified bidders is opened.

The bidder who quotes the lowest (also referred to as L1 bidder) is normally issued a Letter of Intent (LOI) by the client stating acceptance of the bid by the client and requesting the bidder to furnish performance guarantee as per the conditions of the tender. The project execution begins only after signing of the agreement. The stages involved in the complete project lifecycle are as under:

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Step I	Project Identification	Our business development team regularly identifies projects and generates enquiries through project tracking, public tender notices, internet, news items, etc. Government and other clients typically advertise potential projects in leading national newspapers or on their websites. We evaluate available bid opportunities and decide whether we should pursue a particular project based on various factors, including client's reputation and financial strength, geographic location of the project and the degree of difficulty in executing the project in such location, our current project workload, the likelihood of the additional work, the project's cost and profitability estimates and our competitive advantage to relative to other likely bidders. Once we have identified projects that meet our criteria, we submit an application to the client according to the procedures set forth in the relevant advertisement. Generally, the procedure involves submission of an Expression of Interest (EOI) followed by filing of pre-qualification documents as set out in Request for Qualification (RFQ) document issued by the client.
Step II	Pre-qualification	Clients normally set out pre-qualifying criteria for each of the contracts to evaluate the technical capability and financial strength of the contractors. These criteria includes experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is generally the most important selection criterion. Once we pre-qualify for the project, we are required to submit a detailed techno-commercial proposal to the client. The proposals are submitted either independently or through Joint Ventures. These Joint Ventures are project specific which are typically terminated after their completion or in the event that the project is not awarded.
Step III	Submission of the tender/ proposal with Technical and	The Request for Proposal (RFP) document is issued by the client only to those contractors who pre-qualify for the project. Before submission of our techno-commercial proposal, we carry out a detailed study of the technical and commercial conditions and requirements of the tender followed by a

	Financial Bid, EMD	<p>site visit. A site visit enables us to determine the site conditions by studying the terrain and access to the site. We also conduct a market survey of the region in and around the project location to ascertain the availability and rates of raw material like cement, steel, aggregate, labour etc.</p> <p>The detailed techno-commercial proposal consists of a technical proposal and a commercial proposal. The technical proposal lists down our past experience in executing similar project of commensurate size and complexity, key personnel available, the organization structure, a note on the construction methodology including the approach towards design and engineering to be adopted by the bidder. The bidder is required to submit the tender with techno-commercial proposal along with Earnest Money Deposit (EMD)/bid security, which is refunded in case the bidder does not qualify on technical parameters.</p> <p>The commercial bid of only the technically qualified bidders is opened. The commercial bid depends on the nature of contract i.e. lump sum, item rate, percentage rate, BOT or Annuity. Our Company has primarily been executing lump sum and item rate contracts. The project is normally awarded to the bidder who quotes the lowest price.</p>
Step IV	Award of contract, signing of agreement	<p>The client issues the Letter of Intent (LOI) and enters into an agreement with contractors to whom the project is awarded. On signing the contract, the client returns the EMD/bid security deposited by the contractor. The contractor is usually required to provide a performance guarantee.</p>
Step V	Project Execution/ payments	<p>Once, the agreement is signed and the contract is awarded, we commence our pre-construction activities such as mobilizing manpower and equipments and construction of site infrastructure like site camps, temporary office, warehouse, workshops etc.</p> <p>The client generally provides with design and drawings duly stamped to the contractor to commence the construction activities. In other cases, the contractor is required to submit drawings as per the site conditions, which is reviewed and approved by the client. Once the design and the drawings are finalized in consultation with the client, the next step is the procurement of key construction materials and services required to commence construction. We carry out various tests on aggregates, taken from different source of stone quarries like impact value test, soundness test, water absorption test etc. to assess the strength of the aggregate and its suitability for the project.</p> <p>The source of raw material to be procured has to be approved by the client. The client generally carries out tests on the samples of material submitted by the contractor in its own laboratories to determine the suitability and approve the source of procurement. The costs associated with such tests are borne by the client.</p>

Based on the project requirements, we prepare a project-monitoring schedule to monitor the progress of the project execution against the milestones stipulated in the tender. Once the execution starts, the progress of work is continuously monitored and corrective measures are immediately implemented if required.

Project execution generally comprises of activities like earthwork and excavation, earthwork embankment, preparation of sub-grade, granular sub-base, weight mix macadam, bituminous work and concreting. Project execution is generally carried out as per the execution plan and the work schedule prepared before the commencement of work, unless there is a change in scope of work at the request of the client. The invoices are raised as per the tender conditions and sent to the client for certification and release of interim payments.

Step VI	Completion and handing over
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	We implement all project completion activities to the satisfaction of the client. At the time of payment, the client retains a percentage of the bill amount as retention money as per the terms of the agreement. The client releases the retention money against a bank guarantee. Generally the bid document specifies penalties for delay in completion and also provides incentives for early completion of the project by / to the contractor. On completion of the project, we hand over the project and receive completion certificate and release of performance bank guarantee.
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Defect Liability Period:

The construction contracts often stipulate a defect liability period of between 6 and 18 months from the date of completion certificate. The contractor is responsible for rectifying any defects that may arise during this defect liability period as a consequence of the construction services provided by the contractor. At the end of this defect liability period, any sum of money (as adjusted for any defects) retained by the client at completion is transferred to the contractor without interest.

Types of contracts in the construction sector

Our company typically enters into the following types of contracts that exist to the construction sector:

Item Rate Contracts

In an item rate contract, the company is required to quote the price for individual items of work of the Bill of Quantities (BOQ) items. The schedule of quantities is estimated and furnished by the client. Therefore at the time of execution of the project, if there is any increase in the quantity of actual BOQ items as against the quantity estimated, the difference is paid at the rate we had bid for the project. In such contracts, the designs, drawings and specifications are provided by the client. The project is to be executed as per the technical specifications provided at the rates quoted for each of the BOQ items.

Percentage rate contracts

In a percentage rate contract, the company is required to quote a percentage above, below or at par with the estimated cost furnished by the client. In addition to providing with all the information such as

designs, drawings and BOQ, the client also provides with the estimated rates for each item of the BOQ. The project is to be executed as per the technical specifications provided at the rates quoted by the contractor. The quote is determined by adding or subtracting the percentage quoted by us above or below the estimated cost furnished by the client.

Fixed Price Contract / Lump-Sum Turnkey Contracts

In this form of contract, contractors are required to quote a fixed sum for the execution of an entire project including design, engineering and execution in accordance with drawings, designs and specifications submitted by the contractor and approved by the customer. The contractor bears the risk of incorrect estimation of the amount of work, materials or time required for the job. Escalation clauses might exist in some cases to cover, at least partially, cost overruns.

Infrastructure facilities & utilities

Equipments

As at March 31, 2010, we have invested Rs. 3,834.26 lakhs (gross block) in plant and machinery for use in construction activities. Some of some of our key equipment as on March 31, 2010 are batching plants, reversible drum mixer, excavators, transit, mixers, tippers, turbos, trailers, water tankers, loaders, motor graders, dozer D-6B, concrete pavers, crushing plants, concrete placers, tower hoists, gensets, concrete mixers, air compressors soil compressors, diesel earth compactor, weigh bridges, jack hammers, silos, vibrators, bar cutting machines, submersible pumps, soil compactors, tough riders, hydraulic compactors, suspended platform, welding machines, bar bending machines, grinding machines, drilling machines, brick cutting machines, wood cutting saw machine, hammer drills, steel cutting machines, marble cutting machine, water testing machines, cube testing machines, scrap car straightening machines and olastering machines.

Raw Material

Major raw materials required for our activities are steel, cement, diesel, sand, metal, shuttering materials, electrical items, bricks, ceramic tiles, doors & windows, sanitary & plumbing. Requirement of these raw materials varies from project to project. While the procurement for most of these materials is centralized, materials like sand, metal, bricks etc are locally procured. We source majority requirement of aggregates (metal) from our own quarry, while the balance is purchased from the market.

Procurement of material, services and equipment from external suppliers typically comprises a substantial part of a project's cost. The ability to cost-effectively procure material, services and equipment, and meeting quality specifications for our projects is essential for the successful execution of our projects. We continually evaluate our existing vendors and also attempt to develop additional sources of supply for most of the materials, services and equipment needed for our projects.

Water

Water is largely project specific and is procured locally by way of bore wells at the site. Alternately, water tankers carry water for meeting the water requirements at the sites.

Power

The power required at the project sites for operating the machinery / equipment and lighting are met from the regular distribution sources and is arranged by the clients who award the contracts. At the project sites where the power supply cannot be arranged DG sets are used to meet the requirement of power.

Fuel

The requirement of Diesel for operating the machinery / equipment and DG Sets are met by supplies from the local markets and are generally available in adequate quantities.

Grease and lubricating oil

The requirement of grease and lubricating oil for machineries / equipments and DG Sets are met by supplies from the local markets and are available in adequate quantities.

Manpower

The total number of employees working at the registered office and at each site of our Company in aggregate is 432 as at August 31, 2010, as per details given below:

Category	No. of Employees
Project planning & execution	160
Purchase and stores	22
Contractual workers	127
Consultants	9
Mechanical Department	44
Finance, legal & accounts	47
Human resource, administration, liasion & IT	23
Total	432

Capacity and capacity utilization

In our type of business, we are unable to determine the capacity. Our ability to undertake a project depends on pre-qualifications obtained and bid capacity available. The bid capacity is determined on the basis of a formula given by project owner, which generally takes into consideration various financial and other parameters. Bid capacity is a function of the value of proposed project, duration of project, value of orders on hand with the contractor and the average duration of the projects on hand, average turnover of contractor of previous financial year as well as a factor which is used in conjunction with the above variables to determine the capacity to bid.

Health, Safety and Environment

We are committed to comply with applicable health, safety and environmental regulations and other requirements in our operations. To ensure effective implementation of our safety policies and practices, we identify potential material hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures. We believe that accidents and occupational health hazards can be significantly reduced through the systematic analysis, control of risks and by providing appropriate training to employees. We are committed to protect the environment by minimizing pollution, waste and optimizing fuel consumption towards continual improvement of our environmental performance.

Marketing Strategy

The major part of the work executed by us is awarded by Central/State Government sector. A contract offered by Central or State Government is backed by budgetary support or financial support or grants from various institutions and agencies in India or abroad. As such, the normal course for awarding these contracts by the Government or their agency is through the process of tendering. In view of the nature of our market, the major sources of information of ensuing tenders for construction contracts are newspapers and government gazettes. In order to ensure that we effectively bid for these contracts, our

business development team regularly identifies projects and generates enquiries through project tracking, public tender notices, internet, news items, etc. As per the requirements of the tender and our bidding capacity, we take decision of bidding either individually or by forming joint venture with suitable partner.

Competition

We face competition from entities in the infrastructure sector, as most of the contracts awarded by the Central & State Governments are awarded on a competitive bidding basis and satisfaction of other prescribed pre-qualification criteria. While service quality, technological capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is a major factor in most tender awards. Our ability to bid for and win projects is also dependent on our ability to show experience in executing large projects, demonstrate that we have strong engineering capabilities in executing technically complex projects, and that we have sufficient financial resources and / or ability to access funds.

We face competition from large infrastructure developers as well as small and regional contractors in the construction business. Some of the key players with whom we face competition include Gammon (India) Limited, Nagarjuna Constructions Company Limited, IVRCL Infrastructure Projects Limited, ARSS Infrastructures Limited, Tania Constructions Limited, Maytas Infra Limited and Gayatri Projects Limited. Some of our competitors are larger than us and have greater financial resources. They may also benefit from greater economies of scale and operating efficiencies.

Export obligations

Our Company does not have any export obligations.

Business Strategy

Opportunities in irrigation sector and building works

We believe that there is scope for increased activity in this area. We believe that our experience in the development of irrigation and building works, as well as our track record of executing projects for the government, will provide us with an advantage in pursuing growth opportunities in these sectors.

Having already done irrigation works in the state of Andhra Pradesh, Maharashtra, Rajasthan, Chattisgarh and Madhya Pradesh, we now plan to leverage on the experience thus gained in bidding for irrigation projects in other states as well. We have executed a large number of building projects for various defence and government agencies and further plan to expand our operations by bidding for large value works. For large value projects, we may have to form strategic alliances with other relevant experienced and qualified financiers and joint venture partners.

Focus on augmenting our pre-qualification credentials

We intend to continuously augment our pre-qualification credentials in order to bid for and successfully obtain contracts of higher value. This would require investment not just in our technical capabilities but also in our financial strength. We believe that by raising funds through this Issue would enhance our pre-qualification credentials, which in turn will help us attain projects with higher value and quality. For details relating to 'Objects of this Issue', please refer to page no. 28 of this Draft Red Herring Prospectus.

Pursue new opportunities

We have identified water treatment works as an area with significant growth opportunity in the long run. For this purpose, we have formed Water Treatments Technology (India) Private Limited by entering into a Joint Venture with W.T.T. Technology Services India Private Limited. For details relating to the joint venture, please refer to page no. 94 of this Draft Red Herring Prospectus.

Continue to enhance our project execution capabilities

We intend to continuously strengthen our execution capabilities by adding to our existing pool of experienced staff, facilitating continuous learning with in-house and external training opportunities. We also continue to focus on our health, safety and environmental management and quality management standards as we believe that these elements of performance management have become important competition differentiators and key criteria for pre-qualification of contractors by potential clients.

Our strengths

Project management experience and track record

Our Company has executed several construction projects during the last 25 years and has developed experience in our line of operations which is characterized by our ability to minimize overheads, cost control and prevent overruns on project schedules along with skills in construction and contract management. Since commencement of our business, we have successfully executed various projects in the field of building and irrigation works. We believe that our track record has helped us in developing project management skills for executing projects in a time and cost effective manner.

Order Book

Our order book represents our estimated revenues from ongoing and new contracts awarded to us. As on June 30, 2010, our order book was Rs. 1,64,540.04 lakhs spread across building and irrigation projects. Currently, we are executing 14 projects for building works and 14 projects for irrigation works.

Pre-qualification credentials

Pre-qualification is a basic requirement in our industry. Pre-qualification capability includes various factors such as technical capability, financial capability and past experience in the similar projects. We have focused on increasing these parameters and continuously increased our bid capacity. Our track record of over 25 years enables us to meet customers' pre-qualification requirement either independently or in association with joint-venture partners. In the current FY 2010-11, we have successfully bid and procured four additional projects with contract value of Rs. 6890.16 lakhs.

Quality assurance standards and registration with various government authorities

We believe that we are committed to execute quality work for our clients on time. In order to achieve this, we endeavour to maintain experienced project management staff and construction equipments available. We have also received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications in respect of design, development and construction of structures and irrigation projects; constructions of buildings and construction of other civil engineering works. We are also empanelled to work with various government and semi-government organizations under different categories:

S. No.	Authority	Empanelment
1.	National Buildings Construction Corporation Limited	Prequalification of construction contractors/firms for hospitals/ institutional buildings : category H-1 (Hospitals / Institutional Buildings), G-II

2.	Military Engineer Services	Enlistment as "SS-37"-Class contractors for irrigation and building projects
3.	Engineering Projects (India) Limited	Empanelment under category 'U1' for residential/office complexes/infrastructure works/multistoried buildings, irrigation works, etc.
4.	U.P. Projects Corporation Limited	Category-I contractors for Buildings and Irrigation works
5.	I&CAD Department, Government of Andhra Pradesh	Special Class Contractors under category 'Building & Irrigation'
6.	PWD, Government of Karnataka	Class-I Contractors under category Irrigation & Building
7.	Water Resource Department, Government of Chattisgarh	Class A-V Contractors under the category Irrigation & Building
8.	PWD, Government of Madhya Pradesh	Class A-V Contractors under the category Irrigation & Building
9.	Narmada Valley Development Authority, Government of Madhya Pradesh	Class A-V Contractors under the category Irrigation

Experienced management team

We have an experienced management team led by our Promoters, Mr. C.Ajad Kumar and Mr. C.Sremannarayana, each of whom have over 34 years and 4 years of experience respectively in the construction industry. Apart from our promoter directors, our executive director Mr. E.Ramesh Kumar has over 23 years of experience in the construction industry. Our key managerial personnel and technical teams also have extensive experience in their respective domains. We believe that the experience of our management team and our management's understanding of the construction industry will enable us to continue to take advantage of both current and future market opportunities.

Long-term relationships with reputed clients

We believe that we have been able to maintain long-term relationship with many of our clients and received repeat businesses from them. We believe we continuously seek to address our client's requirements by regularly interacting with them. This approach assists in building our stronger relationships with our clients.

Owned fleet of construction equipments

We believe that our strategic investment in construction equipments enables us to rapidly mobilize our equipment to project sites as needs arise. We have a fleet of construction equipment assets comprising of heavy earth moving machines, concreting plants, road equipments, etc. For further details of equipments, please refer to the section titled 'Equipments' appearing on page no. 73 of this Draft Red Herring Prospectus.

Insurance

We generally maintain insurance covering our assets and operations. We have maintained adequate insurance coverages in respect of the construction at different sites, fixed assets including building, plant & machineries, furniture & fixtures, office equipments, computers, laptops, UPS, gensets and

motor vehicles. We obtain specialized insurance for construction risks, third party liabilities for projects, as required and specified by our clients, loss or damage to our materials, property and/or materials used in the projects, including contract works, whether permanent or temporary, and materials or equipment whether supplied by us or supplied to us by the client, are generally covered by 'Contractor's All Risks Policy' insurance against material damage to property. The aggregate coverage under the policies currently is Rs. 228537.10 lakhs, details of which are as under:

(Rs. in lakhs)

S. No.	Assets covered	Nature of Policy	Sum insured
1.	Buildings at Hyderabad and Vijayawada	Standard fire and special perils policy	37.04
2.	Contract works and loss or damage to the material or property	Contractor's All Risks Insurance Policy	226222.63
3.	Workmen such as engineers, technical supervisors, unskilled employees, semi skilled employees and skilled employees deployed at various Project sites.	Workmen's Compensation Policy	647.72
4.	Business furniture, furnishings, safes, office machineries, unused office stationeries and fixtures and fittings, electronic equipment, such as laptops, xerox machines, UPS, gensets	Office Umbrella Package Policy	204.41
5.	Contractor's plant & machinery	Contractor's Plant & Machinery Insurance Policy	1256.20
6.	Vehicles	Vehicle Insurance Policy	169.10
	Total		228537.10

Property

Properties owned by us:

S. No.	Details of Agreement	Details of the Property	Purpose	Purchase Consideration (Rs. lakhs)
1.	Sale Deed dated May 10, 2001 between M/s Lakshmi Builders and SVEC Constructions Limited	Flat No. 1014, 10 th Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001, Andhra Pradesh admeasuring 1,751 square feet.	Registered office	3.06
2.	Sale Deed dated August 09, 2006 between Mr. P. Satish and SVEC Constructions Limited	Flat No. 1012, 10 th Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001, Andhra Pradesh admeasuring 624 square feet	Given on lease to L&T-SVEC JV for use in Pranahita Chevella Project	6.35
3.	Sale deed dated July 11, 2007 between SVEC Poly Pack Private Limited and	Land & Buildings comprising of main factory building, R.C.C. roof security room, A.C. sheet roof canteen shed &	Machine dumping yard	175.00

	SVEC Constructions Limited	A.C. sheet labour quarters, situated in Door No: 2-195, survey no. 337 admeasuring 1.09 acres and survey no. 338 admeasuring 2.91 acres, Nallabanda Gudem, Chimirela Sivaru, Kodada Mandal, Nalgonda District, Andhra Pradesh		
4.	Sale deed dated July 10, 2007 between Ms. C.L.R. Bhavani and SVEC Constructions Limited	Fourth floor admeasuring 4,873 sq.ft. with proportionate undivided share of land admeasuring 307.80 sq.yards and 1,195 sq.ft. covered car parking on the property bearing NTS No. 136, Revenue Ward No. 11, Block No. 6, Municipal Ward No. 24, New Ward No. 27, Door No. 40-13-4A, situated at Chandramoulipuram, Patamata, Vijayawada	Polavaram project on sub-contract basis from L&T	50.00
5.	Sale deed dated July 11, 2007 between SVEC Poly Pack Private Limited and SVEC Constructions Limited	Land admeasuring 6.25 acres situated in survey nos. 72/4, 72/5(1), 73/5(1), 72/5(2), 72/5(1), 73/5(2), 72/5, 73/5 at Bhagwanpalli village, Maktal Mandal, Mahaboobnagar District, Andhra Pradesh	Machine dumping yard	4.31

Properties taken on lease:

S. No.	Details of Agreement	Details of the Property	Purpose	Lease Rent (Rs. lakhs)
1.	Lease deed dated February 1, 2010 between Ms. P. Umadevi and SVEC Constructions Limited	Plot No. 169, 3 rd Floor, Road No. 10C, Jubilee Hills, Hyderabad Term: 1 year from February 1, 2010 to January 31, 2011	Guest House	0.25 per month
2.	Lease deed dated July 4, 2008 between Mr. Aravind Pavuluri and SVEC Constructions Limited	Commercial space at 2 nd floor admeasuring 6,244 square feet of super built-up area in Plot No. 1355A, Road No. 1, Jubilee Hills, Hyderabad, Andhra Pradesh Term: 3 years from July 12, 2008 to July 11, 2011	Corporate Office	5.26 per month
3.	Lease deed dated February 26, 2010 between Ms. Neetu Sharma and SVEC Constructions Limited	House No. 6, Lane 9, Saraswati colony, Kota, Rajasthan Term: 11 months from March 1, 2010 to January 31, 2011	Guest House	0.125 per month
4.	Lease deed dated August 3, 2008 between Mr. Pothina Simhachalam	Survey No. 215, Venkatapuram, Andhara Pradesh Term: 3 years from August 3, 2008 to	Polavaram Canal Project	0.01 per month

	and SVEC Constructions Limited	August 2, 2011		
5.	Lease deed dated August 3, 2008 between Mr. Pothina Simhachalam and SVEC Constructions Limited	Survey No. 217, Venkatapuram, Andhara Pradesh Term: 3 years from August 3, 2008 to August 2, 2011	Polavaram Project (Camp office)	0.01 per month
6.	Lease deed dated February 16, 2008 between Mr. Potina Somu and SVEC Constructions Limited	Survey No. 216/ 1A, Venkatapuram, Andhara Pradesh Term: 3 years from February 16, 2008 to February 15, 2011	Stock Yard	0.01 per month
7.	Lease deed dated July 15, 2008 between Mr. Thota Satyavati and SVEC Constructions Limited	Survey No. 218, Venkatapuram, Andhara Pradesh Term: 3 years from	Polavaram Project (Camp office)	0.01 per month
8.	Lease deed dated August 3, 2008 between Mr. Thota Subbarao and SVEC Constructions Limited	Survey No. 218/3A, Venkatapuram, Andhara Pradesh Term: 3 years from August 3, 2008 to August 2, 2011	Polavaram Project (Camp office)	0.01 per month
9.	Lease deed dated August 3, 2008 between Mr. Sambasiva Rao and SVEC Constructions Limited	Survey No. 217/5, Venkatapuram, Andhara Pradesh Term: 3 years from August 3, 2008 to August 2, 2011	Polavaram Project	0.01 per month
10.	Lease deed dated February 21, 2009 between Adiyala Narsimha Reddy, A. Venkat Reddy, A.Raja Narsimha Reddy, A. V. N. Reddy, A.V.S.Reddy and A. R. Reddy and SVEC Constructions Ltd.	Survey No. 536, 537 & 538, Bundakunta, Andhra Pradesh Term: 4 years	Pranahita Chevella Package No. 13, Project Office	0.40 per annum
11.	Lease deed dated August 18, 2010 between P.Ashok Gajapathi Raju and SVEC Constructions Ltd.	Plot No. 158, Vijaya Cooperative Housing Society, Road No. 10/C, Jubilee Hills, Hyderabad	Guest House	0.80 per month

The properties are free from all encumbrances except for the equitable mortgage created in favour of banks that have extended loan facility in the normal course of business.

Details of quarrying rights with our Company:

S.No.		Particulars of Lease	Term
1.	Form of Lease dated October 24, 2006 with Government of Andhra Pradesh	Quarry lease for extraction of road metal over an extent of 4 hectares in survey no. 801 of Paritala Village, Kanchikacherla mandal, Krishna District, Andhra Pradesh	15 years w.e.f. December 5, 2006 till December 4, 2021
2.	Form of Lease dated May 3, 2007 with Government of Andhra Pradesh	Quarry lease for extraction of road metal over an extent of 12 hectares in survey no. 801 of Paritala Village, Kanchikacherla mandal, Krishna District, Andhra Pradesh	15 years w.e.f. May 3, 2007 till May 2, 2022
3.	Form of Lease dated April 20, 2007 with Government of Andhra Pradesh	Quarry lease for extraction of road metal over an extent of 1.25 hectares in survey no. 801 of Paritala Village, Kanchikacherla mandal, Krishna District, Andhra Pradesh	15 years w.e.f. April 20, 2007 till April 19, 2022
4.	Form of Lease dated July 23, 2005 with Government of Andhra Pradesh	Quarry lease for extraction of road metal over an extent of 3.825 hectares in survey no. 133/A of R. Krishnapuram Village, Allagadda Mandal, Kurnool District, Andhra Pradesh	10 years w.e.f. July 23, 2005 till July 22, 2015
5.	Form of Lease dated January 27, 2006 with Government of Andhra Pradesh	Quarry lease for extraction of stone and metal over an extent of 2.00 hectares in survey no. 37 of Goplapur viggale, Makhtal Mandal, Mahaboobnagar District, Andhra Pradesh	5 years from January 27, 2006 to January 26, 2011

Purchase of Property


Except as stated in section titled “Objects of the Issue” appearing on page no. 28 of this Draft Red Herring Prospectus, there is no property which our Company has purchased or acquired or propose to purchase or acquire which is to be paid wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed as on the date of filing of this Draft Red Herring Prospectus with SEBI, other than property:

- the contract for the purchase or acquisition whereof was entered into in the ordinary course of the business, the contract not being made in contemplation of this Issue, nor this Issue in contemplation of the contract; or
- In respect of which the purchase money is not material.


Except as stated in the section titled “Related Party Transactions” appearing on page no. 136 of this Draft Red Herring Prospectus, our Company has not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

Intellectual Property Rights

Our Company has following registered logo and trademarks:

Trademark/Logo	Particulars	Class	Authority
	Trademark No. 1486606. Approved on August 8, 2008	37 (in respect of building constructions)	Trade Marks Registry, Mumbai
"SVEC CONSTRUCTIONS"	Trademark No. 1486607 Approved on August 8, 2008	37 (in respect of building constructions)	Trade Marks Registry, Mumbai

In addition to the above, we have applied to Trade Marks Registry, Chennai for the registration of following trademark & logo:

Trademark/logo	Date of application	Class No. & purpose	Status
	October 22, 2009	Class 42 in respect of projects like the construction of major specialized public utility buildings and irrigation projects besides heavy structural steel fabrication works and other works of infrastructure	Pending
"SVEC CONSTRUCTIONS"	October 22, 2009	Class 42 in respect of projects like the construction of major specialized public utility buildings and irrigation projects besides heavy structural steel fabrication works and other works of infrastructure	Pending

OUR FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the long term, short term and working capital facilities of our Company as of July 31, 2010, together with a brief description of certain material covenants of the relevant financing agreements:

Lender	Nature of facility	Sanctioned amount (Rs. lakhs)	Amount outstanding as on July 31, 2010 (Rs. lakhs)	Interest / repayment terms	Primary Security
State Bank of India	Construction Equipment Loan	900.00	103.94	Interest: 1% below SBI PLR Repayment Term: 30 equal monthly instalments commencing 6 months after the disbursement of each tranche Validity of sanction: 1 year from the date of sanction	Exclusive first charge on equipment / machinery purchased with the loan
		1000.00	220.91		
	Cash credit (including sub limit for cash credit (Demand Draft Purchase) Cheques)	3,500.00	3,681.68	Interest: 0.75% above SBI PLR payable with monthly rests Repayment: On demand Validity of sanction: 3 months from the date of sanction	Hypothecation of stocks, receivables and other chargeable current assets of the company, present or future on pari-passu basis with other banks in consortium
	Bank Guarantee (including sub limit for Letter of Credit)	14,000.00	8,821.85	Repayment: On demand Validity of sanction: 3 months from the date of sanction	
	Standby Line of Credit	500.00	250.00	Interest: 1% above the CC (Hyp) Repayment: 2 months at any one instance	
IDBI Bank Limited	Cash credit	1,000.00	1,010.44	Interest: IDBI's BPLR payable monthly Repayment: On demand / due date	Hypothecation of entire current assets on pari-passu basis with other working capital banks.
	Bank Guarantee (including sub limit for Letter of Credit)	9,000.00	6,840.73	Commission: 1.25% p.a.	
Barclays Bank Plc	Bank Guarantee	2,000.00	301.91	Interest: 2% p.a. above Bank's PLR or the interest	First pari passu charge on the entire current

				rate applicable to the facility, whichever is higher Repayment: On demand	assets and movable fixed assets (except those charged to hire purchase lenders)
UCO Bank	Fund Based Working Capital Limit	800.00	809.76	1.50% above Bank's PLR with monthly rest	First pari passu charge on current assets with other working capital lenders

The above-mentioned facilities are secured by the following collateral securities:

- i. First charge on pari-passu basis on movable fixed assets excluding those charged on hire purchase lenders including equitable mortgage on the following properties of our Company:
 - Commercial flat No. 1014, 10th Floor, situated at Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500001, Andhra Pradesh admeasuring 1751 Square Feet.
 - Industrial Land admeasuring 4.00 acres situated in Survey no. 338 at Nallabandagudem village, Kodad, Nalgonda, Andhra Pradesh.
 - Industrial land and buildings admeasuring Ac. 4.00 with build up area of 21639 square feet at S.No. 337, 338 Nallabanda Gudem, Chimirela Sivaru, Kodada Mandal, Nalgonda District
 - Commercial complex at no. 40-13-5 & 40-13-4A. Sri Rama Chandra Complex, Vijayawada admeasuring 1984 sq ft. on 4th floor with undivided share of land of 307.80 square yard.
- ii. Equitable mortgage on some of the personal properties of our promoters on pari passu basis with other banks in consortium
- iii. Pledge of 11,91,560 shares of our Company held by Mr. C. Ajad Kumar- Chairman & Managing Director of our Company on pari-passu basis with other Consortium Banks.

Personal Guarantees: The facilities from State Bank of India and IDBI Bank are secured by personal guarantees of Mr. C. Ajad Kumar, Ms. C.L.R. Bhavani, Mr. C. Sreemannarayana and Ms. C. Anusuya Devi. The facility from Barclays Bank Plc is secured by personal guarantee of Mr. C. Ajad Kumar, Ms. C.L.R. Bhavani, Mr. C. Sreemannarayana and Ms. C. Anusuya Devi and Mr. I.Bhaskar Rao. The facility from UCO Bank is secured by personal guarantee of Mr. C. Ajad Kumar, Ms. C.L.R. Bhavani, Mr. C. Sreemannarayana and Ms. C. Anusuya Devi and Ms. K.Bhanu Smitha.

Construction Equipment Loans

Our Company has also entered into construction equipment loans with SREI Infrastructure Finance Limited and GE Capital Services India for purchase of certain construction equipments. As of July 31, 2010, Rs. 142.88 lakhs was outstanding under such construction equipment loans.

Vehicle loans

Our Company has also entered into some vehicle loan agreements. As of July 31, 2010, Rs. 47.94 lakhs was outstanding under such vehicle loans.

Restrictive and financial covenants

The financing arrangements by our Company include conditions and **restrictive covenants** that require us to obtain consents of the lenders prior to carrying out certain activities and entering into certain transactions. Some of such restrictive covenants are as under:

Without the written consent of the banks, our Company cannot:

- effect any change in the capital structure;
- formulate any scheme of amalgamation, merger or reconstitution of any kind;
- undertake any new project or implement any scheme of expansion;
- acquire, sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to bank or create any charge, lien, encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
- making investments by way of share capital in or granting loans/advancing funds to subordinates, associate concerns (group companies), place deposits with any other concern (except normal trade credit or security deposits in the normal course of business or advance to employees) etc.
- enter into additional borrowing arrangements (secured or unsecured) or accept deposits;
- undertake any guarantee obligation(s) on behalf of any other company (including group companies)/ firm;
- declare dividends more than the net profit of the year (ensuring provisions for all necessary dues are made and no repayment obligations remain unmet);
- enter into any contractual obligation of long term nature or affecting our Company financially to a significant extent;
- change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc.;
- undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
- any transfer of the controlling interest or make any changes in its management setup;
- withdrawal of monies brought in by principal shareholders/directors/depositors/ friends/ relatives;

Further, the sanction letters also include certain **financial covenants** that require us to maintain certain specified ratios. These financial covenants are as follows:

Facilities availed from State Bank of India

- i. Minimum current ratio of 1.33 times
- ii. Maximum debt gearing ratio of 2.77 times
- iii. Interest Coverage ratio of 3.44 times

Facilities availed from IDBI Bank Limited

- i. Minimum current ratio of 1.20 times
- ii. Maximum debt gearing ratio of 3 times
- iii. Negative variation of more than 10% between provisional and audited results with regard to net sales and net profits of our Company
- iv. Cash losses incurred by our Company

Facilities availed from Barclays Bank Plc

- i. Maximum Debt/Equity ratio of 2 times on quarterly basis
- ii. Maximum Debt/EBITDA ratio of 3 times on quarterly basis
- iii. Minimum current ratio of 1.2 times on half-yearly basis
- iv. Minimum EBITDA margin of 8.5% on quarterly basis

Our Company is required to obtain prior no-objections pursuant to the above restrictive covenants. Our Company has applied for no-objection/consents from all the lending banks in connection with our proposed Issue. We have received no-objections from UCO Bank and Barclays Bank Plc vide their letters no. Br/ Adv/SVEC/2010-11/126 dated August 14, 2010 and Barclays/Mumbai/443/2010 dated August 13, 2010 respectively, but no-objection certificates from State Bank of India and IDBI Bank Limited are still pending.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Central and State Governments. The information detailed in this chapter has been obtained from the various legislations that are available in the public domain. The content set out below is by way of an illustration and is not an exhaustive list of all statutes applicable to our Company's operations.

KEY INDUSTRY REGULATIONS

Our Company is an infrastructural development company engaged in the business of civil, electrical and mechanical construction works on contract basis with Government, Semi-Government and Private organizations.

Depending upon the nature of the projects undertaken by the Company, applicable labour 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;
- 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;
- Minimum Wages Act, 1948;
- Equal Remuneration Act, 1979;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing Orders) Act, 1946;
- Trade Unions Act, 1926;
- Child Labour Act, 1926;
- Hazardous Waste (Management and Handling) Rules, 1989;
- Workmen's Compensation Act, 1923;
- Inter State Migrant Workers Act, 1979;
- Maternity Benefit Act, 1951

The following paragraphs detail the major legislations applicable to the business.

LABOUR REGULATIONS

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour.

The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

Employee State Insurance Act, 1948

The Employee State Insurance Act, 1948 ("ESIA") aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same. It applies to, inter alia, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA.

Under the ESIA every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages upto Rs. 7,500 per month is entitled to be insured. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation.

Currently, the employee's contribution rate is 1.75% of the wages and that of employer's is 4.75% of the wages paid/payable in respect of the employee in every wage period.

The ESIA states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount payable to him by the principal employer under any contract, or as a debt payable by the immediate employer.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 ("MWA") came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

Workmen's Compensation Act, 1923

The Workmen's Compensation Act, 1923 ("WCA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement.

The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 ("PGA") was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- a) on his/her superannuation;
- b) on his/her retirement or resignation;
- c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The PGA establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company; every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons, and factories specified in Schedule I of the EPFA. Under the EPFA, the central government has framed the "Employees' Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees' Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

Factories Act, 1948

The Factories Act, 1948 ("Factories Act") aims at regulating labour employed in factories. A "factory" is defined as "any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...".

Under the Factories Act, the state government may make rules mandating approval for proposed factories and requiring licensing and registration of factories.

The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures.

The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the "occupier", being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made there under or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine.

The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

Local Shops and Establishments Legislations

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

HISTORY AND CERTAIN CORPORATE MATTERS

Overview

Our Company was incorporated as 'SVEC Constructions Private Limited' on April 10, 1985 to acquire the business of M/s. Sree Venkateswara Engineering Contractors, a partnership firm established in 1964 by Late Mr. C. Sreemannarayana Murthy, Mr. N.S.M. Prasad, Mrs. Chalasani Bhanuvathamma and Mrs. Edupuganti Bapamma, to undertake civil construction and other engineering works. Our Company became a Deemed Public Company u/s 43A of the Companies Act, 1956 with effect from July 1, 1988 and the word 'Private' was deleted from the name of our Company. Subsequently, our Company became a Public Limited Company on May 19, 1992 by passing a special resolution on March 30, 1992 in this regard.

For further details in relation to our business, see the section titled "Our Business" beginning on page no. 58 of this Draft Red Herring Prospectus.

Major events of our Company:

Year	Milestone
1985	Incorporation of our Company and acquisition of the business of partnership firm M/s. Sree Venkateswara Engineering Contractors, a partnership firm promoted by Late Ch. Sreemannarayana Murthy.
1988	Conversion of our Company into a Deemed Public Company
1992	Conversion of our Company from a Deemed Public Company to a Public Limited Company
2006	Received the ISO 9001:2000 Certification
2009	Received the ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 Certifications
2010	Joint Venture with W.T.T Technology Services India Private Limited to strengthen our water treatment works business

Changes in the registered office of Our Company

Date of change	Particulars	Reason for change
May 10, 1989	The registered office of our Company had shifted from Congress Office Road, Governorpet, Vijayawada - 520002 to D. No. 40-6-3, Railway Officers Colony, behind Kandhari Hotel, Venkateswara Puram, Vijayawada- 520 010, Andhra Pradesh by a resolution passed at Board meeting held on May 10, 1989	Operational convenience
April 1, 1992	The registered office of our Company has been shifted from D. No.40-6-3, Railway Officers Colony, Behind Kandhari Hotel, Venkateswara Puram, Vijayawada- 520 010, Andhra Pradesh to 1014, Raghava Ratna Towers, Chirag-Ali-Lane, Hyderabad - 500 001 by a resolution passed at Board meeting held on March 17, 1992	Operational convenience

Changes in Memorandum of Association of our Company

Date of Shareholders' approval	Changes
March 30, 1992	Subdivision of 50,000 equity shares of Rs. 100/- each to 5,00,000 equity shares of Rs. 10/- each
March 30, 1992	Increase in authorized equity share capital from Rs. 50.00 lakhs divided into 5,00,000 equity shares of Rs. 10/- each to Rs. 350.00 lakhs divided into 35,00,000 equity shares of Rs. 10/- each
March 30, 1992	Amendment pursuant to the conversion of our Company from a Deemed Public Company to a Public Limited Company
December 5, 2005	Increase in authorized equity share capital from Rs. 350.00 lakhs divided into 35,00,000 equity shares of Rs. 10/- each to Rs. 1,000.00 lakhs divided into 1,00,00,000 equity shares of Rs. 10/- each
September 29, 2006	Increase in authorized equity share capital from Rs. 1,000.00 lakhs divided into 1,00,00,000 equity shares of Rs. 10/- each to Rs. 1,500.00 lakhs divided into 1,50,00,000 equity shares of Rs. 10/- each
November 10, 2006	Increase in authorized equity share capital from Rs. 1,500.00 lakhs divided into 1,50,00,000 equity shares of Rs. 10/- each to Rs. 1,800.00 lakhs divided into 1,80,00,000 equity shares of Rs. 10/- each
March 19, 2008	Substitution of erstwhile clause numbers 1 and 2 with the existing clause numbers 1 and 2 of the Main Objects of our Company as mentioned under the heading 'Main Objects of our Company'
June 30, 2010	Addition of existing clause no. 4 of the Main Objects of our Company as mentioned under the heading 'Main Objects of our Company'

Main Objects of Company

The main objects of the Company as stated in the Memorandum of Association are:

1. To carry on the business, in India or elsewhere, of construction, promotion, development, upgradation, repair, operation and maintenance of roads, highways, bypasses, bridges, rail over bridges, tunnels, viaducts, railways, ports, airports, seaports, dredging, carparks, IT parks / facilities, trade fairs, exhibition centers, hotels, buildings, public utilities, water supply, water treatment, effluent treatment, interchangers, telecommunication, SEZ, Food parks, residential / commercial complexes, mass housing, inland water ways, pipeline, bulk material handling and other related infrastructure works and to undertake all types of Civil, Electrical and Mechanical works, Civil construction projects, Dams, undertaking of supply works, and other Engineering works with State and Central Governments, Corporations, Municipalities, parishads, Military and with such other local Self-Government bodies or Public Sector Undertakings or authorities or individuals or bodies or any other private parties on BOT / BOOT / BOLT / PPP / Joint venture or any other basis.
2. To carry on the business, in India or elsewhere, of engineers, contractors, consultants, advisors, designers, managers and administrators in all its branches of engineering and to construct, erect, execute, build, carry out, equip, alter, repair, remodel, decorate, maintain demolish, develop, improve, maintain, furnish, administer, manage or control, grade, curve, pave, macadamize,

cement and to own, buy, sell, rent, lease, operate and maintain buildings, structures, houses, apartments, townships, multistoried housing / commercial complexes, landscapes, real estate, hospitals, schools, places of worship, highway, roads, paths, streets, side ways, seaports, airports, bridges, gardens, flyovers, subways, alleys, pavements, and to do other similar constructions, leveling or paving work and to build, construct and repair railways, waterways, electrical / mechanical, electronic works, tunnels, wharfs, canals, reservoirs, embankments, tanks, aqueducts, ports, marine drainage, piers, docks, water works, drainage works, light houses, power houses, irrigation works, reclamations, sewage drainage, sanitary, water, waste gas, electric lightings, telephonic, telegraphic, television installations, and power works, hotels, warehouses, markets, bazaars, places of amusements, pleasure grounds, parks, swimming pools, water sewage and effluent treatment plants, dairies, furnaces, saw mills, crushing works, hydraulic works, tanneries, factories, mills, industrial structures, floor and to do all kinds of excavating, dredging and digging work to fabricate all kinds of iron, steel, wood, glass, and all kinds of construction materials, and earth construction, to design devise, decorate plan model and to furnish labour and all kinds of material to supervise construction or other work, to act as valuers, appraisers, referees and assessors to investigate into the conditions of buildings and other structures of all kinds and to supply efficient and act as arbitrators amongst its personnel, to carry on the business of contractors and agents, farmers, carriers, printers and merchants anywhere in the world.

3. To construct, execute, undertake, carry out run establish acquire, maintain, remodel, alter, develop, work, control, manage take on lease, purchase or acquire under any other terms and conditions, any hotels, clubs, tanks, schools, hospitals, restaurants, baths, places of worship, amusement, cremation and burial grounds, parks, gardens, libraries, reading rooms, orchestra stands, pavillons, pony and rickshaw or other vehicle stands, shops, garages, dairy farms or otherwise assist or work in association with any other person in any of the above or other undertakings and do any other act for the purpose of construction, erection, demolition, removal, maintenance, improvement, administration, assessment, development, working controlling or management thereof.
4. To generate, accumulate, transmit, distribute, purchase, sell and supply electricity, power or any other energy whether from conventional sources such as thermal, hydel, oil, gas, lignite, biomass, coal, diesel, nuclear or bagasse or from non-conventional sources such as wind, waste, solar and geo-thermal and tidal waves, promote, own, acquire, erect, construct, commission, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire, lease power plants, co-generation power plants, energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electricity, power or any other energy, function as a licensee, acquire concessions, facilities or licenses or deal in electrical power or any other form of energy and to buy, sell, supply, exchange, market the same to the State Electricity Boards, State Governments, appropriate authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household or any other purpose in India and elsewhere including operation/maintenance and supply of facilities for the aforesaid purposes on a commercial basis to the customers or bulk distributors and to construct, lay-down, establish, power/energy generating stations, including buildings, structures, works, machineries, equipments, cables and to undertake or to carry on the business of managing, owning, controlling, erecting, maintaining, commissioning, operating, running, leasing or transferring to third person, power/energy plants and to act as consultants and advisors in relation to the business aforementioned, establish captive power plants on a co-

operative basis or otherwise, for industrial and other consumers and supply power either directly or through the transmission lines of the state electricity boards or other authorities by entering into appropriate arrangements and to do all incidental acts and things necessary for the attainment of the foregoing objects. Carry on the business of general electric power supply company or any other power kind of power supply in all the branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, streets, docks, markets, theaters, buildings and places, both public and private.

Memorandum of Transfer for the takeover of the partnership firm M/s Sree Venkateswara Engineering Contractors

Our Company decided to takeover the business of M/s Sree Venkateswara Engineering Contractors, a partnership firm, by a resolution passed at a meeting of our Board of Directors held on April 25, 1985. The partnership firm was established in 1964 by Late Mr. C. Sreemannarayana Murthy, Mr. N.S.M. Prasad, Mrs. Chalasani Bhanuvathamma and Mrs. Edupuganti Bapamma, to undertake civil construction and other engineering works. Our Company entered into a Memorandum of Transfer, dated June 6, 1985, to takeover the business of the said partnership firm as a going concern with all its assets and liabilities, rights, privileges, concessions, trademarks, works-in-progress and other properties, belonging and standing in the name of the partnership firm as on June 1, 1985. The total purchase consideration of Rs. 15.78 lakhs for the takeover was settled by way of issue of 15,780 fully paid-up equity shares of Rs. 100/- each to the partners of the said firm to the extent of the credit balances standing to their capital accounts as on June 1, 1985.

Subsidiaries / Joint Venture of our Company

Our Company has no subsidiaries.

Our Company has following joint ventures:

(1) Water Treatments Technology (India) Private Limited

Our Company has in joint venture with WTT Technology Services India Private Limited, incorporated a jointly controlled entity in the name of Water Treatments Technology (India) Private Limited, brief details of which are as under:

Nature of Activity	To carry on the business of developing, building, maintaining and operating of water treatment plants, effluent treatment plants, sewage treatment plants, desalination plants, drinking water facilities and other related activities.
Date of Incorporation	May 13, 2010
Registered Office address	Plot No.1355/A, 2 nd Floor, Road No1&45, Jubilee Hills, Hyderabad
Name of the Directors	Mr. C. Ajad Kumar , Mr. Deivasigamani Venkatesh, Mr. C. Sreemannarayana, Mr. Silvano Storti

Shareholding Pattern	Name of the Shareholder	No of Shares	% of Shareholding
	SVEC Constructions Limited	50,000	50%
	WTT Technology Services India Private Limited	50,000	50%
	Total	1,00,000	100%

Our Company has entered into an agreement with W.T.T Technology Services India Private Limited, to give effect to the above arrangement, brief details of which are as under:

1.	Date of Agreement	April 3, 2010
2.	Parties to the Agreement	SVEC Constructions Limited and W.T.T. Technology Services India Private Limited
3.	Joint Venture Company Name	Water Treatments Technology (India) Private Limited (" JVC ")
4.	Terms of the Agreement	<ul style="list-style-type: none"> ▪ Equity sharing ratio: The equity share capital of JVC has been subscribed by our Company and W.T.T Technology Services India Private Limited in the ratio of 50:50 each till March 31, 2011. The said equity share capital shall be in the ratio of 40:60 for our Company and W.T.T Technology Services India Private Limited respectively w.e.f. April 1, 2011 by increasing the share capital of W.T.T Technology Services India Private Limited by way of allotment of further equity shares without voting rights and having incremental dividends as per the mutually agreed price between our Company and W.T.T Technology Services India Private Limited. ▪ Transfer restrictions: Entire shareholding shall be under a lock in period for 3 years from the date of allotment of such share capital. Any further share capital shall also be under the lock in period for 3 years from the date of issue of such capital and the lock in provision shall be lifted subject to passing of unanimous resolution by the shareholders in a general meeting. ▪ Rights of first refusal: If at any time, any of the JV partners desires to transfer, whether directly or indirectly, any or all of its equity shares or voting interest therein owned by it then it shall (i) make an offer for the sale of the shares to existing JV party by a notice. (ii) if the existing JV party does not purchase all the shares offered from the seller within 30 days of the expiry of the offer notice period, then seller shall be at liberty to sell within a period of 45 days of the expiry of the offer notice all shares at a price not lower than the first offer price to any third party. ▪ Composition of board of directors: Our Company and W.T.T Technology Services India Private Limited shall appoint 2

		directors each.
5.	Termination Clause	<ul style="list-style-type: none"> ▪ In the event any of the JV partners (along with group entities) cease to hold any equity shares of JVC, the agreement shall stand terminated automatically. ▪ In the event of occurrence of a material breach of any of the terms and conditions of the agreement on the part of the JV partner.

In addition to the above, we are also party to the following project specific joint ventures:

(2) Joint Venture with Indu Projects Limited

Our Company entered into a joint venture agreement with Indu Projects Limited on February 20, 2008 to execute the project namely 'Excavation of flood flow canal taking off from Mehendratanya river near Chapara village of Meliaputti Mandal in Srikakulam District, formation of off-shore reservoir near Regulapadu village and formation of canals form reservoir including distributory network' for the Irrigation & CAD Department, Government of Andhra Pradesh. As per the terms of the joint venture agreement, our Company is the lead partner for the project with 51% share. The remaining 49% share is held by Indu Projects Limited. The total contract value is Rs. 12,325.09 lakhs and our share is Rs. 6,285.80 lakhs.

(3) Joint Venture with Larsen and Toubro Limited

Our Company entered into a joint venture agreement with Larsen and Toubro Limited on May 19, 2008 to execute the project namely 'Pranahitha Chevella Lift Irrigation Scheme Link - IV (Package 13) - Investigation, designs and execution of Lift Irrigation Scheme for drawal of 77.14 TMC of water from new reservoir at Tadkapalli (V) to new reservoir at Thipparam Village, Kondapaka Mandal, Medak District by water conveyor system with all associated components' for the Irrigation & CAD Department, Government of Andhra Pradesh. As per the terms of the joint venture agreement, Larsen and Toubro Limited is the lead partner for the project with 75% share. The remaining 25% share is held by our Company. The total contract value is Rs. 52,975.00 lakhs and our share is Rs. 13,243.75 lakhs.

Shareholders

As on the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 378. For further details in relation to our current shareholding pattern, see section titled 'Capital Structure' beginning on page no. 17 of this Draft Red Herring Prospectus.

Strategic Partners

Our Company does not have any strategic partners.

Financial Partners

Our Company does not have any financial partners.

OUR MANAGEMENT

As per Article 91 of Articles of Association, our Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As on the date of this Draft Red Herring Prospectus, our Company has eight (8) Directors out of which four (4) are Independent Directors.

The following table sets forth details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus.

Name, Age, Designation, DIN, Address and Occupation	Date of appointment	Age	Other Directorships
Mr. C. Ajad Kumar <i>Chairman & Managing Director</i> S/o. Late Mr. C. Sreemannarayana Murthy DIN: 00200371 Address: 6-3-1247/1, Flat 304, Somajiguda, Metro Residency, Hyderabad – 500 004 Occupation: Business	Appointed as Managing Director on September 2, 2006 for a period of 5 years i.e. upto September 1, 2011 Term: Not liable to retire by rotation	63 years	1) SVEC Poly Pack Private Limited 2) Water Treatments Technology (India) Private Limited
Mr. C. Sreemannarayana <i>Executive Director</i> S/o. Mr. C. Ajad Kumar DIN: 00200173 Address: 6-3-1247/1, Flat 304, Somajiguda, Metro Residency, Hyderabad – 500 004 Occupation: Business	Appointed as Whole Time Director, on April 1, 2006 for a period of 5 years i.e. upto March 31, 2011 Term: Liable to retire by rotation	35 Years	1) Water Treatments Technology (India) Private Limited
Mr. E. Ramesh Kumar <i>Whole Time Director</i> S/o. Mr. E Soma Sekhara Rao DIN: 00895624 Address: 8-3-676A, Engineers Colony, Dattasai Towers, Yellareddyguda, Hyderabad Occupation: Service	Appointed as Whole Time Director, on September 2, 2006 for a period of 5 years i.e. upto March 31, 2011 Term: Liable to retire by rotation	41 years	Nil

Mrs. C.L.R. Bhavani <i>Non-Executive Non-Independent Director</i> W/o. Mr. C Ajad Kumar DIN: 00895831 Address: 6-3-1247/1, Flat 304, Somajiguda, Metro Residency, Hyderabad – 500 004 Occupation: Housewife	Appointed as additional director on March 17, 1992 and regularised as Director on September 29, 2006 Term: Liable to retire by rotation	54 years	Nil
Mr. M. Vijaya Kumar <i>Independent Director</i> S/o. Mr. M Yesudas DIN: 00900101 Address: Flat No:204, Usha Kiran Apartments, Haudin Road, Bangalore, Karnataka – 560 042 Occupation: Retired	Appointed as an Independent Director on March 27, 2006 Term: Liable to retire by rotation	65 years	Nil
Mr. S. Venkata Reddy <i>Independent Director</i> S/o. Late Mr. S. Rami Reddy DIN: 00107945 Address: H.No : 12.2.823/A/12, Mehdiapatnam, Hyderabad – 500 028. Occupation: Service	Appointed as a Non Executive Independent Director on March 17, 2007 Term: Liable to retire by rotation	65 years	Bheema Cements Limited
Mr. T.R.Raghavan <i>Independent Director</i> S/o. Mr. T R Raja Iyer DIN: 01807809 Address: 149, First Cross, First Main, ISRO Layout, Bangalore, Karnataka – 560 078	Appointed as a Non Executive Independent Director on December 4, 2006 Term: Liable to retire by rotation	74 years	Nil

Occupation: Retired			
Mr. Chereddi Ramachandra Naidu <i>Independent Director</i> S/o. Mr. Chereddi Bojjaiah Naidu DIN: 02096757 Address: Plot No. 63, Prashan Nagar, Road No. 72, Jubilee Hills, Hyderabad, Andhra Pradesh – 500 033	Appointed as a Non Executive Independent Director on July 14, 2010 Term: Liable to retire by rotation	60 years	1) CR Ecoventures Private Limited 2) Sunled Technologies Private Limited 3) CAP Workforce Development Institute Private Limited

None of our directors except, Mr. C. Ajad Kumar who is father of Mr. C. Sreemannarayana and husband of Mrs. C.L.R Bhavani, are related to each other.

Our Company has not entered into any service contracts with any Directors which provide for any benefits to the said Directors upon termination of employment. Our Company has not entered into any arrangement or understanding with its major shareholders, customers, suppliers or others pursuant to which any of the directors were selected as a director or member of senior management. Further, except for statutory benefits upon termination of their employment in our Company or upon retirement, no officer of our Company, including our Directors and our key managerial persons, are entitled to any benefits upon termination of employment with our Company.

Brief Profile of the Directors:

Mr. C. Ajad Kumar

Mr. C. Ajad Kumar, aged 63 years, is the Chairman & Managing Director and also one of the promoters of our Company. He has done B.E. (Mechanical) from the University of Mysore and has over 34 years of experience in construction industry. He started his career at the age of 25 with Sree Venkateswara Engineering Contractors, which was later on acquired by the Company. He overlooks the affairs of our Company and plays a key role with his inputs in strategic planning, business development, project programming, scheduling and commissioning.

Mr. C. Sreemannarayana

Mr. C. Sreemannarayana, aged 35 years, is an Executive Director and also one of the promoters of our Company. He is a graduate in Mechanical Engineering from Nagarjuna University. He also holds a Masters degree in Engineering Science from the University of New South Wales, Sydney, Australia. He has over 10 years of experience. He worked in USA for 6 years in the areas of systems study, analysis of business processes and implementation of integrated systems that help in the optimal usage of enterprise resources. He joined our Company in year 2006 after his return from USA. He is presently involved in the day to day operations of our Company, developing new business opportunities and overlooking project implementation.

Mr. E. Ramesh Kumar

Mr. E. Ramesh Kumar, aged 41 years, is the Director (Operations) of our Company. He holds Diploma in Civil Engineering from State Board of Technical Education and Training Hyderabad and has over 23 years of experience. He started his career by joining our Company in 1987 as an Engineer and has held various positions since then. At present, he looks after the operations, participation in tenders, supervision, execution and completion of the projects.

Mrs. C.L.R. Bhavani

Mrs. C.L.R. Bhavani, aged 54 years, is a Non-Independent Non-Executive Director and one of the promoters of our Company. She is Undergraduate and prior to joining our Company as a Director, she had worked with Sree Venkateswara Engineering Contractors, in the areas of administration and finance for a period of 5 years.

Mr. M. Vijaya Kumar

Mr. M. Vijaya Kumar, aged 65 years, is an Independent Director on our Board. He is a Graduate in Commerce from Andhra University. He worked in the office of Controller and Auditor General of India before his selection for the Indian Revenue Service during 1972. He is a retired Commissioner of Income Tax. He worked as Income Tax Commissioner in Bangalore, Hyderabad and Vijayawada. He has over 26 years of experience in the audit, accounts, financial planning, budgeting and other financial matters.

Mr. S. Venkata Reddy

Mr. S. Venkata Reddy, aged 65 years, is an Independent Director on our Board. He holds a Degree of Mechanical Engineering from Sri Venkateswara University, Andhra Pradesh and MBA from Jawaharlal Nehru Technological University, Hyderabad. He has overall 36 years of experiences in the field of manufacturing of engineering products, industrial promotion, project finance, corporate management etc. He has worked with HMT Bearings Ltd. (formerly M/s. Indo Nippon Precision Bearings Ltd) from 1969 to 1974 as a Senior Engineer and also with Andhra Pradesh Industrial Development Corporation Limited from 1974 to 2004, where he was responsible for promotion, appraisal, project finance, rehabilitation of sick units, corporate management etc.

Mr. T.R Raghavan

Mr. T.R Raghavan, aged 74 years, is an Independent Director on our Board. He is a graduate in Civil Engineering. He has over 50 years of experience working with government and public sector undertakings. He has worked as Senior Superintending Engineer in the Department of Space, Indian Space Research Organisation for over 17 years. He was later sent on deputation to work as Chief Engineer with National Buildings Construction Corporation, where he retired as General Manager – Consultancy & Contracts.

Mr. Chereddi Ramachandra Naidu

Mr.. Chereddi Ramachandra Naidu, aged 60 years, is an Independent Director on our Board. He is a post graduate in Sociology and PhD (Commerce & Management) from Andhra University. He has over 33 years of experience working with Government. He has worked with Police Department of Andhra Pradesh and retired as IG of Police in the year 2007. He has been charged with a nationwide mission to inspect some specific services and provide government officials with advice regarding that service. Now he is advising the Boards of various companies incorporated by him.

Details of borrowing powers

The shareholders at the Annual General Meeting held on September 30, 2008 have passed the resolution under section 293(1)(d) of the Companies Act, 1956, authorizing the Board of Directors to borrow from time to time any sum of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's banks in the ordinary course of business), may exceed the aggregate for the time being of the paid-up share 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. 90,000 lakhs.

Details of Compensation of Managing Director and Whole Time Directors**Mr. C. Ajad Kumar, Chairman & Managing Director**

- (a) Salary (Gross) of Rs. 2.5 Lakhs per month;
- (b) In addition to the salary, He is also entitled for provident fund, superannuating fund, annuity fund, Gratuity, Encashment of earned leave, reimbursement of mobile phone, telephone expenses and club fees ;
- (c) Commission commuted in the manner laid down in the Companies Act, 1956.
- (d) In case no profits or its profits are inadequate, he may still pay as minimum remuneration by way of salary, perquisites and any other allowances not exceeding the ceiling as specified in Schedule XIII, as minimum remuneration and entitled for provident fund, superannuating fund, annuity fund, Gratuity, Encashment of earned leave.

Mr. C. Sreemannarayana, Executive Director

- (a) Salary per month: 1.25 Lakhs (Gross)
- (b) In addition to the salary, He is also entitled for provident fund, superannuating fund, annuity fund, Gratuity, Encashment of earned leave, reimbursement of mobile phone, telephone expenses and club fees;
- (c) Commission commuted in the manner laid down in the Companies Act, 1956.
- (d) In case no profits or its profits are inadequate, he may still pay as minimum remuneration by way of salary, perquisites and any other allowances not exceeding the ceiling as specified in Schedule XIII, as minimum remuneration and entitled for provident fund, superannuating fund, annuity fund, Gratuity, Encashment of earned leave.

Mr. E. Ramesh Kumar, Executive Director

- (a) Salary per month: Rs. 1.25 Lakhs (Gross)
- (b) In addition to the salary, He is also entitled for provident fund, superannuating fund, annuity fund, Gratuity, Encashment of earned leave, reimbursement of mobile phone, telephone expenses and club fees;
- (c) Commission commuted in the manner laid down in the Companies Act, 1956.
- (d) In case no profits or its profits are inadequate, he may still pay as minimum remuneration by way of salary, perquisites and any other allowances not exceeding the ceiling as specified in Schedule XIII, as minimum remuneration and entitled for provident fund, superannuating fund, annuity fund, Gratuity, Encashment of earned leave.

The following tables set forth total compensation paid by the Company to the Executive Directors for the financial year 2009-2010:

(Rs. in lakhs)

Name of Director	Amount
Mr. C. Ajad Kumar	45.00
Mr. C. Sreemannarayana	15.00
Mr. E. Ramesh Kumar	15.00

Remuneration to Independent and Non-Executive Directors

Our Independent and Non-Executive Directors are paid a sitting fee of Rs. 500 (Rupees Five Hundred only) for every meeting of the Board of Directors attended by them with effect from September 29, 2007.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance shall be applicable to us immediately upon listing of our Company's Equity Shares on the Stock Exchanges. Our Company has complied with the requirements of Corporate Governance, particularly those relating to composition of board of directors, constituting the committees such as Audit Committee, Shareholding/Investor Grievance Committee, IPO Committee and Remuneration Committee.

Audit Committee

The Audit Committee was originally constituted on July 25, 2001 and reconstituted on March 2, 2009. It comprises of three Directors all are Independent Directors. The present composition of the audit committee is as under:

Name of Director	Status in Committee	Nature of Directorship
Mr. M. Vijaya Kumar	Chairman	Independent Director
Mr. S. Venkata Reddy	Member	Independent Director
Mr. T R Raghavan	Member	Independent Director

The Statutory and Internal Auditors of our Company are permanent invitees at the meetings of the Committee.

The scope and functions of the Audit Committee are:

- To investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure its financial information to ensure that the financial statement is correct, sufficient and credible.

- g) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- h) Reviewing with management the annual financial statements before submissions to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements whenever applicable.
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.
- i) Reviewing with the management, external and internal auditors and adequacy of internal control systems.
- j) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- k) Discussions with internal auditors any significant findings and follow up thereon.
- l) 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.
- m) Discussions with external auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- n) Reviewing the company's financial and risk management policies.
- o) 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.
- p) To have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submissions to the Board.
- q) To ensure compliance of internal control systems.
- r) The Chairman of the Audit Committee shall attend the Annual General Meetings of our Company to provide any clarification on matters relating to audit sought by the members of the company.
- aa) Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter

There were two audit committee meetings held on August 20, 2009 and November 20, 2009 in the last Financial Year 2009-10.

Shareholder / Investor Grievance Committee

The Shareholder / Investor Grievance Committee was constituted on November 27, 2006 and last reconstituted on July 2, 2010. The present composition of the Shareholder / Investor Grievance committee is as under:

Name of Director	Status in committee	Nature of directorship
Mr. M. Vijaya Kumar	Chairman	Independent Director
Mr. C. Sreemannarayana	Member	Executive Director
Mr. E. Ramesh Kumar	Member	Executive Director

The objective of the Shareholder / Investor Grievance committee is:

- To consider and approve requests for transfers, transmissions, dematerialization / rematerialisation and issue of fresh share certificates on replacement/subdivision/consolidation, issue of duplicate share certificates on loss whether by theft, misplacement or otherwise;
- To review the status of dematerialization of Company's shares and matters incidental thereto;
- To review and monitor the approval to the transfers and transmission made by any Director under executive authority delegated to him from time to time.
- To monitor the matters of litigation related to shareholders and take decisions relating thereto;
- To consider, review and monitor the matters related to the shareholders grievances;
- To consider and finalize the report on Corporate Governance to be annexed with the Annual Report of the company;
- To deal with any other matters related and/or incidental to the shareholders.

Remuneration Committee

The Remuneration Committee was originally constituted on July 6, 2006 and re-constituted by the Board of Directors at their meeting held on March 2, 2009. Its constitution is as follows:

Name of Director	Status in committee	Nature of directorship
Mr. M. Vijaya Kumar	Chairman	Independent Director
Mr. S. Venkata Reddy	Member	Independent Director
Mr. T Raghvan	Member	Independent Director

It shall meet at such times as and when necessary to look after all the elements of remuneration of directors and senior management personnel and the matters as detailed below:

- To determine salaries, benefits, and stock option grants to senior management employees and Directors.
- To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director/Whole Time Directors within limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956
- To act as administrator of the companies employees stock option plans and / or employee stock purchase plans drawn up from time to time.
- To develop and recommend, to the board, corporate governance guidelines applicable to the company.
- To implement policies and processes relating to corporate governance principles
- To lay down policies and procedures to assess the requirement for induction of new members on the board.

IPO Committee

An IPO Committee has been reconstituted at our Board meeting held on May 12, 2010 which comprises of the following members:

Name of Director	Status in committee	Nature of Directorship
Sri C. Ajad Kumar	Chairman	Chairman and Managing Director
Sri C. Sreemannarayana	Member	Executive Director
Sri E. Ramesh Kumar	Member	Whole Time Director
Mr. B. Madhu	Member	Company Secretary

The IPO Committee shall be responsible for taking all decisions relating to opening & closing of the issue; deciding on the terms of the IPO which inter-alia include the issue price, the number of securities to be offered for allotment, amount payable on application, allotment, calls, premium payable, the basis of allotment and allotment of securities; appointment of various intermediaries, which interalia include Book Running Lead Manager (BRLM), Escrow Bankers to the Issue, Legal Counsel to the Issue, Registrar to the Issue, Advertisement Agency, Printers, Underwriters, Syndicate Members or any other agency, as may be required for the completion of the proposed IPO; arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of securities by the Company; opening separate special account(s) with Escrow bank(s) to receive monies in respect of the issue of the securities and to enter into any agreement, if required, with such banks; making applications for listing of the securities of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s) including payment of necessary fee to such stock exchange(s) and taking all actions that may be necessary in connection with obtaining such listing; approving the allotment of securities in consultation with the Designated Stock Exchange and the BRLM; approval of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the Book Running Lead Manager in accordance with applicable laws, rules, regulations and guidelines; authorisation of any director or directors of the Company or other officers or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as authorized persons in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the securities; giving or authorising the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time; and doing all those activities which are required to successfully complete the process of IPO.

Shareholding of Directors in the Company

The Articles of Association of the Company do not require the Directors to hold any equity shares in the Company as qualification shares. The following table sets out the shareholding of the Directors who hold shares either in their personal capacity or as joint holder, as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Directors	Number of Equity Shares	% to pre-issue paid up equity share capital
1.	Mr. C. Ajad Kumar	75,57,440	63.4%
2.	Mr. C. Sreemannarayana	16,32,160	13.7%

3.	Mrs. C.L.R. Bhavani	4,49,280	3.8%
4.	Mr. E. Ramesh Kumar	20,000	0.2%
5.	Mr. M. Vijaya Kumar	-	-
6.	Mr. V. Gandhi Chowdary	-	-
7.	Mr. S. Venkata Reddy	-	-
8.	Mr. T R Raghavan	-	-
Total		96,58,880	81.1%

Interest of Directors

All the Directors may be deemed to be interested to the extent of the sitting fees payable to them for attending meetings of the Board or any committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them. Further, directors may also be deemed to be interested to the extent of Equity Shares held by them or that may be subscribed for and allotted to them out of the present issue, if any. Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity shares.

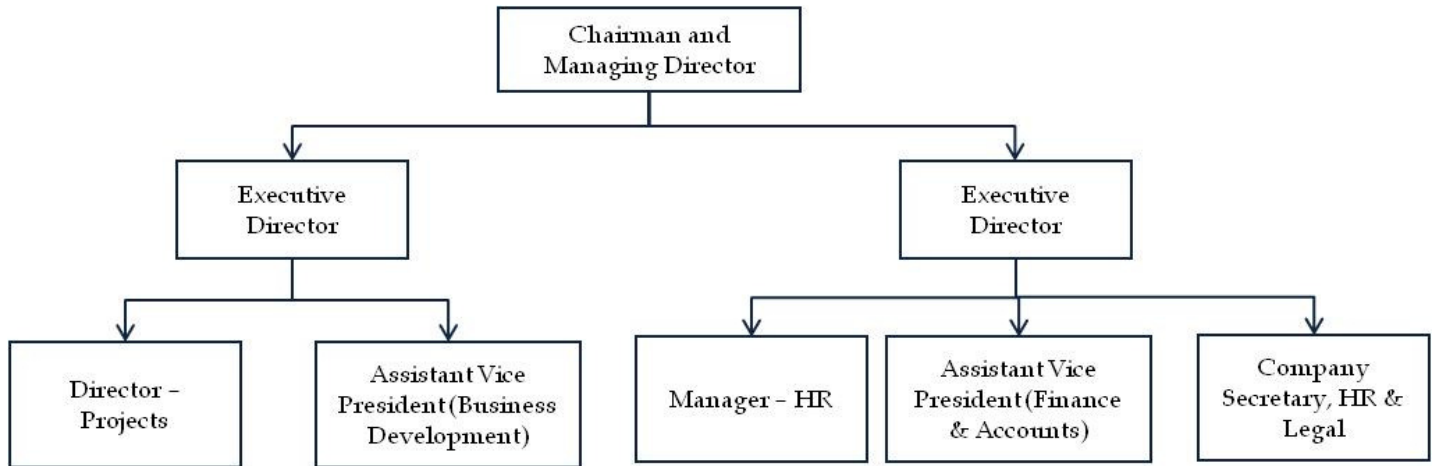
Further, except as stated in "Related Party Transactions" beginning on page no. 136 of this Draft Red Herring Prospectus, to the extent of shareholding in our Company either by themselves or shareholding of companies in which they are interested, the Directors do not have any other interest in our Company. Our Directors do not have any interest in any property acquired by our Company in a period of two years before filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired by us as on date of filing this Draft Red Herring Prospectus with SEBI.

Changes in the Directors in the last three years

The following changes have taken place in the Board of Directors of the Company during the last three years.

S.No.	Name of Director	Date of Appointment	Date of Resignation / Cessation	Reason for change
1.	Mr. M. Lakshmikar Reddy	March 27, 2006	March 17, 2007	Resigned
2.	Mr. S. Venkata Reddy	March 17, 2007	-	Appointment
3.	Mr. Vellanki Gandhi Chowdary	March 27, 2006	June 30, 2010	He was initially appointed as Independent Director. His designation was changed to Wholetime Director on March 2, 2009. He resigned from the capacity of Wholetime Director on June 30, 2010.
4.	Mr. Chereddi Ramachandra Naidu	July 14, 2010	-	Appointment

Organisation Chart



Key Management Personnel

The details of the key managerial personnel of the Company are as follows:

S. No	Name	Age (Yrs)	Date of Joining	Designation	Academic Qualification	Overall experience (in Yrs)	Previous Employment
1.	Mr.P.L. Narasimha Rao	45	June 1, 2005	Asst. Vice President (Department of Tendering)	B.E.(Civil)	22	Koh Brothers Building & Civil Engineering Contractor (PTE) Ltd., Singapore
2.	Mr.P.Srinivasa Rao	46	January 2, 1992	Asst. Vice President (Finance & Accounts)	B.Com	22	Kwanta Cutlass Ltd
3.	Mr. B. Madhu	36	December 14, 2006	Company Secretary and Legal Advisor	B.Sc., LLB, ACS	10	CMC Limited
4.	Mr. R.B. Haranal	61	June 12, 2009	Director - Projects*	Graduate in building and quantity surveying, M.A. (Economics)	40	NABARD
5.	Mr. M. Satya Prasad	32	May 12, 2008	Manager - HR	B.Com , Masters in Human Resource Management	7	Nagarjuna Construction Company Limited

* not Director as per Companies Act, 1956.

1. All the persons named as our Key Managerial Personnel are the permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. None of the above mentioned Key Managerial Personnel are related to each other.

Brief profiles of Key Managerial Personnel

Mr. P. L. Narasimha Rao, Asst. Vice-President (Business Development & Tendering)

Mr. P.L. Narasimha Rao, a graduate in Civil Engineering from Osmania University has more than 24 years of experience in construction industry. Prior to joining our Company he worked for Koh Brothers Building & Civil Engineering Contractor (PTE) LTD, Singapore and where he successfully executed various construction and infrastructure projects. At SVEC, he is responsible for tendering work. For Financial Year 2009-10, he was paid a gross remuneration of Rs. 9.00 lakhs.

Mr. P. Srinivasa Rao, Asst. Vice President (Accounts & Finance)

Mr. P. Srinivasa Rao, a Commerce graduate having 20 years of experience in the areas of Accounts and Finance. He is over all in-charge of the Accounts and Finance of our company and also looks after the Joint Venture Accounts and interaction with the auditors for finalization of various finance reports and author statutory information requirements. For Financial Year 2009-10, he was paid a gross remuneration of Rs. 8.10 lakhs.

Mr. B. Madhu, Company Secretary and Manager (Legal)

Mr. B. Madhu, a B.Sc. (Computer Science) from Andhra University, L.L.B. from Osmania University, Associate Company Secretary has more than 10 years of experience in secretarial, legal, administration, accounts and managerial fields spanning IT, Telecom and Construction Industries. . He worked as an Assistant Manager with CMC Limited. At SVEC, he is responsible for secretarial, compliances and legal work. For Financial Year 2009-10, he was paid a gross remuneration of Rs. 6.00 lakhs.

Mr. R.B. Haranal, Director - Projects

Mr. R.B. Haranal is a graduate in civil engineering from the Institute of Engineers, Calcutta, graduate in building and quantity surveying from the Insitute of Surveyors, Delhi, graduate in quantity surveying from the Royal Institution of Chartered Surveyors, London and M.A. in Economics from the University of Mysore, Karnataka. He has more than 40 years of experience as an Engineer and designer, quality surveyor & valuer and indepth experience as a quality surveyor with particular reference to Project Management. At SVEC, he is holding the position of Director - Projects and involved in monitoring of execution of all building projects and apart from this he is responsible for business development. For Financial Year 2009-10, he was paid a gross remuneration of Rs. 9.00 lakhs.

Mr. M. Satya Prasad, Manager - HR

Mr. M. Satya Prasad, Bachelor of Commerce from Andhra University and Masters of Human Resource Management from Andhra University, has 7 years of experience in human resource management. He was previously employed with Nagarjuna Construction Company Ltd. and having exposure of devising HR policies, manpower forecasting & planning, recruitment, training & development, employee retention activities and statutory compliances etc. At SVEC, he is responsible for recruitment, workforce

management, induction, training and compensation & employee welfare, statutory compliances etc. For Financial Year 2009-10, he was paid a gross remuneration of Rs. 2.96 lakhs.

Shareholding of Key Managerial Personnel

The shareholdings of the key managerial personnel are as under:

S.No	Name of the Employee	No. of Shares
1	Mr. P.L. Narasimha Rao	3,500
2	Mr. P. Srinivasa Rao	6,000
3	Mr. B. Madhu	Nil
4	Mr. R.B. Haranal	Nil
5	Mr. Satya Prasad	Nil

Changes in the key managerial personnel during the last three years

There have been no changes in the Key Managerial Personnel in our Company during the last three years except as stated below:

Name of the Key Managerial Person	Designation	Date of Appointment	Date of Resignation / Cessation	Reason
Mr. P.J. Suryanarayana	General Manager (Machinery & Purchase)	January 19, 2006	December 9, 2009	Resignation
Mr. V.D. Narayanan	Project Manager (Site Engineer)	February 1, 2006	April 1, 2009	Resignation
Mr. M. S. Parameshwaran	Vice President (Projects)	November 30, 2006	September 7, 2009	Resignation
Mr. L. Mantramurthy	Vice President (Finance & Accounts)	October 17, 2008	September 1, 2009	Resignation
Mr. R.B. Haranal	Director - Projects	June 12, 2009	N.A.	Appointment
Mr. Satya Prasad	Manager - HR	May 12, 2008	N.A.	Appointment

Interest of key managerial personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

We have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Draft Red Herring Prospectus in which the key managerial personnel 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.

Bonus or profit sharing plan for the key managerial personnel

Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.

Employees Share Purchase Scheme / Employees Stock Option Scheme to Employees

Presently, we do not have ESOP/ESPS scheme for our employees.

Other benefits to our key managerial personnel

There is no other benefit payable to our Key Managerial Personnel other than listed above.

OUR PROMOTERS

Our Promoters

Mr. C. Ajad Kumar



Driving License Number	DLRAP01671622006
Voter Identification Card Number	AP/13/78/465236

For details of Mr. C. Ajad Kumar, please refer to section titled “Our Management” beginning on Page no. 97 of this Draft Red Herring Prospectus.

Mr. C. Sreemannarayana



Driving License Number	DLDAP016199522006
Voter Identification Card Number	AP/13/78/465322

For details of **Mr. C. Sreemannarayana**, please refer to section titled “Our Management” beginning on Page no. 97 of this Draft Red Herring Prospectus.

Mrs. K. Bhanu Smitha



Driving License Number	DLFAP009222822005
Voter Identification Card Number	N.A.

Mrs. K. Bhanu Smitha, aged 34 years, residing at Plot no. 169, road no. 10C, Jubilee Hills, Hyderabad – 500033, is the Senior Manager (Finance) in our Company. She has done Bachelors of Science in Finance from the Drexel University, Philadelphia, AP, USA. She has overall 4 years of experience in the field of finance and accounts. She has worked for PFPC Investments in USA for 2 years in Mutual Fund Department as a Mutual Fund Analyst. She is presently involved in settlement of payments, cash flow, fund flow and other MIS matters of our Company.

Mrs. C.L.R. Bhavani



Driving License Number	N.A.
Voter Identification Card Number	AP/13/78/468560

For details of Mrs. C.L.R. Bhavani, please refer to section titled “Our Management” beginning on Page no. 97 of this Draft Red Herring Prospectus.

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to Bombay Stock Exchange and The National Stock Exchange of India Limited at the time of filing the Draft Red Herring Prospectus with them.

Interest of our Promoters

Our Promoters viz. Mr. C. Ajad Kumar, Mr. C. Sreemannarayana, Mrs. K. Bhanu Smitha and Mrs. C.L.R. Bhavani are interested to the extent of their shareholding in our Company. Further, our Promoters, Mr. C. Ajad Kumar, Mr. C. Sreemannarayana and Mrs. C.L.R. Bhavani are also the Directors of our Company, and may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them. Mrs. K. Bhanu Smitha is also an employee of the Company and may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to her.

Moreover, Mr. C Ajad Kumar is also a Director in our Promoter Group Company i.e. M/s. SVEC Poly Pack Private Limited, and he may be deemed to be interested to the extent of payment made by our Company, if any, to the Promoter Group Company. For the transactions with our Promoter Group please refer to section titled “Related Party Transactions” on page no. 136 of Draft Red Herring Prospectus.

Payment or benefit to Promoters of our Company

Except as stated in Draft Red Herring Prospectus under related party transactions, no amount or benefit has been paid or given within two years or is intended to be paid or given to any of the promoters or officers of the Company except the normal remuneration for services rendered as directors, officers or employees. For details of payments or benefits paid to our Promoters, please refer to paragraph “Details of Compensation to Managing Directors / Whole time Directors”, respectively of this Draft Red Herring Prospectus.

PROMOTER GROUP

In addition to the Promoters named above, the following natural persons are part of our Promoter Group:

As per Regulation 2 (1)(zb)(ii) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following natural persons form part of our Promoter Group:

Name	Relationship
Mrs. C. Anasuya Devi	Mother of Mr. C. Ajad Kumar
Mrs. Chamundeswari	Wife of Mr. C. Sreemannarayana
Mr. K. Ajay	Husband of Mrs. K. Bhanu Smitha
Master Amshuman	Son of Mr. C. Sreemannarayana
Ms. K. Srivarshini & Ms. K. Shreyani	Daughters of Mrs. K. Bhanu Smitha
Mr. I. Bhaskar Rao	Father of Mrs. C.L.R. Bhavani
Mrs. I. Satyavathi	Mother of Mrs. C.L.R. Bhavani
Mr. I. Nageswara Rao	Brother of Mrs. C.L.R. Bhavani
Mr. G. Ganaeswara Rao	Father of spouse of Mr. C. Sreemannarayana
Mrs. G. Lokeswari	Mother of spouse of Mr. C. Sreemannarayana
Mr. G. Srinivas	Brother of spouse of Mr. C. Sreemannarayana
Mrs. K. Vasundhara Devi	Mother of spouse of Mrs. K. Bhanu Smitha
Mr. K. Harish and Mr. K. Avinash	Brothers of spouse of Mrs. K. Bhanu Smitha

Entities forming part of our Promoter Group

The details of the entities which are part of our Promoter Group are as follows:

1. SVEC Poly Pack Private Limited

Nature of Activity	To carry on business in all types of polythelene (HDPE) , polypropelene, plastic goods and machinery materials		
Date of Incorporation	March 18, 1985		
Registered Office address	1014A Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.		
Name of the Directors	Mr. C. Ajad Kumar and Mr. Nageswara Rao Inampudi		
Shareholding Pattern	Name of the Shareholder	No. of Shares	% of Shareholding
	Mr. C. Ajad Kumar	10,000	20.4%

	Mr. M.Mohan Krishna	860	1.8%
	Mr. Y.Raghunadha Rao	1,200	2.5%
	Mr. D.Veerabhadra Rao	1,200	2.5%
	Mr. M.Mohan Ram	2,700	5.5%
	Mr. M.V.N.Chowdary	1,500	3.1%
	Mr. V.Aruna	1,300	2.7%
	Mr. V.Janardhana Rao	1,250	2.6%
	Mr. I.Bhaskara Rao	950	1.9%
	Mr. V.Poornachandra Rao	850	1.7%
	Mr. I.Nageswara Rao	1,450	3.0%
	Mr. Y.V.R.Padmaja	750	1.5%
	Mrs. V.Krishnaveni	1,350	2.8%
	Mrs. I.Madhavi	1,250	2.6%
	Mrs. Ch.Anasuya Devi	1,000	2.0%
	Mrs. C.L.R.Bhavani	4,250	8.7%
	Mrs. M.Lalitha Rani	2,500	5.1%
	Mrs. M.Vithal Kumari	2,000	4.1%
	Mrs. I.Satyawathi	1,300	2.7%
	Mr. N.Seetharamaiah	450	0.9%
	Mrs. N.Rajeswari	900	1.8%
	Mrs. K.Anasuya Devi	900	1.8%
	Mrs. K.Rama Devi	890	1.8%
	Mrs. K.Lalitha Devi	650	1.3%
	Mr. N.Nageswara Rao	300	0.6%
	Mr. Y.S.V.Prasada Rao	900	1.8%
	Mr. N.Kutumba Rao	1,050	2.1%
	Mr. N.Krishna Mohan Rao	500	1.0%
	Mrs. D.V.L.R.Prasanna	550	1.1%
	Mr. M. Mohan Murali	500	1.0%
	Mr. C. Sreemannarayana	600	1.2%
	Mrs. Ch.Neeraja	350	0.7%
	Mr. K. Kesava Rao	400	0.8%
	Mrs. K.Ganga Bhavani	300	0.6%
	Mr. K. Durga Prasad	500	1.0%

	Mrs. E.Jayaprada	650	1.3%
	Mr. G.Subba Rao	450	0.9%
	Mrs. Sajja Lakshmi	400	0.8%
	Total	48,900	100.0%
Audited Financial Information	2009-2010	2008- 2009	2007- 2008
	(Rs. in lakhs)		
Sales	-	-	-
Other Income	-	-	-
Profit after Tax	(0.17)	(0.88)	(0.11)
Equity Capital (Face Value Rs.100/- per equity share)	48.90	48.90	48.90
Share Application Money	26.13	25.96	13.26
Reserve & Surplus	(87.15)	(86.98)	(86.10)
Earning per Shares (EPS) (Rs.)	(0.35)	(1.80)	(0.23)
Net Asset Value (NAV) (Rs.)*	(24.79)	(24.79)	(48.96)

* NAV is calculated as $NAV = \frac{\{(share\ capital + reserves\ \&\ surplus + Share\ application\ money) - Miscellaneous\ expenditure\}}{Number\ of\ equity\ shares}$

The equity shares of SVEC Poly Pack Private Limited are not listed on any stock exchange. It has not made any public or rights issue in the last three years.

The Board for Industrial and Financial Reconstruction (BIFR), in its hearing held on November 8, 1994, declared SVEC Poly Pack Private Limited as a sick company in terms of Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). On June 8, 2006, the BIFR de-registered the case against the Company as there was no manufacturing activity being carried out for more than 8 years and as such it did not come under the purview of industrial undertaking and industrial company as defined in the SICA.

Since, the company was inoperative for the last more than 15 years and therefore, it had now applied to Registrar of Companies, Andhra Pradesh on August 31, 2010 for striking off its name under the Easy Exit Scheme (EES), 2010.

It has further confirmed that it has not been detained as wilful defaulters by the RBI or any other Government authority in India. Additionally, there are no violations of securities laws committed by it in the past or are pending against it, there have been no defaults in meeting any statutory / bank / institution dues, no proceedings have been initiated for economic offences against it and it has not been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

Details of entities from which Promoters have disassociated

We do not have any Promoter Group Company from which Promoters have disassociated during the last three years preceding the date of filing of this Draft Red Herring Prospectus.

Details of Promoter group companies whose names have been struck off from Registrar of Companies

SVEC Finance & Investments Private Limited was promoted by Sri C. Ajad Kumar & Mrs. C.L.R. Bhavani on February 4, 1987 with the main objects of investment and trading, hire-purchasing, leasing activity, etc. As the company was inoperative right from the date of its incorporation, it was decided to close the company by using the opportunity given by Ministry of Company Affairs, u/s 560 of the Companies Act, 1956 (Simplified Exit Scheme, 2003) by circular dated 13/2003. Accordingly an application was made to the Registrar of Companies, Andhra Pradesh on March 31, 2004 for striking of name of the company u/s 560 of the Companies Act, 1956. On December 30, 2005, the RoC of Companies, Andhra Pradesh, Hyderabad had struck off the name of the company from the Register and it stands dissolved. Hence the company is no longer in existence.

Undertaking/confirmations

Our Promoters and Promoter Group companies have confirmed that they have not been detained as willful defaulters by the RBI or any other Government authority. Additionally, there are no violations of securities laws committed by them in the past or are pending against them and none of our Promoters or persons in control of body corporate forming part of our Promoter Group have been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

Further none of our Promoters or Promoter Group have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up or BIFR proceedings initiated against any of our Promoter Group except for SVEC Poly Pack Private Limited, the details of which are appearing on page no. 113 of this Draft Red Herring Prospectus. None of our Promoter Group are listed on any stock exchange. Further, none of our Group Companies has made any public or right issue in preceding three years.

Interest of Promoters/Promoter Group in the Property of our Company

Our Promoters/Promoter Group have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company. Further, other than as mentioned in the section titled "Our Business", our Promoters do not have any interest in the acquisition of any land, construction of any building or supply of any equipment/machinery.

Common Pursuits / Conflict of Interest

Our Promoter Group Company(ies) do not have any common pursuits and are not engaged in businesses similar to those carried out by our Company. There are no transactions relating to sales or purchases between our Company and our Promoter Group Company exceeding 10% of the sales or purchases of our Company during the last 5 years.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, please refer to page number 136 of this Draft Red Herring Prospectus appearing as Annexure - XVII of Auditor's Report under section titled "Financial Information".

DIVIDEND POLICY

The following are the dividend payouts by our Company in the last five years:

(Rs. in lakhs)

Financial Year	Dividend per Equity share	Amount*
FY 2005-06	-	-
FY 2006-07	-	-
FY 2007-08	Rs. 0.25 per equity share i.e. 2.5% of the Face value of Rs. 10/- per equity share	29.79
FY 2008-09	Rs. 0.50 per equity share i.e. 5% of the Face value of Rs. 10/- per equity share	59.58
FY 2009-10	Rs. 0.50 per equity share i.e. 5% of the Face value of Rs. 10/- per equity share	59.58

* excluding Corporate Dividend Tax.

We do not have any formal dividend policy. The declaration and payment of dividend if any, will be recommended by the Board of Directors and declared the shareholders of our Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. Our Board of Directors may also pay interim dividend from time to time.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future

SECTION V - FINANCIAL STATEMENTS OF THE COMPANY

AUDITORS REPORT

The Board of Directors,
SVEC Constructions Limited,
1014, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001

Dear Sirs,

A. a) We have examined the annexed financial information of SVEC Constructions Limited for the five financial years ended 31st March 2006, 2007, 2008, 2009 and 2010 being the last date to which the accounts of the Company have been made up and audited by us.

b) The Financial information has been approved by the Board of Directors of the Company for the purpose of disclosure in the Draft Red Herring Prospectus in connection with its proposed Initial Public Offering, which has been prepared in accordance with the requirements of:

- 1) Paragraph B (1) of Part II of Schedule II to the Companies Act 1956 ('the Act')
- 2) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI (ICDR) Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') from time to time as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;
- 3) The terms of reference given vide your letter dated 19-07-2010 requesting us to carry out work in connection with the Issue as aforesaid.

We report that:

- i. The restated profits of the Company for the financial years ended 31st March 2006, 2007, 2008, 2009 and 2010 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV and Annexure V to this report.

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

- the impacts of changes in accounting policies adopted by the Company retrospectively in respective financial years have been adjusted with retrospective effect in the attached summary statements;
- the prior period items have been adjusted in the summary statements in the years to which they relate;
- the extraordinary items have been disclosed separately in the summary statements; and
- There are no qualifications in the Auditors' Reports, which require any adjustments to the summary statements.

- ii. The restated assets and liabilities of the Company as at 31st March 2006, 2007, 2008, 2009 and 2010 are as set out in Annexure II to this report after making such adjustments / restatements and regroupings as in our opinion are appropriate and are more fully described in the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV and Annexure V to this report.

iii. The restated Cash Flow Statement of the Company as at 31st March 2006, 2007, 2008, 2009 and 2010 are as set out in Annexure III to this report after making such adjustments / restatements and regroupings as in our opinion are appropriate and are more fully described in the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV and Annexure V to this report.

4) The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements and notes to accounts are enclosed as Annexure IV and Annexure V, respectively, to this report.

B. We have examined the following financial information relating to the Company proposed to be included in the Draft Red Herring Prospectus, as approved by the Board of Directors and annexed to this report:

Annexure VI	Details of Investments
Annexure VII	Statement of Sundry Debtors
Annexure VIII	Details of Loans and Advances
Annexure IX	Details of Unsecured Loans
Annexure X	Details of Secured Loans
Annexure XI	Details of Contingent Liability
Annexure XII	Details of Other Income
Annexure XIII	Statement of Accounting Ratios
Annexure XIV	Statement of Dividend Paid
Annexure XV	Capitalization Statement
Annexure XVI	Statement of Tax Shelter
Annexure XVII	Statement of Related Party Disclosures

This report is intended solely for your information and for the inclusion in the Draft Red Herring Prospectus in connection with proposed Initial Public Offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **C. VENKAT KRISHNA & CO.**

CHARTERED ACCOUNTANTS

Firm Regn. No.004599S

(U. Gopalakrishna Murthy)

Partner

(M. NO. 025824)

Place: Hyderabad

Date : 31-08-2010

ANNEXURE I

STATEMENT OF RESTATED PROFIT & LOSS ACCOUNT

(Rs. in lakhs)

YEAR / PERIOD ENDED	2009-10	2008-09	2007-08	2006-07	2005-06
INCOME					
Contract Receipts	20,539.04	22,613.65	17,502.35	14,103.23	9,115.87
Other Income	201.90	369.37	220.00	150.95	26.81
Increase / (Decrease) in Work in Progress	(289.86)	360.80	(1,050.88)	691.49	303.30
Total Income	20,451.08	23,343.82	16,671.47	14,945.67	9,445.98
EXPENDITURE					
Materials consumed	7,283.70	7,237.30	4,468.62	4,347.95	1,920.25
Works expenditure	8,830.92	11,873.18	9,003.48	8,125.85	5,695.47
Administration Expenses	1,499.83	1,537.00	1,228.68	661.12	492.94
Total Expenditure	17,614.45	20,647.48	14,700.78	13,134.92	8,108.66
Operating Profit Before Finance cost, Depreciation and Income Tax	2,836.63	2,696.34	1,970.69	1,810.75	1,337.32
Interest & Finance charges	1,442.40	933.94	583.18	388.28	352.34
Depreciation & amortization	418.41	371.46	292.32	270.18	197.50
Net Profit before tax and Extraordinary items	975.82	1,390.94	1,095.19	1,152.29	787.48
Provision for Taxation	333.95	495.93	389.54	397.11	267.89
Current Tax & FBT	287.23	431.00	393.00	355.01	218.10
Deferred tax	46.72	64.93	(3.46)	42.10	49.79
Net Profit after tax before Extraordinary items	641.87	895.01	705.65	755.18	519.59
Extraordinary items (net of tax)	-	-	216.03	-	-
Net Profit after Extraordinary items	641.87	895.01	489.62	755.18	519.59
Provision for Dividend and tax thereon	69.70	69.70	34.85	-	-
Net Profit carried to the Balance Sheet	572.17	825.31	454.77	755.18	519.59

ANNEXURE II

STATEMENT OF AUDITED ASSETS & LIABILITIES AS RESTATED

(Rs. in lakhs)

YEAR / PERIOD ENDED	2009-10	2008-09	2007-08	2006-07	2005-06
A. Fixed Assets					
Gross Block	5,764.87	5,601.77	4,187.98	3,889.69	3,203.88
Less: Depreciation	1,650.54	1,403.99	1,097.57	961.47	764.29
Net Block	4,114.33	4,197.78	3,090.41	2,928.22	2,439.59
Less: Revaluation Reserve	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-
Total (A)	4,114.33	4,197.78	3,090.41	2,928.22	2,439.59
B. Investments	0.21	0.21	-	7.63	38.74
C. Current Assets, Loans & Advances					
1. Current Assets					
Inventories					
Raw Materials	1,734.65	2,066.03	1,339.84	604.34	511.34
Work in progress	325.10	614.96	254.16	1,305.04	613.55
Sundry Debtors	5,323.81	4,773.39	2,933.86	265.73	664.14
Cash & Bank Balance	1,704.78	1,910.60	868.02	822.21	1,099.85
Other Current Assets	2,686.34	1,979.42	1,108.80	695.46	543.14
2. Loans and Advances	2,698.10	2,399.80	2,359.53	1,475.99	1,836.34
Total (C)	14,472.78	13,744.2	8,864.21	5,168.77	5,268.36
D. Total Assets (A+B+C)	18,587.32	17,942.19	11,954.62	8,104.62	7,746.69
E. Liabilities & Provisions					
Secured Loans	5,971.95	5,349.27	3,450.02	1,176.76	979.13
Unsecured Loans	2,620.77	2,786.52	1,755.36	1,328.13	1,934.06
Deferred Tax Liabilities / (Assets)	298.72	252.00	187.07	190.53	148.43
Current Liabilities and Provisions	5,273.03	5,703.72	3,536.80	2,838.60	2,966.01
Total (E)	14,164.47	14,091.51	8,929.25	5,534.02	6,027.63
F. Networth (D-E)	4,422.85	3,850.68	3,025.37	2,570.60	1,719.06
G. Represented by:					
Share Capital	1,191.56	1,191.56	1,191.56	1,191.56	684.50
Reserves & Surplus	3,231.29	2,659.12	1,833.81	1,379.04	1,034.56
Less: Revaluation Reserve	-	-	-	-	-
Reserves & Surplus (Net of Revaluation Reserves)	3,231.29	2,659.12	1,833.81	1,379.04	1,034.56
Net Worth	4,422.85	3,850.68	3,025.37	2,570.60	1,719.06

ANNEXURE III

STATEMENT OF RESTATED CASH FLOW STATEMENT

(Rs. in lakhs)

YEAR / PERIOD ENDED	2009-10	2008-09	2007-08	2006-07	2005-06
(A) Cash flows from operating activities					
Net profit before taxation, and extraordinary items	975.82	1,390.94	1,095.19	1,152.29	787.48
Adjustments for:					
Depreciation	418.41	371.46	292.32	270.18	191.75
Other amount written off/amortization	-	-	-	-	5.75
Loss / (Profit) on sale of Fixed Assets	0.85	25.55	169.42	44.14	10.84
Interest expense	1,031.66	589.19	328.44	165.99	179.77
Interest Income	(90.47)	(80.34)	(46.47)	(22.63)	(18.20)
Operating profit before working capital changes	2,336.27	2,296.80	1,838.90	1,609.97	1,157.39
Adjustments for:-					
Decrease/ (Increase) in Trade and other receivables	(1,555.64)	(2,750.42)	(3,965.01)	606.44	(1,745.21)
Decrease/ (Increase) in Inventories	621.24	(1,086.99)	315.38	(784.49)	(608.07)
Increase / (Decrease) in Current Liabilities	(430.69)	2,166.92	698.20	(127.41)	2,039.65
Cash generated from operations	971.18	626.31	(1,112.53)	1,304.51	843.76
Direct Tax Paid	(297.35)	(441.12)	(398.06)	(355.01)	(218.10)
Cash flow before extraordinary items	673.83	185.19	(1,510.59)	949.50	625.66
Extraordinary items	-	-	(216.03)	-	-
Net Cash from Operating Activities	673.83	185.19	(1,726.62)	949.50	625.66
(B) Cash flows from Investing Activities					
Purchase of fixed assets	(336.88)	(1,552.77)	(916.08)	(945.90)	(2,043.18)
Sale of Fixed Assets	1.07	48.39	292.15	142.95	10.40
Sale/ (Purchase) of Investments	-	(0.21)	7.63	31.11	17.10
Interest Income	90.47	80.34	46.47	22.63	18.20
Net cash from Investing Activities	(245.34)	(1,424.25)	(569.83)	(749.21)	(1,997.48)
(C) Cash flow from Financing Activities					
Proceeds from Long Term Borrowings		1,426.73	1,174.95	-	1,488.48
Repayment of Long term borrowings	(1,341.24)			(585.66)	
Short Term borrowings (C.C. Limits)	1,798.17	1,503.68	1,525.54	177.36	37.07
Receipts of Share Application Money	-	-	-	96.36	306.21
Interest paid	(1,031.66)	(589.19)	(328.44)	(165.99)	(179.77)
Dividend paid	(59.58)	(59.58)	(29.79)	-	-
Net Cash used in Financial Activities	(634.31)	2,281.64	2,342.26	(477.93)	1,651.99
Net Increase in cash and equivalents (A+B+C)	(205.82)	1,042.58	45.81	(277.64)	280.17
Opening Balance of Cash & Equivalents	1,910.60	868.02	822.21	1,099.85	819.68
Closing Balance of Cash & Equivalents	1,704.78	1,910.60	868.02	822.21	1,099.85

SIGNIFICANT ACCOUNTING POLICIES

Company Overview

SVEC Constructions Limited was incorporated in the year 1985. The company is an infrastructural development company engaged in the business of civil, electrical and mechanical construction works on contract basis with Government, Semi-Government and Private organizations.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. General

Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles.

3. Use of Accounting Estimates

The presentation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of incomes and expenses during the reporting year. Examples of such estimates include contract costs expected to be incurred to complete construction contracts, income tax and future obligation under employee retirement benefit plans etc. Actual results could differ from those estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

4. Fixed assets

Fixed Assets are stated at their original cost less accumulated depreciation and amortization. Cost includes freight, duties, taxes and other incidental expenses relating to acquisition and installation.

5. Depreciation

Depreciation on fixed assets, except on temporary sheds constructed at work sites, is provided on pro-rata basis, at the rates specified in Schedule XIV to the Companies Act, 1956 on the following basis :

Written down value method (WDV)	: On the Fixed assets acquired upto March 31, 1993
Straight line method (SLM)	: On the Fixed assets acquired after April 1, 1993
i. Temporary sheds	: Amortised over the year of the respective project, on a project to project basis.
ii. Shuttering & Centering Materials	: 10% Straight Line Method

6. Recognition of contract revenue and expenses

- a) Revenue from fixed price construction contracts is recognized by reference to the stage of completion of each contract at the reporting date of the financial statements on the basis of percentage completion method.
- b) Expenditure incurred on new contracts in respect of which no bills are raised is taken as Work in Progress.
- c) The Stage of completion of contract is determined by survey of work done and/or on physical proportion of the contract work completed on the basis of expenditure incurred up to the date of reporting as its bears to the total cost of the contract as the case may be.
- d) Expected losses on the construction contracts is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue except to the extent they are expected to be recovered through claims preferred or in arbitration.
- e) Variations and other claims in the contract works are included in contract revenue only when they are acknowledged/accepted by the clients.

7. Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only when such a decline is other than temporary in the opinion of the management. There are no current (short term) investments.

8. Joint Ventures

- a) In work sharing joint venture arrangements, all the revenues, expenses are accounted in the Books of Account of the company to the extent it has executed the work along with the Assets and Liabilities.
- b) In jointly controlled entities, the company's share of profit or losses for the year is accounted. The net investment is shown as investment and the balance in the current account is shown as Current Assets/Current Liabilities.

9. Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the Lessor are classified as operating leases. Lease rental payments under operating lease are recognized as an expense in the Profit and Loss account.

10. Inventories

Inventories, as certified by the management, are valued on the basis mentioned below:

Construction materials, stores and spares	:	At cost or replacement value whichever is less (cost determined using First in First out method)
Unbilled Work in Progress	:	At estimated cost or net realizable value, whichever is less

11. Taxes on Income

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year. Provision for Current tax is made after considering tax allowances and exemptions admissible under the provisions of Income Tax Act, 1961 and the Rules made there under.
- b) Deferred Tax for the year is recognized on timing differences; being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

- c) Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is a reasonable/virtual certainty of their realization.

12. Borrowing Costs

Borrowing Costs that are attributable to the acquisition and construction of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit & Loss Account.

13. Impairment of Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on Fixed Assets by considering the indications that as impairment loss may have occurred in accordance with Accounting Standard 28. Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on Fixed Assets is made for the difference. If at the balance sheet date, there is an indication that the previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of historical cost or recoverable amount with a corresponding adjustment to the Profit & Loss Account

14. Retirement Benefits to Employees

- a) In accordance with the provisions of the Payment of Gratuity Act, 1972, the company provides for gratuity covering eligible employees on the basis of their years of service and salary drawn. The liability is partly funded through MetLife India Insurance Co. Pvt. Ltd.
- b) Leave encashment liability is provided on the basis of accumulated leave eligible for encashment as per the Company's policy.

15. Assets Acquired on Hire Purchase

In accordance with Accounting Standard 19 (Hire purchase/lease finance transactions) issued by the Institute of Chartered Accountants of India and made mandatory, the assets acquired on HP/Lease finance on or after April 1, 2001, are capitalized and loan liability recognized for an equivalent amount. Accordingly depreciation has been provided on such assets. HP/Lease rentals paid are allocated between the liability account and the interest cost.

16. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. There are reviewed at each Balance Sheet date and adjusted to reflect the current best management estimates. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES TO RESTATED ACCOUNTS

1. Statement of Adjustments in Profit & Loss Account

(Rs. in lakhs)

Year/Period ended	2009-10	2008-09	2007-08	2006-07	2005-06
Profit as per Profit & Loss Account (After Tax)	624.11	923.45	454.89	753.42	525.22
Add / (Less) Adjustments for:					
Depreciation		100.94	(38.91)	(25.05)	(25.05)
Gratuity					16.24
Income Tax	5.01		2.77	3.13	2.34
Interest on Income Tax	12.75	(0.57)	(0.19)	(4.66)	(3.02)
Deferred tax		(128.81)	71.06	28.34	3.86
Net Profit as per Restated Profit & Loss A/c	641.87	895.01	489.62	755.18	519.59

(A) Adjustments on account of change in accounting policies and material adjustments relating to previous years/periods

- Till FY 2007-08, the centering & shuttering material were depreciated at the rate of 4.75% on Straight Line Method. From FY 2008-09, the rate of depreciation was changed from 4.75% to 10.0%. For the purpose of restatement, we have made adjustment in depreciation expense by charging depreciation at the rate of 10.0% for the FY 2005-06, 2006-07 and 2007-08 to maintain uniformity. Further depreciation expense pertaining to the period prior to April 1, 2005 was adjusted in Reserves & Surplus as on March 31, 2005.
- Prior period expenses have been adjusted in the respective years to which they relate to for the purpose of restated financial statements. Further, expenses pertaining to the period prior to April 1, 2005 have been adjusted in Reserves & Surplus as on March 31, 2005.
- The profit and loss account of certain years includes amounts paid/provided for or refunded, in respect of short/excess income tax arising out of assessments and/or on account of short /excess provision of tax of earlier years. The impact on account of such short/ excess income tax has been adjusted in respective years.
- Deferred tax liability upto 31-3-2009 was re-calculated and the excess liability provided has been adjusted in the accounts in that year. In the restated financial statements, this has been adjusted to the profit & loss account of the respective years.

(B) Material Regroupings

- During the FY 2007-08, the amount of unbilled/closing work in progress was included in total Contract Receipts, while the opening work in progress was booked as an expense under works expenditure. For the purpose of restatement, we have reclassified the change in work in progress as a separate line item under increase/decrease in work in progress. Further, the amount of unbilled/closing work in progress shown as a part of inventory in the FY 2007-08, has been regrouped under sundry debtors.

- b) The expenditure incurred towards mess expenditure amounting to Rs. 55.35 lakhs, Rs. 60.23 lakhs and Rs. 110.05 lakhs in FY 2006-07, 2007-08 and 2008-09 have been removed from Administrative Expenses and regrouped with the works expenditure.
 - c) The commission received during the FY 2005-06 & FY 2006-07, earlier included under other income, has been adjusted with the works expenditure.
 - d) The amount outstanding towards short term loan from Banks within a period of one year earlier shown in current liabilities and provisions has been regrouped under secured loans.
 - e) The amount outstanding towards interest on mobilization advance earlier included in current liabilities and provisions have been regrouped under unsecured loans.
 - f) The amount due from contractees towards service tax receivable earlier shown under other current assets has been regrouped under sundry debtors.
 - g) The tax deducted at source done by the contractees and other parties has been adjusted in current liabilities & provisions from other current assets.
2. The Company's operations comprise of only one reportable segment as per Accounting Standard 17 on Segment Reporting i.e. civil construction business. During the reported period, the Company has been engaged in its business only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

3. Major Components of Deferred Tax Assets and Deferred Tax Liability

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Deferred Tax Liability	316.30	264.71	196.96	200.52	152.23
Arising on account of timing difference in depreciation					
Deferred Tax Assets					
Arising on account of timing difference in:					
1. Provision for gratuity	14.12	8.72	8.72	6.22	-
2. Provision for Leave encashment	1.01	1.01	1.01	0.93	0.75
3. Provision for sales tax	2.45	2.98	0.16	2.84	3.05
Net Deferred Tax Liability	298.72	252.00	187.07	190.53	148.43

4. Interest in Joint Ventures

The Company has been a member of the following Joint Ventures:

Name of the Joint Venture	Share of SVEC Constructions Limited				
	2009-10	2008-09	2007-08	2006-07	2005-06
L&T - SVEC JV	25%	25%	-	-	-
SVEC INDU JV	51%	51%	-	-	-

The Company's share of assets, liabilities, income and expenses related to its interest with the joint ventures is:

(Rs. in lakhs)

Particulars	Description	2009-10	2008-09	2007-08	2006-07	2005-06
Assets	Mobilization advance given by the Joint Venture and other assets	261.30	180.49	-	-	-

Liabilities	Mobilization advance secured by the Joint Venture and other liabilities	259.37	184.72	-	-	-
Contingent liabilities		-	-	-	-	-
Net Income		0.21	1.78	-	-	-

ANNEXURE VI

Details of Investments

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Unquoted :					
8,740 Equity shares of Rs.100/- each fully paid up in SVEC Polypack Private Limited	-	-	-	7.63	7.63
Share application money in SVEC Polypack Private Limited					31.11
210 Equity shares of Rs.100/- each fully paid up in Soma Hyderabad City Centre (P) Ltd.	0.21	0.21	-	-	-
Total	0.21	0.21	-	7.63	38.74

ANNEXURE VII

Statement of Sundry Debtors

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Secured, considered good					
- Less than six months	-	-	-	-	-
- More than six months	-	-	-	-	-
Unsecured, considered good					
- Less than six months	5,132.85	4,650.25	2,933.86	251.10	626.91
- More than six months	190.96	123.14	-	14.63	37.23
Total	5,323.81	4,773.39	2,933.86	265.73	664.14

Sundry debtors include debts due by following firms / Companies / Joint Ventures of the Company in which Director is a Partner / Director / Member:

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Secured, considered good					
- Less than six months	-	-	-	-	-
- More than six months	-	-	-	-	-
Unsecured, considered good					
- Less than six months	47.55	-	-	-	-

(From L&T-SVEC JV)					
- More than six months	-	-	-	-	-
Total	47.55	-	-	-	-

None of the beneficiaries of Sundry Debtors are related to the Promoters/Directors of the Company.

ANNEXURE VIII

Details of Loans and Advances

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Advances to Sub-Contractors, Suppliers etc.	2,698.10	2,399.80	2,359.53	1,469.98	1,656.65
Advances to Related Parties	-	-	-	6.01	179.69
Total	2,698.10	2,399.80	2,359.53	1,475.99	1,836.34

The above includes the following receivables from related parties:

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
SVEC Polypack Private Limited	-	-	-	6.01	160.86
K.S.N. Prasad Engineering and Pre-stressed Products Private Limited	-	-	-	-	18.83
Total				6.01	179.69

Note:

- Entire Equity held by the Company in K.S.N. Prasad Engineering and Pre-stressed Products Private Limited was sold on March 13, 2006. Since then it ceases to be an associate company.
- Loans and Advances of the previous years have been regrouped wherever necessary.

ANNEXURE IX

Details of Unsecured Loans

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Advances from Contractees	2,036.33	2,250.86	1,522.69	1,128.13	1,934.06
Advances from others	-	13.16	232.67	200.00	-
Advance from L&T-SVEC joint venture	584.44	522.50	-	-	-
Total	2,620.77	2,786.52	1,755.36	1,328.13	1,934.06

ANNEXURE X

Details of Secured Loans

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Overdraft from Banks	5,298.17	3,500.00	1,996.32	470.78	293.42

Short Term Loan From Banks	-	799.92	500.01	-	-
Plant & Equipment and Vehicle Loans	673.78	1,049.35	953.69	705.98	685.71
Total	5,971.95	5,349.27	3,450.02	1,176.76	979.13

The details of secured loans as at March 31, 2010 are as under:

(Rs. in lakhs)

Name of the Financier	Description	Amount of Loan taken / sanctioned	Amount outstanding	Effective Rate of Interest	Repayment Terms	Security Offered
State Bank of India	CC Limit	3,500.00	3,499.01	12.50	On demand	The Loans are secured by way of Paripassu charge of hypothecation of Fixed Assets of the Company, excluding H.P. Term Loans and Land & Buildings properties belonging to others.
IDBI Bank Ltd	CC Limit	1,000.00	999.28	12.75	On demand	The Loans are secured by way of Paripassu charge of hypothecation of Fixed Assets of the Company, excluding H.P. Term Loans and Land & Buildings properties belonging to others.
UCO Bank	CC Limit	800.00	799.88	14.00	On demand	The Loans are secured by way of Paripassu charge of hypothecation of Fixed Assets of the Company, excluding H.P. Term Loans and Land & Buildings properties belonging to others.
State Bank of India	Equipment Loan	300.00	60.00	14.25	36 Months	First Charge on the Vehicle \ Equipment Financed
State Bank of India	Equipment Loan	320.00	258.59	11.50	36 Months	First Charge on the Vehicle \ Equipment Financed
ICICI Bank	Vehicle Loan	9.00	0.29	10.76	35 Months	First Charge on the Vehicle \ Equipment Financed
ICICI Bank	Vehicle Loan	60.00	34.54	11.20	48 Months	First Charge on the Vehicle \ Equipment Financed
GE Capital TFS Limited	Equipment Loan	6.56	1.03	12.18	36 Months	First Charge on the Vehicle \ Equipment Financed
GE Capital TFS Limited	Equipment Loan	17.16	2.71	12.04	36 Months	First Charge on the Vehicle \ Equipment Financed
GE Capital TFS Limited	Equipment Loan	17.16	2.70	12.04	36 Months	First Charge on the Vehicle \ Equipment Financed

GE Capital TFS Limited	Equipment Loan	48.69	7.67	12.18	36 Months	First Charge on the Vehicle\ Equipment Financed
Axis Bank	Vehicle Loan	5.92	3.71	12.25	36 Months	First Charge on the Vehicle\ Equipment Financed
Axis Bank	Vehicle Loan	5.92	3.71	12.25	36 Months	First Charge on the Vehicle\ Equipment Financed
Axis Bank	Vehicle Loan	6.60	4.65	11.50	36 Months	First Charge on the Vehicle\ Equipment Financed
Kotak Mahindra Bank Ltd	Vehicle Loan	9.91	9.36	8.75	36 Months	First Charge on the Vehicle\ Equipment Financed
SREI Infrastructure Finance Limited	Equipment Loan	104.32	60.66	16.50	34 Months	First Charge on the Vehicle\ Equipment Financed
SREI Infrastructure Finance Limited	Equipment Loan	327.07	158.61	10.00	34 Months	First Charge on the Vehicle\ Equipment Financed
SREI Infrastructure Finance Limited	Equipment Loan	820.63	65.55	16.50	34 Months	First Charge on the Vehicle\ Equipment Financed

ANNEXURE XI

Details of Contingent Liabilities

(Rs. in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Performance Guarantee issued by Banks on behalf of the Company	6,656.49	6,646.82	1,494.50	828.91	638.63
Sales Tax payable under dispute	18.13	18.13	25.17	55.20	25.18
Civil Disputes in courts of law	41.70	41.70	21.26	21.26	21.26
Total	6,716.32	6,706.65	1,540.93	905.37	685.07

We have examined all the contracts, claims and litigations against the Company and have analyzed the likely impact of the same as indicated above. We, based on the records available with the company and the information & explanations provided by the management, certify that apart from the contingent liabilities indicated above the company does not have any other contingent liabilities.

ANNEXURE XII

Details of Other Income

(Rs. in lakhs)

Particulars	Recurring / Non-recurring	Related / Not related to Business activity	2009-10	2008-09	2007-08	2006-07	2005-06

Profit Before Tax & Extra ordinary items			975.82	1,390.94	1,095.19	1,152.29	787.48
20% of Net Profit Before Tax			195.16	278.19	219.04	230.46	157.50
Other Income for the Year							
Interest from Banks & Others	Recurring	Not related	90.47	80.34	46.47	22.63	18.20
Sale of Aggregates	Recurring	Related	104.47	114.11	122.92	-	-
Miscellaneous Income	Non-Recurring	Not-Related	6.75	173.14	50.61	128.32	8.61
Share of profit in Joint venture	Recurring	Related	0.21	1.78	-	-	-
Total			201.90	369.37	220.00	150.95	26.81
Other Income as % of Profit Before Tax & Extraordinary items			20.69%	26.56%	20.09%	13.10%	3.40%

ANNEXURE XIII

Statement of Accounting Ratios

(Rs. in lakhs)

Year / Period Ended	2009-10	2008-09	2007-08	2006-07	2005-06
Basis of Accounting Ratio					
Net Profit after tax but before Extraordinary Item (1)	641.87	895.01	705.65	755.18	515.59
Net Worth (2)	4,422.85	3,850.68	3,025.37	2,570.60	1,719.06
Weighted Average No. of Shares outstanding at the end of year / period for the purpose of EPS and NAV Calculation *	1,19,15,600	1,19,15,600	1,19,15,600	1,13,77,644	56,62,268
Accounting Ratios:					
Earnings per share (Rs.) (excluding extraordinary items)	5.39	7.51	5.92	6.64	9.18
Return on Net Worth (%) (1/2) (excluding extraordinary items)	14.5%	23.2%	23.3%	29.4%	30.2%
Net Assets Value per Share (Rs.)	37.12	32.32	25.39	22.59	30.36

The ratios have been computed as below:

- Earnings per Share (Rs.): Net profit attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share are calculated in accordance with Accounting Standard 20 "Earnings Per Share", issued by the Institute of Chartered Accountants of India. The Company issued Bonus Shares in the ratio of 3:1 on January 3, 2006 and in the ratio of 3:5 in October 17, 2006. The weighted average numbers of shares have been calculated accordingly.

- ii. Return on Net Worth (%): Net Profit after tax / net Worth as at the end of the year / period.
- iii. Net Assets Value (Rs.): Net worth at the end of the year / Weighted Number of Equity Shares outstanding at the end of the year / period.

ANNEXURE XIV

Statement of Dividend Paid

(Rs. in lakhs)

Year / Period Ended	2009-10	2008-09	2007-08	2006-07	2005-06
Dividend	59.58	59.58	29.79	-	-
Dividend per equity share (Rs. / share)	0.50	0.50	0.25	-	-
Dividend as a % of Face Value of equity share	5%	5%	2.5%	-	-

The amounts mentioned are excluding corporate dividend tax.

ANNEXURE XV

Statement of Capitalization

(Rs. in lakhs)

Particulars	Pre Issue as on March 31, 2010	Post Issue *
Borrowing		
Short Term Debt	6,441.36	[●]
Long Term Debt	2,151.36	[●]
Total Debt	8,592.72	[●]
Shareholders Fund		
Equity Share Capital	1,191.56	[●]
Reserve & Surplus	3,231.29	[●]
Less : Misc. Expenditure not written off	-	[●]
Total Shareholders' Fund	4,422.85	[●]
Long Term Debt / Equity Ratio	0.49	[●]

* The above figures shall be disclosed on the conclusion of Book Building Process.

Note: Short Term Debt represents amount repayable within one year from March 31, 2010

ANNEXURE XVI

Statement of Tax Shelter

(Rs. in lakhs)

Year / Period Ended	2009-10	2008-09	2007-08	2006-07	2005-06
Tax Rate (including surcharge and education cess)	33.99%	33.99%	33.99%	33.66%	33.66%
Net Profit/(Loss) before Tax (as restated)	975.82	1,390.94	1,095.19	1,152.29	787.48
Tax on book profits at applicable Rate	331.68	472.78	372.26	387.86	265.07
Adjustments:					

Timing Differences					
Differences between Income Tax & book depreciation	(153.64)	(189.20)	(152.13)	(187.63)	(187.84)
Other adjustments	18.95	34.51	177.84	68.82	32.05
Permanent Differences	-	-	-	-	-
Net adjustments	(134.69)	(154.69)	25.71	(118.81)	(155.79)
Tax saving thereon	(45.78)	(52.58)	8.74	(39.99)	(52.44)
Tax on Profits before extra-ordinary items	285.90	420.20	380.99	347.87	212.63

ANNEXURE XVII

Statement of Related Party Disclosures

The Company has entered into the following related party transactions, such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India. List of Related parties with whom transactions have taken place and relationship of the Company with them are as under:

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Promoter Group Company	SVEC Poly Pack Private Limited	SVEC Poly Pack Private Limited	SVEC Poly Pack Private Limited	SVEC Poly Pack Private Limited	SVEC Poly Pack Private Limited & K.S.N.Prasad Engineering & Pre-stressed Products Pvt. Limited
Directors	Mr. C. Ajad Kumar, Mr. C. Sreemannarayana, Mr. E. Ramesh Kumar, Ms. C.L.R Bhavani, Mr. V.Gandhi Chowdhary	Mr. C.Ajad Kumar, Mr. C. Sreemannarayana, Mr. E. Ramesh Kumar, Ms. C.L.R Bhavani, Mr. V. Gandhi Chowdhary	Mr. C.Ajad Kumar, Mr. C. Sreemannarayana	Mr. C.Ajad Kumar, Mr. C. Sreemannarayana	Mr. C. Ajad Kumar
Related to Directors	Mr. K. Ajay, Ms. K. Bhanu Smitha, Mr. K. Durga Prasad	Mr. K. Ajay, Ms. K. Bhanu Smitha, Mr. K. Durga Prasad.	Mr. K. Ajay, Ms. K. Bhanu Smitha, Mr. K. Durga Prasad.	Mr. K. Ajay, Ms. K. Bhanu Smitha, Mr. K. Durga Prasad.	Mr. K. Ajay, Ms. K. Bhanu Smitha, Mr. K. Durga Prasad.
Joint Ventures	L&T-SVEC JV SVEC-INDU JV	L&T-SVEC JV SVEC-INDU JV			

Notes:

- Entire equity held by the Company in K.S.N.Prasad Engineering & Pre-stressed Products Pvt. Ltd., was sold on March 13, 2006. Since then, it ceases to be an associate company.
- The Company holds 210 equity shares of Face Value of Rs. 100/- per share, representing 10% of equity share capital, in Soma Hyderabad City Centre Private Limited. This is considered to be a general investment by the Company and hence not considered as a Promoter Group / Related Party.

(Rs. in lakhs)

Nature of Transaction	2009-10			2008-09			2007-08			2006-07			2005-06		
	Associates & Joint ventures	Directors	Relatives of Directors	Associates & Joint ventures	Directors	Relatives of Directors	Associates	Directors	Relatives of Directors	Associates	Directors	Relatives of Directors	Associates	Directors	Relatives of Directors
Contract Receipts															
L&T-SVEC JV	149.92														
SVEC - INDU JV				64.56											
Loans & Advances													10.04		
(A) Taken During the year		138.00		522.50	92.00										
(B) Given during the year															
(D) Returned during the year		154.00			76.00		6.01			42.08					
Purchase of Fixed Assets										175.00					
Investments	0.21			0.21				7.63							
Expenditure											25.2	7.79		15.00	6.90
(A) Salaries		69.00	15.00		45.00	14.40		25.20	13.80						
(B) Commission		15.00			15.00			25.19							
(C) Travelling		9.24			5.87			7.17			4.28			3.16	
Debit balances outstanding as on last date & Outstanding receivables															
L&T-SVEC JV	47.55														
SVEC Polypack Pvt Limited										6.01			160.86		

K.S.N.Prasad Engineering & Pre- stressed Products Private Limited													18.33		
Credit balances outstanding as on last date															
Contract Advances outstanding Current Accounts and outstanding payables :														2.88	0.78
L&T-SVEC JV	584.44			522.50											
Mr. C.Ajad Kumar		12.56			31.07			7.72			0.72			2.88	
Mr. C. Sreemannarayana		1.87			4.55			1.52							
Mr. E. Ramesh Kumar		2.10			1.07										
Mr. V. Gandhi Chowdhary		1.12			0.72		-								
Mr. K. Ajay			0.43			-			0.21			-			0.60
Mr. K. Bhanu Smitha			1.36			0.12			5.42			0.40			0.16
Mr. K. Durgaprasad			0.25			0.05			0.12			0.03			0.02

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 (as restated) for the five financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006, including the schedules, annexure and notes thereto and the reports thereon, which appear in the section titled "Financial Statements of the Company" beginning on page no. 119 of this Draft Red Herring Prospectus. You are also advised to read the section titled "Risk Factors" beginning on page no. iii of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and restated as described in Auditors' Report of M/s C.Venkat Krishna & Company, Chartered Accountants, dated August 31, 2010.

The following discussions are based on our restated financial statements for the five financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 which have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and on information available from other sources. Our fiscal year ends on March 31 each year, so all references to a particular year are to the twelve-month period ended on March 31 of that year.

Industry Overview

The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation, all of which already suffer from a substantial deficit from the past in terms of capacities as well as efficiencies in the delivery of critical infrastructure services. The pattern of inclusive growth of the economy projected for the Eleventh Plan, with GDP growth averaging 9% per year can be achieved only if this infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities.

The strategy for infrastructure development in the Eleventh Plan reflects the dominant role of the public sector in building infrastructure. However, it also recognizes that the total resources required to meet the deficit in infrastructure exceed the capacity of the public sector. It is, therefore, necessary to attract private investment through appropriate forms of public private partnerships to meet the overall investment requirements.

The strategy for the Eleventh Plan encourages private sector participation directly as well as through various forms of Public Private Partnerships (PPP) where desirable and feasible. The anticipated public sector share of investment in the Tenth Plan across the ten major sectors was 80% and the balance 20% was contributed by the private sector. In the Eleventh Plan, the private sector's contribution would have to grow to around 30% or Rs 6,19,591 crores (US\$ 154.90 billion). Central share in the overall infrastructure investment would decline from 46% in the Tenth Plan to 37.24% in the Eleventh Plan and the States' share will slightly decline to 32.63% compared to 34% anticipated in the Tenth Plan.

The development of physical infrastructure in the country and, consequently, the construction sector has been in focus during the last decade. The increasing significance of construction activities in the growth of the economy was also evident during the course of implementation of the Tenth Plan with areas such as transportation, irrigation, housing, urban development, and civil aviation having

received greater importance. It is well established that the influence of the construction industry spans across several sub-sectors of the economy as well as the infrastructure development, such as industrial and mining infrastructure, highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunication systems, hospitals, schools, townships, offices, houses and other buildings; urban infrastructure, including water supply, sewerage, and drainage, and rural infrastructure. Thus, it becomes the basic input for socio-economic development.

(Source: Eleventh Five Year Plan, Planning Commission; <http://planningcommission.nic.in/plans/planrel/fiveyr/>)

Business Overview

Our Company is an infrastructural development company engaged in the business of civil, electrical and mechanical construction works on contract basis with Government, Semi-Government and Private organizations. We execute infrastructure projects either independently or in joint ventures with other construction companies. Our business operations can be divided into the following three major activities:

- (vii) **Building works** – include construction of residential and commercial properties.
- (viii) **Irrigation works** – include construction, excavation, modernization and rehabilitation of canals, canal syphons, canal earthwork, service roads to the branch canals, etc.
- (ix) **Water treatment works** – include construction of effluent and water treatment plants.

Our major clients are primarily Central and State Government authorities such as Irrigation & CAD Department of Government of Andhra Pradesh, irrigation departments of Madhya Pradesh and Maharashtra, water resources departments of Government of Rajasthan and Chattisgarh, Army Welfare Housing Organization and Air Force Naval Housing Board.

We are enlisted on the panel of approved contractors for various government and semi-government organizations under different categories. We have also received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications in respect of design, development and construction of structures and irrigation projects; constructions of buildings and construction of other civil engineering works.

Factors affecting results of our operations

Our results of operations could potentially be affected by the following factors:

- Dependence on the contracts awarded by the Government authorities
- Volatility in the prices of raw materials
- Disparity in actual construction costs and the assumptions in our bid
- Availability of skilled labour and technical staff
- Timely availability of funds
- Our ability to scale operations
- Weather conditions
- Competition
- Compliance with necessary regulatory norms
- General economic conditions in India

Overview of our results of operations

Income

We derive our total income from (i) contract income; and (ii) other income.

(i) *Contract Income*

The following table sets forth our contract income from different sections i.e. building works, irrigation works and water treatment works:

(Rs. in lakhs)

Activity	FY 2009-10		FY 2008-09		FY 2007-08	
	Income from contract receipts	% to total	Income from contract receipts	% to total	Income from contract receipts	% to total
Building works	12,082.03	58.8%	13,193.78	58.3%	6,817.41	39.0%
Irrigation works	8,457.01	41.2%	9,313.41	41.2%	9,792.28	55.9%
Water Treatment works	-	0.0%	91.14	0.4%	799.58	4.6%
Others	-	0.0%	15.32	0.1%	93.08	0.5%
Total	20,539.04	100.0%	22,613.65	100.0%	17,502.35	100.0%

(ii) *Other Income*

Other income includes interest from banks, sale of aggregates, share of profit from joint venture and other miscellaneous income. Other income as a part of total income was 0.99% in FY 2009-10.

Order Book position

Our Order Book comprises of ongoing projects and new confirmed projects awarded to us, which are yet to commence construction. As of June 30, 2010, the composition of our Order Book is as follows:

Activity	Amount (Rs. in lakhs)	% share
Building works	1,14,724.15	69.72%
Irrigation works	49,815.89	30.28%
Total	1,64,540.04	100.00%

Expenditure

Our total expenditure is accounted for under the following heads:

Materials consumed

The materials consumed by us include building materials such as cement, steel, metal, sand, doors, windows etc.

Works Expenditure

The works expenditure includes expenses incurred on projects executed such as wages paid to labours, amount paid to sub-contractors, expenses related to maintenance of machineries & equipments, etc.

Administrative Expenses

Our administrative expenses include expenses incurred on office expenses, salaries paid to administrative staff, directors' remuneration, insurance expenses, travelling, conveyance, selling and distribution, auditor's fees, professional charges and other miscellaneous expenditure.

Financial expenses

The financial expenses include interest payable by us for short term and long term loans including working capital loans, interest on unsecured loans, charges on Letter of Credit, facility processing fees, etc.

Depreciation & amortization

This includes depreciation and amortization on building, plant and machinery, electrical installations, furniture & fixtures, office equipments, motor vehicles etc.

Taxation

Income taxes are accounted for on accordance with AS-22, issued by ICAI on “Accounting for Taxes on Income”. Taxes comprise current tax, deferred tax & fringe benefit tax.

Analysis on results of financial operations

(Rs. in lakhs)

YEAR / PERIOD ENDED	2009-10	2008-09	2007-08	2006-07	2005-06
INCOME					
Contract Receipts	20,539.04	22,613.65	17,502.35	14,103.23	9,115.87
Other Income	201.90	369.37	220.00	150.95	26.81
Increase / (Decrease) in Work in Progress	(289.86)	360.80	(1,050.88)	691.49	303.30
Total Income	20,451.08	23,343.82	16,671.47	14,945.67	9,445.98
EXPENDITURE					
Material consumed	7,283.70	7,237.30	4,468.62	4,347.95	1,920.25
Works expenditure	8,830.92	11,873.18	9,003.48	8,125.85	5,695.47
Administration Expenses	1,499.83	1,537.00	1,228.68	661.12	492.94
Total Expenditure	17,614.45	20,647.48	14,700.78	13,134.92	8,108.66
Operating Profit Before Finance cost, Depreciation and Income Tax	2,836.63	2,696.34	1,970.69	1,810.75	1,337.32
Interest & Finance charges	1,442.40	933.94	583.18	388.28	352.34
Depreciation & amortization	418.41	371.46	292.32	270.18	197.50
Net Profit before tax and Extraordinary items	975.82	1,390.94	1,095.19	1,152.29	787.48
Provision for Taxation					
Current Tax & FBT	287.23	431.00	393.00	355.01	218.10
Deferred tax	46.72	(63.88)	67.60	70.44	53.65
Net Profit before Extraordinary items (net of tax)	641.87	1,023.82	634.59	726.84	515.73
Extraordinary items (net of tax)	-	-	216.03	-	-
Net Profit after Extraordinary items	641.87	1,023.82	418.56	726.84	515.73
Provision for Dividend and tax thereon	69.70	69.70	34.85	-	-
Net Profit carried to the Balance Sheet	572.17	954.12	383.71	726.84	515.73

Comparison of FY 2009-10 with FY 2008-09

Income

Income from Contract receipts decreased by 9.2% from Rs. 22,613.65 lakhs in FY 2008-09 to Rs. 20,539.04 lakhs during FY 2009-10. The decrease in income from contract receipts has been primarily due to difficulties in acquisition of land by the government agencies and delayed approvals for environmental clearances.

Other Income

Other income decreased by 45.3% from Rs. 369.37 lakhs in FY 2008-09 to Rs. 201.90 lakhs in FY 2009-10. The decrease in other income has been due to decline in miscellaneous income which included receipt of insurance claims of Rs. 52.42 lakhs, duty drawback of Rs. 38.98 lakhs, machinery hire charges & scrap sales of Rs. 28.04 lakhs and refunds from contractees of Rs. 31.10 lakhs in FY 2008-09, but not received during FY 2009-10.

Materials consumed

The cost of materials consumed by our Company increased marginally by 0.6% from Rs. 7,237.30 lakhs in FY 2008-09 to Rs. 7,283.70 lakhs during FY 2009-10. On percentage to total income basis, the cost of materials consumed increased from 31.0% in FY 2008-09 to 35.6% in FY 2009-10. The increase in cost of material consumed has been due to the increase in percentage share of building works which require more material than irrigation works.

Works expenditure

The cost of work expenditure decreased by 25.6% from Rs. 11,873.18 lakhs in FY 2008-09 to Rs. 8,830.92 lakhs in FY 2009-10. On percentage to total income basis, the works expenditure decreased from 50.9% in FY 2008-09 to 43.2% in FY 2009-10. The decrease in works expenditure has been primarily due to shifting of outsourced work on sub-contract basis to in-house execution. The shifting of outsourced work on sub-contract basis also resulted in transfer of some part of works expenditure to other expense heads such materials consumed, interest & finance charges and depreciation.

Administration Expenses

Administrative expenses decreased from Rs. 1,537.00 lakhs in FY 2008-09 to Rs. 1,499.83 lakhs in FY 2009-10, representing a decrease of 2.4%. On percentage to total income basis, the administration expenses increased marginally from 6.6% in FY 2008-09 to 7.3% in FY 2009-10. The increase is due to increase in rent, rates & taxes, vehicle maintenance expenses and other general administration expenses.

Interest and Finance Charges

The finance charges increased from Rs. 933.94 lakhs in FY 2008-09 to Rs. 1,442.40 lakhs in FY 2009-10, representing an increase of 54.4%. The increase in interest and finance charges are on account of increase in interest payable on working capital facilities, bank charges & guarantee commission and construction equipment loans availed from the lenders.

Depreciation and amortization

Depreciation and amortization expense increased from Rs. 371.46 lakhs in FY 2008-09 to Rs. 418.41 lakhs in FY 2009-10, representing an increase of 12.6%. The increase in depreciation was mainly on account of additions in fixed assets by Rs. 336.88 lakhs during FY 2009-10 and by Rs. 1,552.77 lakhs, which was purchased during the second half of 2008-09.

Profit before tax and extraordinary items

Profit before tax and extraordinary items, decreased from Rs. 1,390.94 lakhs in FY 2008-09 to Rs. 975.82 lakhs in FY 2009-10, representing a decrease of 29.8%. On a percentage to total income basis, profit before tax and extraordinary items decreased from 6.0% in FY 2008-09 to 4.8% in FY 2009-10 due to high cost of materials consumed and interest & finance charges.

Provision for taxation

The provision for taxation (including deferred tax) for FY 2009-10 decreased to Rs. 333.95 lakhs from Rs. 495.93 lakhs in FY 2008-09 due to decrease in profitability in FY 2009-10.

Profit after tax before extraordinary items

Profit after tax for the FY 2009-10 was Rs. 641.87 lakhs compared to Rs. 895.01 lakhs in FY 2008-09. As a percentage of total income, profit after tax declined to 3.1% in FY 2009-10 from 3.8% in FY 2008-09. The decrease was primarily due to high cost of materials consumed and interest & finance charges.

Comparison of FY 2008-09 with 2007-08***Income***

Income from Contract receipts increased by 29.2% from Rs. 17,502.35 lakhs in FY 2007-08 to Rs. 22,613.65 lakhs in FY 2008-09. The increase in income from contract receipts has been on account of execution of more building works as compared to FY 2007-08.

Other Income

Other income increased by 67.9% from Rs. 220.00 lakhs in FY 2007-08 to Rs. 369.37 lakhs in FY 2008-09. The increase in other income has been due to increase in interest income from banks and miscellaneous income which included receipt of insurance claims of Rs. 52.42 lakhs, duty drawback of Rs. 38.98 lakhs and refunds from contractees of Rs. 31.10 lakhs in FY 2008-09, but not received in FY 2007-08.

Materials consumed

The cost of materials consumed by our Company increased by 62.0% from Rs. 4,468.62 lakhs in FY 2007-08 to Rs. 7,237.30 lakhs in FY 2008-09. On percentage to total income basis, the cost of materials consumed increased from 26.8% in FY 2007-08 to 31.0% in FY 2008-09. The increase in cost of material consumed has been due to the increase in percentage share of building works which require more material than irrigation and water treatment works in addition to increase in prices of various material and supplies.

Works expenditure

The cost of work expenditure increased by 31.9% from Rs. 9,003.48 lakhs in FY 2007-08 to Rs. 11,873.18 lakhs in FY 2008-09. The increase in works expenditure has been primarily due to increase in the value of work done during the year.

Administration Expenses

Administrative expenses increased from Rs. 1,228.68 lakhs in FY 2007-08 to Rs. 1,537.00 lakhs in FY 2008-09, representing an increase of 25.1%. The increase is due to increase in salaries, wages & other employee benefits, rent, rates & taxes and other general administration expenses.

Interest and Finance Charges

The finance charges increased from Rs. 583.18 lakhs in FY 2007-08 to Rs. 933.94 lakhs in FY 2008-09, representing an increase of 60.1%. The increase in interest and finance charges owes to increase in interest payable on working capital facilities, bank charges & guarantee commission and construction

equipment loans availed from the lenders owing to the increasing operations of our Company which necessitated infusion of funds.

Depreciation and amortization

Depreciation and amortization expense increased from Rs. 292.32 lakhs in FY 2007-08 to Rs. 371.46 lakhs in FY 2008-09, representing an increase of 27.1%. The increase in depreciation was mainly due to the additions of fixed assets amounting to Rs. 1,552.77 lakhs in FY 2008-09.

Profit before tax and extraordinary items

Profit before tax and extraordinary items, increased from Rs. 1,095.19 lakhs in FY 2007-08 to Rs. 1,390.94 lakhs in FY 2008-09, representing an increase of 27.0%. In monetary terms, the increase was primarily due to increase in income from contract receipts. However, as a percentage of total income, profit before tax and extraordinary items declined to 6.0% in FY 2008-09 from 6.6% in FY 2007-08 due to high cost of materials consumed.

Provision for taxation

The provision for taxation (including deferred tax) for FY 2008-09 increased to Rs. 495.93 lakhs from Rs. 389.54 lakhs in FY 2007-08. The reason for increase in provision for tax was increased profitability during 2008-09.

Profit after tax before extraordinary items

Profit after tax for the FY 2008-09 was Rs. 895.01 lakhs compared to Rs. 705.65 lakhs in FY 2007-08, representing an increase of 26.8%. In monetary terms, the increase in PAT was primarily due to increased profitability during the year.

Comparison of FY 2007-08 with 2006-07

Income

Income from Contract receipts increased by 24.1% from Rs. 14,103.23 lakhs in FY 2006-07 to Rs. 17,502.35 lakhs FY 2007-08. The increase in income from contract receipts has been on account of execution of more irrigation works as compared to FY 2006-07.

Other Income

Other income increased by 45.7% to Rs. 220.00 lakhs in FY 2007-08 from Rs. 150.95 lakhs in FY 2006-07. The increase in other income has been due to the increase in interest income from banks and sale of aggregates in FY 2007-08.

Materials consumed

The cost of materials consumed by our Company increased marginally by 2.8% from Rs. 4,347.95 lakhs in FY 2006-07 to Rs. 4,468.62 lakhs in FY 2007-08. The increase in materials consumed was primarily due to increased expenditure on materials and supplies consumed resulting from increased activity. On percentage to total income basis, the cost of material consumed reduced from 29.1% in FY 2006-07 to 26.8% in FY 2007-08 due to increase in revenue share from irrigation projects.

Works expenditure

The cost of work expenditure increased by 10.8% from Rs. 8,125.85 lakhs in FY 2006-07 to Rs. 9,003.48 lakhs in FY 2007-08. The increase in works expenditure has been primarily due to increase in the value of work done during the year.

Administration Expenses

Administrative expenses increased from Rs. 661.12 lakhs in FY 2006-07 to Rs. 1,228.68 lakhs in FY 2007-08, representing an increase of 85.8%. The increase is due to increase in salaries, wages & other employee benefits, rent, rates & taxes, travelling & conveyance expenses and loss on fixed assets sold / discarded.

Interest and Finance Charges

The finance charges increased from Rs. 388.28 lakhs in FY 2006-07 to Rs. 583.18 lakhs in FY 2007-08, representing an increase of 50.2%. The increase in interest and finance charges owes to increase in interest payable on working capital facilities and bank charges & guarantee commission.

Depreciation and amortization

Depreciation and amortization expense increased from Rs. 270.18 lakhs in FY 2006-07 to Rs. 292.32 lakhs in FY 2007-08, representing an increase of 8.2%. The increase in depreciation was mainly due to the additions of fixed assets amounting to Rs. 916.08 lakhs in FY 2007-08.

Profit before tax and extraordinary items

Profit before tax and extraordinary items, decreased to Rs. 1,095.19 lakhs in FY 2007-08 from Rs. 1,152.29 lakhs in FY 2006-07, representing a decrease of 5.21%. On percentage of total income basis, the profit before tax and extraordinary items declined to 6.6% in FY 2007-08 from 7.7% in FY 2006-07. The reason for decline in profit before tax and extraordinary items was due to higher rate of increase in expenditure than the revenue in FY 2007-08.

Provision for taxation

The provision for taxation (including deferred tax) for FY 2007-08 decreased marginally to Rs. 389.54 lakhs from Rs. 397.11 lakhs in FY 2006-07. The reason for decrease was in line with the decreased profitability.

Profit after tax before extraordinary items

Profit after tax for the FY 2007-08 was Rs. 705.65 lakhs compared to Rs. 755.18 lakhs in FY 2006-07, representing a decrease of 6.6%. On percentage to total income basis, the profit after tax before extraordinary items increased to 4.2% in FY 2007-08 from 5.1% in FY 2006-07. The reason for decline in profit before tax and extraordinary items was due to higher rate of increase in expenditure than the revenue in FY 2007-08.

Other Matters

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that have significantly affected our business, except for the expenses incurred on our attempt to raise money from the public issue in FY 2007-08 amounting to Rs. 216.03 lakhs.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Except as described in this Draft Red Herring Prospectus in general, "Risk Factors" on page iii and this section in particular, to the best of our knowledge and belief, there are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations.

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

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled "Risk Factors" on page no. iii and in "Management Discussion and Analysis of Financial Condition and Results of Operations" appearing on page no. 139 of this Draft Red Herring Prospectus, to the best of our Company's knowledge.

Future changes in relationship between costs and revenues

Other than as described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages iii and 139 respectively of this Draft Red Herring Prospectus and elsewhere in this Draft Red Herring Prospectus, there are to the best of our knowledge, no known factors which would have a material adverse impact on the relationship between costs and income of our Company.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of construction activity carried out by our Company.

Total turnover of each major industry segment in which the Company operated

Our Company operates in only one Industry Segment i.e. Construction Industry.

Status of any publicly announced New Products or Business Segment

Our Company has not announced any new products or business segment.

Seasonality of business

Our business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely heavy rains during monsoon, which restrict our ability to carry on construction activities and fully utilize our resources.

Dependence on a single or few suppliers or customers

A substantial portion of our contracts are with central, state government or their agencies. As of June 30, 2010, approximately 84.27% of our order book constituted of awards granted by the government or governmental agencies. We are not dependent on any single or few suppliers for our raw material requirements.

Competitive conditions

We face competition from existing players in our industry.

Details of material developments after the date of last balance sheet

Our Company has formed a jointly controlled entity in the name of Water Treatments Technology (India) Private Limited by entering into a joint venture with WTT Technology Services India Private Limited on April 3, 2010 for the purpose of carrying on the business of developing, maintaining, and operating of water treatment plants, etc. Our Company's share in the said joint venture is 50%. Further, our Company has received sanctions in respect of construction equipment loan to the extent of Rs. 900 lakhs and standby line of credit of Rs. 500 lakhs from State Bank of India.

Apart from above, no other circumstances have arisen, since the date of the last financial statement until the date of filing of this Draft Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within twelve months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices against our Company, our Directors, our Promoters and Promoter Group or joint ventures or entities with which our Promoters were associated in the past. There are no defaults including non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits issued by our Company, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company except as stated below. There has been no disciplinary action taken by SEBI or any stock exchange against our Company, our Directors, our Promoters, Promoter Group or entities with which our Promoters were associated in the past.

Neither our Company nor our Promoters or Promoter Group or Directors have been declared as wilful defaulters by the RBI, or any other authority other than as disclosed below and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them or any person or entity connected with them. Further, except as disclosed in this section, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company, our Promoters, Promoter Group or any person or entity connected with them. Except as disclosed in this Section, none of the Promoter Group had faced/ is facing any litigations/ defaults/ over dues or labour problems/ closure etc.

I. Contingent liabilities not provided for:

		(Rs. in lakhs)
Particulars		March 31, 2010
Performance guarantee issued by Banks on behalf of our Company		6,656.49
Sales tax payable under dispute		18.13
Civil disputes in courts of law		41.70
Total		6,716.32

II. Litigations involving our Company

a) Cases filed against our Company

S. No.	Name of the Opposite Party	Case No. / Date Instituted	Court before which litigation is pending	Case history and status	Claim Amount (Rs. In Lakhs)
1	Anil Bansilal Lodha	Summary civil suit no. 1/2005	Senior Civil Judge Division, Niphad, Nashik	The Company had bagged an order from Hindustan Aeronautics Limited, Aircraft	21.26

				Division, ozar, Nashik for construction of buildings and special services at Nashik. The Company had subcontracted a part the work of earth filling to the opposite party. The opposite party has filed a civil suit against the Company alleging a demand to pay a sum of Rs. 21.26 lakhs. The Company had also executed a part of the earth filling work. Even though the opposite party had not done the entire work of earth filling, the opposite party is demanding the subcontract fee for the entire work. The matter is still pending	
2	Jacob Thomas	O.S. No. 16032 of 2000	In the Court of City Civil Judge, Bangalore	The Company was awarded a contract from The Director, National Games, and Government of Karnataka for construction / upgradation of Sree Kanteerava Stadium, Bangalore. The Company had sub-contracted the work of painting to the plaintiff. The plaintiff has filed a civil suit against the company alleging a demand to pay a sum of Rs. 2.44 lakhs. The company contended that almost the entire amount due to the plaintiff was paid and matter was also heard and the City Civil Court had awarded a sum of Rs.2.44 lakhs against the Company and the Company had preferred an appeal before the High Court of Karnataka, Bangalore and the same is pending. The next date of hearing is November 17, 2010.	2.44
3	E Galenna Goud	W.C.No.78/2006	Commissioner for Workmen's Compensation and Assistant Commissioner of Labour-I, Ranga	The opposite party was working with Lakshmi Venkateswara Industries, a Sub-Contractor with the Company. The Company used to hire proclainer from the sub-	4.00

			Reddy	contractor. The opposite party was working under the sub-contractor and died while he was working with them, in an accident. The father of the opposite party had filed the said case seeking compensation against the sub-contractor and the Company for an amount of Rs.4.00 lakhs. The Company has also been included as a formal party. The next date of hearing is October 21, 2010.	
4	Muthagalla Subbaiah	MVOP No. 68 of 2007	IIIrd Additional District Judge - Cum Motor Accident Claims Tribunal : Kurnool at Nandyal	The opposite parties along with other people were traveling in an auto from Rudravaram village to Ahobilam. The opposite party alleged that the company's water tanker bearing vehicle no. AP 16U 5812 had met with an accident with the said auto. The opposite party due to the said accident claims that he had sustained injuries and has filed a case before the said authority seeking a compensation of Rs.0.75 lakhs. The matter is still pending.	0.75
5	N.P.Manyam & another and The General Manager Parvati Constructions and two others.	W.C.No. 3/2009	Before the Commissioner for Workmen compensation at Mahoobnagar	The applicants father (the deceased) was a working as a labourer with Parvati Constructions, Mahoobnagar which is Sub-Contractor of the Company. The deceased was at the work site and while performing his duty, one tractor/trailer bearing No.AP-22/H-2826 & 2827 came in the wrong direction in a rash and negligent manner and had hit the deceased due to which the deceased sustained grievous injurious and died on the spot. The applicants are claiming Rs. 3 Lakhs as compensation from the Sub-Contractor, the Company and the insurance	3.00

				Company. The Company had been made as one of the parties and further filed a counter contending that the Company had obtained policy with the insurance Company and as such the insurance Company is liable to pay the entire compensation of Rs. 3 Lakhs. The next date of hearing is September 14, 2010.	
6	Smt Bhagyamma and SVEC Constructions Limited	W.C.No.76 of 2007	Before the Commissioner for Workmen Compensation and Asst Commissioner of Labour at Mahaboobnagar	The applicant is a wife of the deceased Chinna Eedanna, The deceased while working at SVEC Canal work site in the limits of Dharmapuri Village fell unconscious due to heavy strain and stress and was shifted to government hospital Atmakur and the Doctor of the Hospital had declared the deceased as dead. The deceased's wife is claiming a sum of Rs. 4 lakhs as compensation from the Company. The Company had filed a counter contending that the deceased was not an employee of the Company. The next date of hearing is September 30, 2010.	4.00
7.	Keshaba Khora and another	W.C.No.15 of 2008	Before the Commissioner for Workmen Compensation and Deputy Labour Commissioner; Jeypore, Orissa	The applicant is the father of the deceased aghumani Khora was working as a labour in RCI, ETF site of the Company fell down on the ground accidentally on 18.07.2007 while removing the column box of 9 meteres height sustained multiple injuries and head injuries and died on the spot. The Company had paid Rs. 1 Lakh on 06.08.2007 to the applicant towards full settlement of compensation for the untimely death of the deceased. The applicant had filed the present case before the said court seeking further	Not Ascertainable

				compensation and the matter is still pending. The next date of hearing is September 21, 2010.	
8	K.Yallamma Vs General Manager, Parvathi Constructions and two others	W.C.No.35 of 2009 renumbered as W.C. 6 of 2010	Before the Commissioner for Workmens Compensation and Asst Commissioner of Labour, Mahabubnagar	The claimant is the wife of the deceased Basaiah Alias Basappa who was working with Parvati Constructions, Mahabubnagar which is Sub-Contractor of the Company. On 14.02.2007 at site office of Telugu Ganga Main Canal Rudravaram, the deceased suffered from severe stomach pain and was shifted to near by hospital. The deceased died before reaching the hospital. The applicant has filed the present case seeking compensation of Rs. 3 Lakhs against the Sub-Contractor, the Company and Insurance Company. The next date of hearing is September 14, 2010.	3.00
9	Shoba Rani and others Vs SVEC Constructins and others	W.C.No. 04 of 2008	Before the Commissioner of Workmens Compensation cum Deputy Commissioner of Labour, at Srikakulam	The Claimant is wife of the deceased Bammidi Nageswara Rao who was labourer of one P.Govindu, Kommireddypally, Addakal Mandal, Mahabubnagar District, who is Sub-Contractor of the Company and on 20.11.2007 the deceased along with other workman B. Appalanaidu started at their labour camp at Konkanaipalli Village went for centering work for the bridge under construction near Narva, by the tractor bearing reg. No. AP 22 H 5605 and after completion of said work they started back to their camp and while proceeding in the said tractor, due to rash and negligent driving by the driver, the tractor turned turtle near Yanki Village outskirts and caused spot death of the deceased who sat beside the driver. The Claimant and their legal heirs of	5.88

				the deceased had filed the present case seeking a compensation of Rs.5.88 lakhs. The next date of hearing is November 17, 2010.	
10	Hindustan Aeronautics Ltd. (HAL) and Another	M.F.A. No.3981/2010	High court of Karnataka Bangalore	HAL had invited tender for the purpose of construction of quarters and allied services (Internal & External) at HAL (BC) at an estimated cost of Rs.2000 lakhs. HAL had amended the initial notification with respect to the said tender several times thus leading to inordinate delay in commencement of the Contract. The Respondent through their letter dated 22.5.2004 requested the Company to reduce the price quoted by them in tender and the Company offered overall rebate of 2.25% on the originally quoted rates. There were disputes or difference with regard to the rates to be charged above 3rd floor in the proposed Contract. As per Clause 33 of the Agreement entered by the Company with Respondent No.1, any disputes which arises out of the agreement were to be referred to a Sole Arbitrator appointed by the Respondent No.1. Accordingly, the Arbitrator was appointed and the said Arbitrator had given award against the Company and the Company had challenged the said award before the City Civil Court, Bangalore and the City Civil Court had allowed the appeal filed by the Company and remanded back to the Arbitral Tribunal for the disposal afresh. Aggrieved by the Orders passed by the City Civil Court, Bangalore the	Not Ascertainable

				Company had filed the present case for setting aside the Orders passed by the City Civil Court, Bangalore and the matter is still pending.	
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b) Cases filed by our Company

S. No.	Name of the Opposite Party	Case No. / Date Instituted	Court before which litigation is pending	Case history and status	Claim Amount (Rs. in Lakhs)
1	The 4th National Games and 3 Others	Writ Appeal No. 5853 of 2003	High Court of Karnataka at Bangalore	The Company was awarded a contract by The Director, National Games, Government of Karnataka for construction / upgradation of Sree Kanteerava Stadium, Bangalore. During the course of the contract the rate of sales tax payable by the company on the goods purchased for implementation of contract was 2%. But later the Karnataka Government had increased it to 4%. The Sales Tax Authorities in Karnataka demanded an additional sum of Rs.7.20 lakhs as tax against which the company had filed a writ petition before the High Court of Karnataka, Bangalore. The High Court directed the Company to deposit 40% of the disputed amount. Accordingly the Company had deposited the said 40% of the disputed amount and filed a Writ Appeal. The High Court had again directed the Company to pay the balance 60% of the disputed amount. The Company had paid the entire disputed amount. The final Orders of the High Court are awaited.	7.20
2	Deputy Commissioner, (CT),	1) TA No.158/99 1992-93	Sales Tax Appellate Tribunal, at	The Company had done job work for APSEB by supplying cement poles to the Board. The Deputy	18.13

	Vishakhapatnam	2) TA No.159/99 1994-95 3) TA No.160/99 1995-96	Hyderabad	Commissioner, Commercial Taxes Vishakhapatnam had issued notices to the Company that the Company was liable to pay a sum of Rs. 18.13 lakhs towards sales tax for the assessment years 1992-93, 1994-95 and 1995-96. Against which the company had preferred an appeal before the Sales Tax Appellate Tribunal at Hyderabad and the Company contended that it's only a job work done and hence no sales tax is payable. The Tribunal has heard the matter and the Company is awaiting final orders from the Tribunal.	
3	Commercial Tax Officer, Nampally Circle, Hyderabad	Appeal No.RRNo. 78/04-05 dated 22/06/2005	Sales Tax Appellate Tribunal, AP, Hyderabad	The Commercial Tax Officer assessed the taxable turnover for the assessment year 2001-02 of the Company and the Company had paid the tax accordingly. Later, the Deputy Commissioner (CT), Abids Division had revised the Assessment Order of Commercial Tax Officer and further levied the tax of Rs. 3.45 lakhs. Against the order passed by the Deputy Commissioner the Company had preferred an appeal before the Sales Tax Appellate Tribunal, AP, Hyderabad. The Company contended before the tribunal that the tax levied was on the overhead expenditure but not on its turnover. While granting the stay the Tribunal has directed the Company to pay Rs. 3.45 lakhs. The Company as per the direction of the Tribunal had deposited the said amount with the assessing authority and the matter has been remanded back to the CT, Nampally and the matter is still pending	3.45

4	Assistant Commissioner (CT), VAT Management Unit II.	A/56/2006-2007	Appellate Deputy Commissioner (CT) Secunderabad Division	The Assistant Commissioner (CT), VAT Management Unit II had calculated the tax liability and demanded a sum of Rs. 5.99 lakhs from the Company. The Company has filed an appeal and the matter is still pending before the Appellate Deputy Commissioner (CT) Secunderabad Division.	5.99
5	International Airport Authority of India, Executive Engineer, Madras Airport Project	O.P. No. 146 of 2003	The Principal Subordinate Judge at Chegalpattu	The Company had entered into an agreement with the opposite party for construction of terminal bridge and aerobridges including water supply and sanitary installations and internal electrical wiring at Madras Airport, Meenabakkam, Madras. As per the agreement the Company had completed the works and the opposite party refused to make payment to the Company. Accordingly, as per the agreement the dispute was referred to an arbitrator and the arbitrator had awarded Rs.8.22 lakhs in favour of the Company. The Company later filed a case for confirming the award as decretal amount before the Sub ordinate Judge at Poonamallee. Later the case was transferred to the Principal Judge, Chegalpattu. The matter is still pending.	8.22
6	The Secretary Water Resources Department, & another, Government of Madhya Pradesh	W.P.No.82 84 of 2009	Before the High Court of Madhya Pradesh at Jabalpur	The Company has been avoided Earthwork & Construction of CC Lining & Structure from 0.00Km to 4.50 Kms of Sadumar Branch Canal and Dungkira Distributory Kms 5.00 to 23.00 Kms. and its distributive system of Rani Avanthi Bai Lodi Sagar Project. The said work was supposed to be completed before agreed period. As per the opinion of the Executive Engineer of the Project, the Company had failed to complete the said work inspite of extending the dead line for the completion of the work and finally the Executive	Not Ascertainable

				Engineer sent a show cause notice rescinding the contract and forfeiting all the security and fixed deposits deposited by the Company. Against the said show cause notice the Company had filed the present Writ Petition before the High court of Madhya Pradesh. The Hon'ble High Court has directed the Secretary Water Resources Department not to encash the fixed deposits furnished by the Company by way of security till the next date of hearing. The matter is still pending.	
7	The Registrar, Yogi Vemana University, Kadapa & 4 others.	W.P.No.180 of 2009	Before the High Court of Andhra Pradesh at Hyderabad	The Company has been awarded the contract of Construction of Multi Storeyed Buildings at S. V. University Post Graduate Centre, Kadapa. The Company carried out the Contractual work allotted to it and the bill amounts were being paid to the Company on recurring basis. The respondents were withholding and deducting 0.25% of gross bill amounts payable to the Company as a contribution to National Academy of Construction (NAC) and towards CM's relief fund as per G.O.Ms.No.98 (I&CAD) dated 5-07-2000, G.O.Ms .No.61 TR & B Department dated 11-04-2000 and G.O.Ms NO.159 TR & B Department dated 30-10-2004. The Company has filed the present Writ Petition and the High Court of Andhra Pradesh has directed the respondents to release all the amounts withheld and deducted with reference to the said GOs' in respect of the bill amounts paid / payable to the Company. The matter is pending as final judgement is yet to come.	Not Ascertain able
8	The Superintendent Engineer, BLIP Circle, I & CAD	WP No. 12082 of	Before The High Court of Andhra	The Company was awarded the contract for the Works of Left & Right Canal Construction from	98.20

	Department, Pebbair, Mahaboob Nagar and another	2007	Pradesh, Hyderabad	<p>Budpur Balancing Reservoir, Atmakur Mandal, Mahaboobnagar to feed 32,000 Acres. As per clause 3.0 of the Contract the Company has to use soils and stones which are useful from the excavated soil for construction purpose. As per clause 25 of preamble to the Bid of quantities makes it clear that the contractor would be permitted to use excavated useful soils and stones for construction purpose and soils used for construction either for homogenous section in hearting or in casing zone based on suitability which will be free of cost.</p> <p>The Company has filed its bids including the seigneiorage with reference to the quantum of stone used in the execution of works and has not included any amounts towards cost of the soil or seigneiorage since the Company was allowed to use the same at free of cost. The respondent-authorities started deducting seigneioraege charges at the rate of Rs.20/- per Cubic metre on the quantum of soils. As on today the respondents already had deducted Rs. 69.03 lakhs with reference to Package 21 and Rs. 29.16 lakhs with reference to Package 22. The Company has filed the present Writ Petition seeking the refund of Seigneiorage charges already deducted by the respondents and not to recover the Seigneiorage charges for the earth used for formation of canal bunds obtained from out of the useful soils obtained from canal digging. The matter is still pending.</p>	
9	The State of Madhya Pradesh and others	WP No.1925/2008	High Court of Judicature at Jabalpur	The Company had won a contract for construction of M.P. Hall SAI under the M.P.PWD Division No.1 Bhopal. The Company made an agreement with the Executive Engineer Maintenance Division	96.54

				<p>No.1, Public Works Dept, Bhopal. The Company could not complete the work in due time and the Executive Engineer Maintenance Division No.1 Bhopal has terminated the Contract awarded to the Company. The Executive Engineer had reawarded the said Contract to Prakash Wadhvani with an escalation Clause @ 18.40% above the Original Contract. The Executive Engineer, had demanded a sum of Rs. 96.54 lakhs as towards escalation amount from the Company. The Company has filed the present Writ Petition challenging the amount demanded by the Executive Engineer and the matter is still pending.</p>	
10	<p>Appellate Deputy Commissioner (CT), Secunderabad Division, Hyderabad.</p>		<p>Joint Commissioner (CT) Legal, Andhra Pradesh, Hyderabad.</p>	<p>The appeal is filed against the order of the Commercial Tax Officer, Int., Abids Division, Hyderabad based on an authorization said to be issued by the Deputy Commissioner (CT), Abids Division to assess the Appellant (Company) for the period 1.8.2006 to 31.3.2007, 1.1.2009 to 31.3.2009 and 1.4.2009 to 30.9.2009. For the 2005-06 and 2006-07 (upto 31.7.2006), audit was completed by the Assistant Commissioner (CT), Abids Division on 6.10.2006 and the audit for 2007-08 to 2008-09 (upto 31.12.2008) is pending with Commercial Tax Officer, Nampally Circle. The Appellant is disputing the jurisdiction of the Commercial Tax Officer, Int., Abids Division to take up the assessment when it is a regular VAT dealer on the rolls of the Commercial Tax Officer, Nampally circle and further the authorization issued by the Deputy Commissioner is not in accordance with Section 2(4) of the APVAT Act and the matter is still pending.</p>	<p>Not Ascertainable</p>

c) Other Cases involving our Company

1	D.Rama Prasad Vs Sheik Mustaffa and two others	M.V.O.P. No.179 of 2009	Before the Motor Accidents Claims Tribunal cum District Judge: Krishna at Machilipatnam	The claimant used to transport the metal chips in his lorry bearing AP 16TU 4566 from Donabanda Colony to Vambey Colony at Vijayawada to the Company. The said claimant has taken his lorry for loading the metal chips at the crusher site and waited for his turn. Shaik Mustaffa a driver of the another lorry bearing No.AP16TT 0287 while reversing his lorry drove the lorry in a rash and negligent manner and also did not notice the petitioner and had ran over on the petitioner due to which the claimant legs were crush and fractured. The claimant had file the said case against the said driver and the Company claiming a compensation of Rs. 3 Lakhs. The matter is still pending. The next date of hearing is November 24, 2010.	3.00
2.	The Oriental Insurance Company Limited Vs. Munagala Laxmi and another	C.M.A. M.P. No. 1137/2010 In C.M.P.No. 18485/2010	Before the High Court of Andhra Pradesh at Hyderabad	The respondent no.1 filed an Application under the Workmen's Compensation Act claiming a compensation of Rs. 2 lakh for the injuries sustained by her in an accident that took place on 16.02.2006 near Bachepalle Thanda, Allagadda Mandal by travelling in a Tractor/Trailor bearing No. AP-36-T-9104. The Commissioner for Workmen's Compensation and Deputy Commissioner of Labour, Mahabub nagar by its Orders dated 19/10/2009 was pleased to grant a sum of Rs.2.64 lakh towards the compensation and costs to the respondent no.1. Aggrieved by the said Orders dated 19/10/2009 in W.C. no.74 of 2007 , the insurance Company (petitioner) preferred an appeal to set a side the said Orders passed by the Commissioner for Workmen's Compensation and	2.64

				Deputy Commissioner of Labour on the ground that the amount granted to the respondent No.1 was on the higher side as the respondent no.1 received only simple injuries and the company is included as a respondent no.2 in the said matter and same is still pending.	
3	The Oriental Insurance Company Limited Vs. Komma Manemma and another	C.M.A. M.P. No. 1134/2010 In C.M.A. No. 18486/2010	Before the High Court of Andhra Pradesh at Hyderabad	The respondent no.1 filed an Application under the Workmen's Compensation Act claiming a compensation of Rs.2 lakh for the injuries sustained by her in an accident that took place on 16.02.2006 near Bachepalle Thanda, Allagadda Mandal by travelling in a Tractor/Trailer bearing No. AP-36-T-9104. The Commissioner for Workmen's Compensation and Deputy Commissioner of Labour, Mahabub nagar by its Orders dated 19/10/2009 granted a sum of Rs. 3.14 lakh towards the compensation and costs to the respondent no.1. Aggrieved by the said Orders dated 19/10/2009 in W.C. No.75 of 2007 , the insurance Company (petitioner) preferred an appeal to set a side the said Orders passed by the Commissioner for Workmen's Compensation and Deputy Commissioner of Labour on the ground that the amount granted to the respondent No.1 was on the higher side as the respondent no.1 received only simple injuries and the company is included as a respondent no.2 in the said matter and same is still pending.	3.14

III. Proceedings initiated against our Company for economic offences

There are no proceedings initiated against our Company for any economic offences.

IV. Adverse findings against our Company as regards compliance with the securities laws

There are no adverse findings against our Company as regards compliance with the securities laws.

V. Outstanding dues to small scale undertaking(s)

There are no outstanding dues owed to small scale undertaking(s) by our Company, for more than 30 days.

VI. Show-cause notices received by our Company

Our Company has not received any show Cause notice or any legal notice from any department/ third party.

VII. Outstanding Litigation involving our Directors

There are no outstanding litigations, defaults involving, inter alia, violation of statutory regulations or allegations of criminal offence, economic offences, civil/criminal cases towards tax liabilities or past penalties, against or by our Directors. Further, no disciplinary action has been taken by SEBI or the Stock Exchanges against our Directors.

VIII. Outstanding Litigation/Proceedings against our Promoters

There are no outstanding litigations, defaults involving, inter alia, violation of statutory regulations or allegations of criminal offence, economic offences, civil/criminal cases towards tax liabilities or past penalties, involving our Promoters. Further, no disciplinary action has been taken by SEBI or the Stock Exchanges against our Promoters. Except as stated in this section, there are no pending litigations, defaults in respect to entities and ventures with which our Promoters were associated in the past.

IX. Material Developments since the last balance sheet date

Our Company has formed a jointly controlled entity in the name of Water Treatments Technology (India) Private Limited by entering into a joint venture with WTT Technology Services India Private Limited on April 3, 2010 for the purpose of carrying on the business of developing, maintaining, and operating of water treatment plants, etc. Our Company's share in the said joint venture is 50%. Further, our Company has received sanctions in respect of construction equipment loan to the extent of Rs. 900 lakhs and standby line of credit of Rs. 500 lakhs from State Bank of India.

Apart from above, no other circumstances have arisen, since the date of the last financial statement until the date of filing of this Draft Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within twelve months.

GOVERNMENT APPROVALS / LICENSING ARRANGEMENTS

In view of the approvals listed below, we can undertake this Issue and our present business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue and our present business activities. It must however, be distinctly understood that in granting the above approval, the Government and the other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statement or any commitments made or opinion expressed. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

I. Approvals for the Issue

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on January 1, 2010, authorised the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.
2. The shareholders have, pursuant to a resolution dated February 10, 2010 under Section 81(1A) of the Companies Act, authorised the Issue.

II. Approvals related to the Issue

1. In-principle approval from the National Stock Exchange of India Limited dated [●].
2. In-principle approval from the Bombay Stock Exchange Limited dated [●].

III. Company specific approvals

1. Certificate of Incorporation in the name of our Company i.e., SVEC Constructions Private Limited issued by the Registrar of Companies at Hyderabad, Andhra Pradesh on April 10, 1985. Our Company's Registration Number is 005445 of 1985
2. The Registrar of Companies at Hyderabad, Andhra Pradesh issued a Fresh Certificate of Incorporation pursuant to conversion of our Company to a deemed public limited company and change of name to SVEC Constructions Limited with effect from July 1, 1988. . The Corporate Identification Number is U45200AP1985PTC005445.
3. Our Company's Permanent Account Number is AADCS2215B.
4. Our Company has been allotted Tax Deduction Account Number (TAN) HYDS04960E by the Income Tax Department.
5. Our Company has obtained Professional Tax Registration Certificate under A.P. Tax on Professions, Trades, Callings and Employments Rules, 1987 bearing number H/AD/np/pt/1017/98-99 dated 02.08.1998.
6. Our Company has obtained Certificate dated 21st November 2005 issued by Commercial Taxes Department, Government of Andhra Pradesh registering the Company for VAT (TIN) 28770219809
7. The Company has been registered as Special Class Contractor by the office of the Engineer- in -

Chief (Admin Wing) I & CAD Department (Buildings & Irrigation), Errum Manzil, Hyderabad under registration no. COT/SP/600/2008 dated 22.04.2009 valid up to 11.11. 2013.

8. The Company has been registered as Class I contractor with PWD (Buildings & Irrigation), Government of Karnataka, Registration/Renewal No. CBS 1043, Dated 7/05/2010. The registration is valid up to 31st March, 2015.
9. The Company has been registered as Class A-V category with the office of the Chief Engineer, Water Resources Department (325)(Irrigation) Raipur, Chattisgarh, vide certificate no. 4221748/Chattisgarh/2003/13251 dated 08.08. 2008, valid up to 5 years from the said date.
10. The Company has been registered as H-1 (Hospitals / Institutional Buildings) with the office of the National Buildings Construction Corporation Limited (NBCC) vide Pin no.0905BDH1100206 dated 15th Jan 2010 and is valid up to 31.12.2010.
11. The Company has been registered under category U-1 (Buildings & Irrigation) vide registration no. EPI/CON/4088 dated 18/12/2009 with Engineering Projects (India) Limited and the said registration is valid up to 5 years from the date issue.
12. The Company has been registered under Category -1 (for unlimited amount of works) (Buildings & Irrigation) with U.P. projects Corporation Limited. The said registration is valid up to 1.09.2011.
13. The Company has registered as Class A- V (Buildings & Irrigation) with the office of the Chief Engineer Public Works, Narmada Valley Development authority, Govt. of Madhya Pradesh, Bhopal vide letter no. 1470/2-20 dated 25.09.2006, valid up to 5 years from the date of said letter.
14. The Company has registered as SS – 37 class (Buildings& Irrigation) contractor by the office of the Engineer – In – Chief, branch Army Head Quarters, Kashmir House, New Delhi, vide its letter no. 66546/SS-37/E8 dated 30/09/2005 and SCL/5A/513/2005-06 dated 5.09.2005. The said certificates are valid up to 31.12. 2010.
15. The Company has obtained license for Mines & Minerals – Quarry Lease for Road Metal S.No.133 / A, R. Krishnapuram Village, Allagadda Manda, Kurnool District over an extent of 3.825 hectares dated 23.07.2005 valid up to 22.07.2015.
16. The Company has obtained license for Mines & Quarries, Renewal of Quarry Lease for Road metal over and extent of 4.000 hectares, S.No. 801, Paritala Village, Kanchikacherla Mandal, Krishna District dated 24.10.2006. This license is valid up to 04.12.2021.
17. The Company has obtained license for Mines & Quarries, Renewal of Quarry Lease for Road metal over and extent of 12.000 hectares, S.No. 801, Paritala Village, Kanchikacherla Mandal, Krishna District dated 03.05.2007. This license is valid up to 02.05.2022.
18. The Company has obtained license for Mines & Quarries, Renewal of Quarry Lease for Road metal over and extent of 12.000 hectares, S.No. 801, Paritala Village, Kanchikacherla Mandal, Krishna District dated 20.04.2007. This license is valid up to 19.04.2022.
19. TIN registration Number.28770219809 under office of the Government of Andhra Pradesh,

Commercial Taxes Department dated 25.03.2003.

20. The Company has registered as Class V with the office of the Chief Engineer Public Works Department Madhya Pradesh, Bhopal vide letter no. 1470/2-20 dated 25.09.2006, valid up to 5 years from the date of said letter.
21. Trade Mark in class 37 in respects of Building Constructions dated 12.09.2006 for trademark "SVEC" under section 18(1), Rule 25(2) of Trade Marks Act, 1999.
22. Trade Mark in class 37 in respects of Building Constructions dated 09.09.2006 for trademark "A Concrete Tradition of Engineering Excellence"" under section 18(1), Rule 25(2) of Trade Marks Act, 1999.
23. The Company has obtained Licence No 85/2008 – E2/E5 Dated 16.06.2010 from Office of the Regional Labour Commissioner (Central) A.T.I. Campus, Vidyanagar, Hyderabad. The certificate is valid upto 09.06.2011.
24. The Company has obtained Certificate No. DCL-II, HYD/12/2009 dated 22.12.2009 from the Labour Officer Circle III, Hyderabad under AP Shops and Establishment Act 1988. The certificate is valid upto 31.12.2010.
25. The Company has obtained Licence No B/33/2009 Dated 10.09.2009 from Office of the Deputy Commissioner of Labour, Nalgonda. The certificate is valid up to 08.02.2011.
26. The Company has obtained Licence No B/32/2009(L) Dated 10.09.2009 from Office of the Deputy Commissioner of Labour, Nalgonda. The certificate is valid up to 08.02.2011.
27. The Company has obtained Licence No 05/2009 Dated 17.04.2009 from Office of the Licensing Officer, Bari, Kota. The certificate is valid up to 31.12.2010.
28. The Company has obtained Licence No 89/09 Dated 23.04.2009 from Office of the Licensing Officer, Bari, Kota. The certificate is valid up to 31.12.2010.
29. The Company has obtained Licence No A/1039/08 Dated 12.08.2008 from Office of the Deputy Commissioner of Labour, Khammam. The certificate is valid up to 11.08.2011.
30. The Company has obtained Licence No B/42/2008(L) Dated 13.08.2008 from Office of the Deputy Commissioner of Labour, Nalgonda. The certificate is valid up to 12.08.2011.
31. The Company has obtained Licence No A/1040/08 Dated 12.08.2008 from Office of the Deputy Commissioner of Labour, Khammam. The certificate is valid up to 11.08.2011.
32. The Company has obtained Licence No CLA/LIC/13/2010/PKL Dated 18.01.2010 from Office of the Deputy Labour Commissioner, AWHO, Panchkula, Ambala. The certificate is valid up to 31.12.2010.
33. The Company has obtained Licence No RLCP-46(43)/2008.L Dated 29.03.2008 from Office of the Regional Labour Commissioner, Pune. The certificate is valid up to 28.03.2011.
34. The Company has obtained Licence No JCL-RR2/3027/09 Dated 19.08.2009 from Office of the

Joint Commissioner of Labour, RR Zone, Hyderabad. The certificate is valid up to 08.04.2010 and applied for Renewal.

35. The Company has obtained Licence No F.No/867/D.C.L/Anantapur Dated 08.12.2009 from Office of the Deputy Commissioner of Labour (FAC), Anantapur. The certificate is valid up to 06.12.2010.
36. The Company has obtained Licence No 661/D-1/2008 Dated 23.05.2008 from Office of the Licensing Officer, (R&A), Nagpur. The certificate is valid up to 31.12.2010.
37. The Company has obtained Licence No 273/D-3/2009 Dated 17.02.2009 from Office of the Licensing Officer, (R&A), Nagpur. The certificate is valid up to 31.12.2010.
38. The Company has obtained License No. 143/2010 dated August 31, 2010 from Ministry of Labour and Employment, Office of the Assistant Labour Commissioner (Central)-I, Vidyanagar, Hyderabad under Contract Labour (Regulation & Abolition) Act, 1970 for executing multistoried parking facility at DLRL, Kanchanbagh. The certificate is valid upto August 30, 2011.
39. The Electrical License No.A/2096 3-2480 is changed to A/2096 3-2643 and renewed from 24/09/2009 to 23/09/2011.

Following approval is pending for the existing operations of the Company:

Nature of approval	Authority	Date of application	Status
Labour license for civil construction of building works at Bahadurpally awarded by A.P. Rajiv Swagruha Corporation Ltd.	Licensing Officer and Joint Commissioner of Labour, Ranga Reddy District.	March 8, 2010	Pending

SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares in the Issue by the Company has been authorized by the resolution of the Board of Directors passed at their meeting held on January 1, 2010 subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the issue at the Extra Ordinary General Meeting of the Company held on February 10, 2010.

Prohibition by SEBI

Our Company, its Directors, its Promoters, the Promoter Group, and the companies in which the Directors are associated as directors, have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI or any other authority.

Our Directors are not in any manner associated with the securities market and there has been no action taken by SEBI against the Directors or any entity our Directors are involved in as promoters or Directors.

Neither our Company nor our Directors, our Promoters, their relatives, our Promoter Group are detained as willful defaulters by RBI/Government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

Eligibility for the Issue

Our Company is eligible for the Issue under Regulation 26(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. As confirmed by the Auditors of our Company:

- our Company has net tangible assets of atleast Rs. 300.00 lakhs in each of the 3 preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.
- our Company has a pre-issue net worth of not less than Rs. 100.00 lakhs in each of the three preceding full years (of 12 months each).
- our Company has a track record of distributable profits as per Section 205 of the Companies Act, 1956, for atleast three out of the immediately preceding five years (extraordinary items are not considered for calculating distributable profits in terms of Section 205 of the Companies Act, 1956).
- the proposed issue size including all previous issues in the same financial year would not exceed five (5) times the pre-issue net worth of our Company as per the audited accounts for the year ended March 31, 2010.
- our Company has not changed its name within the last one year.

The net tangible assets, monetary assets, distributable profits and net worth as derived from the restated financial statements prepared in accordance with SEBI (ICDR) Regulations, for the last five financial years is set forth below:

(Rs. in Lakhs)					
Financial Year	2009-10	2008-09	2007-08	2006-07	2005-06
Net tangible assets	13,314.29	12,238.47	8,417.82	5,266.02	4,780.68
Monetary assets	1,704.78	1,910.60	868.02	822.21	1,099.85
Monetary assets as a %age of net	12.8%	15.6%	10.3%	15.6%	23.0%

tangible assets					
Distributable profits	641.87	895.01	489.62	755.18	519.59
Net Worth	4,422.85	3,850.68	3,025.37	2,570.60	1,719.06

- (1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).
- (2) Monetary assets include cash on hand and bank.
- (3) The distributable profits of the company as per section 205 of the Companies Act have been calculated from the restated Financial Statements.
- (4) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off, if any).

Further, in accordance with Regulation 26(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, our Company shall ensure that number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1000, failing which the entire application money will be refunded forthwith.

SEBI Disclaimer clause

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (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 DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ALMONDZ GLOBAL SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, ALMONDZ GLOBAL SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ALMONDZ GLOBAL SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 2, 2010 WHICH READS AS FOLLOWS:

"1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

2. 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, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
 4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR 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 THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATIONS HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND

EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE- AS THE ISSUE SIZE IS MORE THAN RS. 1000 LAKHS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
 - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 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.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ANDHRA PRADESH IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.

Disclaimer from the Issuer Company and the Book Running Lead Manager

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at its instance and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Manager, Almondz Global Securities Limited and our Company dated July 3, 2010 and the Underwriting agreement to be entered into between the Underwriters and our Company.

All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

Neither the Company nor BRLM or Syndicate Member or SCSB shall be liable to the Bidders for any failure in uploading the bids due to faults in any software/ hardware system or otherwise.

Caution

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to

acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

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, HUF, companies, corporate bodies and societies registered under the applicable laws in India and authorised 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 authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs and sub-account registered with SEBI other than a sub-account which is a foreign corporate or foreign individual. This Draft Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued 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 into is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, Andhra Pradesh only.

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

The Equity Shares have not been and will not be registered under the US Securities Act ("the Securities Act") or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Equity Shares are only being issued and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.

Disclaimer clause of Bombay Stock Exchange limited (BSE, the Designated Stock Exchange)

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated to the Company by the BSE, post-scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the National Stock Exchange of India Limited (NSE)

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated to the Company by the NSE, post-scrutiny of the Draft Red Herring Prospectus,

shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of ICRA for IPO Grading

As required, we have appointed ICRA as the grading agency. The Disclaimer Clause as intimated by ICRA shall be included in the Red Herring Prospectus prior to RoC filing.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Regional Office of Securities and Exchange Board of India at SEBI Southern Regional Office, D'Monte Building, 3rd Floor, No. 32, D'monte Colony, TTK Road, Alwarpet, Chennai – 600 018 and with the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC situated at Registrar of Companies, Sultan Bazar, 2nd Floor, CPWD Building, Kendriya Sadan, Hyderabad-500 195.

Listing

The initial listing applications have been made to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The Bombay Stock Exchange Limited (BSE) will be the Designated Stock Exchange.

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

The Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within twelve working days of the Bid / Issue Closing Date.

Consents

Consents in writing of Directors, the Company Secretary, Compliance Officer, the Statutory Auditors, Banker to the Company, Book Running Lead Manager to the Issue, Registrars to the Issue, and Legal Advisors, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, as required under Sections 60 of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of the Red Herring Prospectus, for registration with the Registrar of Companies, Andhra Pradesh.

M/s. C. Venkat Krishna & Co, Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Draft Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the Registrar of Companies, Andhra Pradesh.

Expert opinion

No opinion of any expert has been obtained by the Company, except that of M/s. C. Venkat Krishna & Co, Statutory Auditors of our Company and M/s. V. S. Raju and Associates, Legal Advisors to the Issue.

Public issue expenses*

The expenses for this Issue includes Issue management fees, underwriting & selling commission, registrars' fee, grading fee, printing and distribution of issue stationery, advertisement and marketing expenses, legal counsel fees and listing fees payable to the stock exchanges, among others. The total expenses for this Issue are estimated to be Rs. [●] lakhs, details of which are as under:

(Rs. in lakhs)

Sr. No.	Activity	Amount	% of Total Issue size	% of Issue Expenses
1	Issue Management Fees, Underwriting & Selling Commission (including commission to SCSB for ASBA applications) & Brokerage	[●]	[●]	[●]
2	Registrars fees	[●]	[●]	[●]
3	Fees for Legal Counsel to the Issue	[●]	[●]	[●]
4	Fees payable to Grading Agency for grading the Issue	[●]	[●]	[●]
5	Fees to the Bankers to the Issue	[●]	[●]	[●]
6	Printing and Distribution of Issue Stationery	[●]	[●]	[●]
7	Advertising and Marketing expenses	[●]	[●]	[●]
8	Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[●]	[●]	[●]
	Total	[●]	[●]	[●]

* Will be incorporated after finalization of Issue Price

Fees payable to the BRLM, underwriting, brokerage and selling commission

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the engagement letter(s) dated June 25, 2010 is available for inspection at the Registered Office of the Company.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar dated August 12, 2010, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

Previous public or rights issues

The Company has not made any public or rights issue during the last five years except that we had earlier filed Red Herring Prospectus with Registrar of Companies, Andhra Pradesh on January 17, 2008 and our issue opened and closed for public subscription on February 4, 2008 and February 12, 2008 respectively. However, due to poor response from the investors to the extent of approximately

23%, we had to refund the entire application money to the investors.

Previous issues of shares otherwise than for cash

The Company has not issued shares for consideration other than for Cash, except as stated in the title “Capital Structure” on page no. 17 of this Draft Red Herring Prospectus.

Commission and brokerage paid on previous issues

Since this is the initial public issue of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of Equity Shares of the 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, 1956.

There have been no capital issues during last 3 years by our Company and other listed companies under the same management within the meaning of Section 370(1)(B) of the Act at present or during the last three years.

Option to subscribe

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in Dematerialized form only.

Promise vis-à-vis performance

Our Company has not made any Issue in the past.

Outstanding debentures, bonds, redeemable preference shares or other instruments

As on the date of filing of this Draft Red Herring Prospectus with SEBI, our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments.

Stock market data for equity shares of the Company

As this is the Initial Public Issue of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for redressal of investor grievances

We have appointed Karvy Computershare Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with Compliance Officer of our Company. All grievances relating to the present issue may be addressed to the Registrars to the Issue, 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 Bidder/Bank branch where the application was submitted. Our Company will monitor the work of the Registrars to the Issue to ensure that the grievances are settled expeditiously and satisfactorily.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-ASBA Form was submitted by the ASBA Bidders.

Disposal of investor grievances

Karvy Computershare Private Limited, the Registrars to the Issue, or the SCSBs in case of ASBA Bidders, will handle investor grievances pertaining to the Issue. A fortnightly status report of the

complaints received and redressed by them would be forwarded to our Company. Our Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors. Our Company assures that the Board of Directors, in respect of the complaints, if any, to be received, shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Taken
1.	Non-receipt of refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address notification	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. B. Madhu as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

Mr. B. Madhu

Company Secretary & Compliance Officer

SVEC Constructions Limited

Plot No. 1355/A, 2nd Floor, Road No. 1 & 45,

Jubilee Hills, Hyderabad – 500 033

Tel.: +91-40-30511818

Fax: +91-40-30511919

E mail: ipo@svec.in

Changes in Auditors

There has been no change in the Auditors of the Company during the last three years

Capitalization of reserves or profits (during the last five years)

The Company has not capitalized its profits or reserves at any time except as stated in the section titled “Financial Statements of the Company” and “Capital Structure” on page no. 119 and 17 of this Draft Red Herring Prospectus.

Revaluation of assets (during the last five years)

There has been no revaluation of the assets of our Company during the last five years.

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

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

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association of our Company 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. For further details, please see the section titled "Main Provisions of Articles of Association of the Company" beginning from page no. 222 of the Draft Red Herring Prospectus.

Mode of payment of Dividend

Our Company shall pay dividend, if any, to its shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus at a Issue Price of Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares, 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 subject to any statutory and other preferential claims being satisfied;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements with the Stock Exchanges and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of Articles of Association of our Company dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section "Main Provisions of Articles of Association of the Company" beginning on page no. 222 of this Draft Red Herring Prospectus.

Market lot and trading lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI (ICDR) Regulations, the trading of Equity Shares of our Company shall be in dematerialised form only. Since trading of Equity Shares of the Company is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of [●] Equity Share subject to a Minimum Allotment of [●] Equity Shares.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Nomination facility to the investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or with the Registrar or 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective Depository Participant.

Issue Period

Bidders may submit their Bids only in the Bid/Issue Period. The Bid/Issue Opening Date is [●] and the Bid/Issue Closing Date is [●].

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue to the public to the extent of the amount, including devolvement of Underwriters, within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company become liable to pay the amount (i.e., 60 days from the Bid Closing Date), our Company shall pay interest prescribed under Section 73 of the Companies Act.

In accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Share will be allotted will not be less than 1000.

Application by NRIs, FIIs, Sub-Accounts and FVCIs

It is to be distinctly understood that there is no reservation for NRIs, FIIs, Sub-Accounts and FVCIs. As per existing regulations, OCBs cannot participate in this Issue.

Arrangements for disposal of odd lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for the lock-in of the pre-Issue capital of our Company and the Promoter's contribution as provided the section titled "Capital Structure" on page no. 17 of this Draft Red Herring Prospectus and otherwise as provided in our Articles, there are no restrictions on transfer and transmission of shares / debentures and on their consolidation and splitting. Please see section "Main Provisions of Articles of Association of the Company" on page no. 222 of the Draft Red Herring Prospectus.

Withdrawal of the issue

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

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

In terms of the SEBI Regulations, QIBs Bidding in the QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date.

Option to receive Equity Shares in Dematerialised Form

Investors should note that allotment of Equity Shares to all successful Bidders will only be in dematerialised 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 dematerialised segment of the Stock Exchanges.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Hyderabad, Andhra Pradesh, India.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to the Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid cum Application Form or ASBA Form, as the case may be.

Book Building Procedure

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Undersubscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

Bidders are required to submit their Bids through the Syndicate Member only. In case of QIB Bidders, our Company in consultation with BRLM may reject Bid procured by any or all members of the syndicate at the time of acceptance of Bid-cum-Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. 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.

Bid-cum-Application / ASBA 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 the Draft Red Herring Prospectus, unless they are using the ASBA process. The Bidder shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective bid prices) in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. The Bid-cum-Application Form shall be serially numbered and the date and time stamped at the Bidding Centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to

have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

Bidders can also submit their Bids through the ASBA by submitting Bid-cum-ASBA Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained. An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making a Bid. ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the relevant Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. Upon completing and submitting the ASBA Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application / Bid-cum-ASBA Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
ASBA Bidders bidding through a physical Form	White

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) or in the names of their minor children as natural/legal guardians 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 and corporate bodies registered under the applicable laws in India and authorized to invest in Equity shares;
5. 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;
6. Mutual funds registered with SEBI;
7. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and

- Regulations, as applicable);
8. FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
 9. Sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals only under the Non-Institutional Bidders category.
 10. Venture capital funds registered with SEBI;
 11. Foreign venture capital funds registered with SEBI;
 12. State Industrial Development Corporations;
 13. Insurance companies registered with the Insurance Regulatory and Development Authority;
 14. As permitted by the applicable laws, Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
 15. Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
 16. Multilateral and bilateral development financial institutions;
 17. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws;
 18. Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares;
 19. National Investment Fund set up by resolution F. No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India, published in the Gazette of India; and
 20. Insurance funds set up and managed by army, navy or air force of the Union of India

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLM and Syndicate Member shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations, if any. However, associates and affiliates of the BRLM and Syndicate Member are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,00,000 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has

been made.

As per the current regulations, the following restrictions are applicable for investments by

Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares. The Bids made by Asset Management Companies or custodians of Mutual Fund shall clearly indicate the name of the concerned schemes for which the application is being made.

Bids by Eligible NRIs

Eligible NRI Bidders to comply with the following:

- a) Individual NRI Bidders can obtain the Bid-cum-Application Forms from Registered Office of our Company, members of the Syndicate or the Registrar to the Issue.
- b) Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible 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). All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of post-issue paid-up capital of our Company (i.e., 10% of 1,59,15,600 Equity Shares). In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts (other than a sub-account which is a foreign corporate or foreign individual bidding under the QIB Portion), the investment on behalf of each such sub-account shall not exceed 10% of total issued equity capital or 5% of our total issued equity capital in case such sub-accounts is a foreign corporate or a foreign individual. Under the current foreign investment policy applicable to us foreign equity participation upto 100% is permissible under the automatic route.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-accounts may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered VCF and FVCI

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 investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

Accordingly, the holding by any individual VCFs in one company should not exceed 25% of the corpus of the said VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer of a venture capital undertaking.

According to Regulation 37(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the equity shares held by a venture capital fund or foreign venture capital investor would be exempt from the lock-in requirements only if the equity shares have been held for a period of at least one year prior to the date of the filing of the Draft Red Herring Prospectus with the SEBI.

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, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

Bids by provident funds / pension funds

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension fund with the minimum corpus of Rs. 2500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis must be made:

1. On the prescribed Bid-cum-Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details);
3. Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; Other Non-Resident Bidders must bid for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page no. 188 of this Draft Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions 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 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 or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which

should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

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.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this 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.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and 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 either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made pursuant to Power of Attorney by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to Power of Attorney by National Investment Fund or Insurance funds set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India and fund set and managed by army, navy or air force of the Union of India, a certified copy of the relevant resolution or authority, as the case may be must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to Power of Attorney by ASBA Bidders, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company and the BRLM may deem fit.

The Company in its absolute discretion reserves the right to permit the holder of the power of attorney to request the Registrar to the issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/ allocation advice, the Demographic details given on the Bid-cum-Application form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic details as given on the Bid-cum-Application Form instead of those obtained from the Depositories.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000. *Bidders may note that the total Bid amount will be used to determine if a Bid is in the retail category or not, and not just the amount payable on Application.* 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 of the Bid or revision of the Price Band or on exercise of option to Bid at Cut-off price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIB Bidders: The Bid must be for a minimum of such number of Equity Shares in multiples 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 Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing. The identity of QIBs bidding in the Issue in the Net QIB Portion shall not be made public during the Bidding Period.

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 the Price Band, the same would be considered for allocation under the Retail Portion in respect of the Bids by Non-Institutional Bidders who are otherwise eligible for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Information for the Bidders

- a. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- b. Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band after registering the Red Herring Prospectus with RoC and also publish the same

in two widely circulated national newspapers (one each in English and Hindi) and a regional language newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- c. The members of the syndicate shall accept bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the syndicate agreement.
- d. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors. 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 the Registered Office of our Company or from the BRLM, or from a member of the Syndicate.
- e. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids.
- f. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate, otherwise they will be rejected.
- g. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.
- h. In case the Price Band is revised, the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by publishing in two widely circulated national newspapers (one each in English and Hindi) and a regional language newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the members of the Syndicate.
- i. We, in consultation with the BRLM, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to the Bidders.

Information specific to ASBA Bidders

- a. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.
- b. The Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- c. The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders.
- d. The Book Running Lead Manager shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, the Book Running Lead Manager shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Form and that the same are made available on the websites of the SCSBs.

Method and Process of bidding

1. During the Bidding period, Bidders should approach members of the Syndicate or their authorised agents to register their Bids. ASBA Bidders should approach the SCSBs and/or Designated Branches to register their Bids.
2. The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Rs. 1 (One). Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page no. 191 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
3. The Bidder cannot bid on another Bid-cum-Application Form or ASBA Form after Bids on one Bid-cum-Application Form or ASBA Form have been submitted to any member of the Syndicate or SCSB as the case may be. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate or an ASBA Form to any SCSB will be treated as multiple 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 no. 202 of this Draft Red Herring Prospectus.
4. The members of the Syndicate or SCSB will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form or ASBA Form.
5. 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.
6. 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 no. 204 of this Draft Red Herring Prospectus.
7. For the Bidders who apply through the ASBA process, SCSBs shall block the Bid Amount in an ASBA Account. Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block an amount equivalent to the Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.
8. The Bid Amount shall remain blocked in the ASBA Account until finalization of the 'Basis of Allocation' or withdrawal/failure of the Issue or withdrawal/rejection of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the Bid shall be rejected by the SCSB and no funds shall be blocked in that ASBA

Account.

9. The ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amount in the ASBA Account.
10. On the Designated Date, the SCSBs shall initiate transfer of the blocked Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked. Not more than five ASBA Forms can be submitted when utilizing an ASBA Account.

Bids at different price levels and revision of Bids

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10/- each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One).
2. Our Company, in consultation with the BRLM, can revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations, 2009, in which case the Bidding Period shall be extended further for a period of additional three working days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Draft Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges and the SCSBs and by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and a regional language newspaper of wide circulation in the place where our Registered Office is situated and also indicating the change on the relevant website of the BRLM, Company and the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band, in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at "Cut-off". However, bidding at "Cut-off" is not permitted for QIB or Non-Institutional Bidders who bid for and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who bid at the Cut-off Price, such Bidders shall receive the refund of the excess amounts from the respective Refund Account.
7. 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 or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid by Retail Individual Bidder will be considered for allocation under the Non-Institutional portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or

make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs. 7,000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.
10. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid-cum-Application Form and ASBA Form.
11. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
12. The Bidder can make revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
13. 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.
14. 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.
15. 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.**

General Instructions

Do's:

- (a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Draft Red Herring Prospectus;
- (b) Read all the instructions carefully and complete the Bid-cum-Application Form (white or blue in colour) as the case may be;
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct and the Beneficiary Account is activated, as allotment of Equity Shares will be in the dematerialised form only.
- (d) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;

- (e) 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.
- (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) Each Bidder should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act.
- (j) Ensure that demographic details are updated true and correct in all respects.

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, money order, postal order or by stockinvest;
- f. Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders)
- g. Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
- h. Do not fill up the Bid-cum-Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.
- i. Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.
- j. Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- k. Do not submit the Bid without the Full Bid Amount through the Bid-cum-Application Form.

Instructions specific to ASBA Bidders

Do's:

- a. Ensure that you use the Bid-cum-ASBA Form specified for the purposes of ASBA process.
- b. Read all the instructions carefully and complete the Bid-cum-ASBA Form.
- c. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- d. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM to the Issue.
- e. Ensure that the Bid-cum-ASBA Form is signed by the account holder in case the applicant is not the account holder.
- f. Ensure that you have mentioned the correct bank account number in the Bid-cum-ASBA Form.
- g. Ensure that you have funds equal to the Bid Amount mentioned in the Bid-cum-ASBA Form available in your bank account maintained with the SCSB before submitting the Bid-cum-ASBA

Form to the respective Designated Branch of the SCSB.

- h. Ensure that you have correctly checked the authorisation box in the Bid-cum-ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the Bid-cum-ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
- i. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your Bid-cum-ASBA Form.
- j. Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.
- k. Ensure that the name(s) given in the Bid-cum-ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-ASBA Form.
- l. Ensure that the Demographic Details are updated, true and correct, in all respects

Don'ts:

- a. Do not Bid or revise Bid price to less than the floor price or more than the cap price.
- b. Do not Bid for lower than the minimum Bid size.
- c. Do not Bid through another ASBA or non Bid-cum-ASBA Form after you have submitted a Bid to a Designated Branch of the SCSB.
- d. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- e. Do not send your physical Bid-cum-ASBA Form by post; instead submit the same to a Designated Branch of the SCSB only.
- f. Do not fill up the Bid-cum-ASBA Form such that the bid amount against the number of Equity Shares Bid for exceeds the investment limit under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus.
- g. Do not submit the GIR number instead of the PAN Number.
- h. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Instructions for completing the Bid-cum-Application / ASBA Form

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and non-residents applying on a non-repatriation basis; blue colour for the Eligible NRIs and FIIs applying on a repatriation basis).
- (b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) 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.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, subject to a maximum Bid Amount of Rs. 1,00,000.

- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [•] Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [•] Equity Shares. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (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.
- (g) Bids through ASBA must be:
 - a. made only in the prescribed ASBA Form (if submitted in physical mode) or the electronic mode.
 - b. made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).
 - c. completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.
 - d. for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to a maximum of [•] Equity Shares. Bid by an ASBA Bidder falling under the Retail Individual Bidder category cannot exceed Rs. 1,00,000.
- (h) ASBA Bidders should correctly mention the ASBA Account number and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the Designated Branch otherwise the concerned SCSB shall reject the Bid.
- (i) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the ASBA Form.
- (j) Bidders should correctly mention their name, DP ID and Client ID and such other details as required in the Bid-cum-Application Form, or the ASBA Form, as the case may be. For the purpose of evaluating the validity of Bids, the Demographic Details of Bidders shall be derived from the DP ID and Client ID mentioned in the Bid cum Application Form, or the ASBA Form, as the case may be.
- (k) For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (l) ASBA Forms should bear the stamp of the Syndicate Member and/or Designated Branch. ASBA Forms which do not bear the stamp will be rejected.

Application in the Issue

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Bidder's Depository Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name,

Depository Participant Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS, Direct Credit, RTGS or NEFT and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form or ASBA Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM OR ASBA FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID-CUM-APPLICATION FORM OR ASBA FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IN CASE THE BID-CUM-APPLICATION FORM OR ASBA 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 OR ASBA FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/ Allocation Advice and printing of Bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form or ASBA Form would not be used for any other purposes by the Registrars to the Issue.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed to the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders other than ASBA 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 and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLM/Syndicate Member shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, bidders may note that refunds may get delayed if bank particulars obtained from the depository participants are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/First Bidder, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form or ASBA Form should be used (and not those

obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form or ASBA Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form or ASBA Form. The Company and/or the Book Running Lead Manager will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds 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 as per the Demographic Details received from the Depository.

Further, ASBA Bids may be made in single or joint names (not more than three). In case of joint Bids by ASBA Bidders, all communications will be addressed to the first Bidder and will be dispatched to his/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, illustrations of certain procedures, which may be followed by the Registrar to the Issue to detect multiple applications, are provided below:

1. 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.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applicants 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 addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as

multiple applications.

5. The applications will be scrutinised for their 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.
6. Subsequent to the aforesaid procedures, a print out of multiple master will be taken and 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 Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN. In cases where the PAN is same, such bids will be treated as multiple applications.

An ASBA Bidder should submit only one Bid. Two or more Bids will be deemed to be multiple bids if the sole or first Bidder is the same.

Permanent Account Number (PAN)

Except for the Bids on behalf of Central and State Government and officials appointed by Court, the Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007 the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Applications without this information 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.**

IMPERSONATION

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

“Any person who:

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting

the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Electronic Registration of Bids by Bidders, other than ASBA Bidders

- (a) The members of the Syndicate and SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted. The Members of the Syndicate, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs or (iv) with respect to ASBA Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account. The members of the Syndicate and the SCSBs shall be responsible for any error in the Bid details uploaded by them.
- (b) The members of the Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Issue Closing Date.
- (c) In case of apparent data entry error by either the members of the Syndicate or the collecting bank in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the Bid cum Application Form number by either the member of the Syndicate or collecting bank leading to rejection of the Bid cum Application Form, the Registrar may identify based on the Bid cum Application Form, the entity responsible for the error.
- (d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with members of the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building Process on a regular basis. On the Issue Closing Date, the members of the Syndicate and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the members of the Syndicate on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Offer Period may lead to some Bids received on the last day not being uploaded and such Bids will not be considered for allocation.
- (e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price would be made available at the bidding centres during the Issue Period.

At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the Bidder(s): Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure

that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;

- Investor Category – Individual, Corporate, QIB, NRI, FII, Mutual Fund etc.;
 - PAN (of First Bidder in case of more than one Bidder);
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid-cum-Application Form number;
 - Cheque details;
 - Depository Participant Identification Number and Client Identification Number of the demat Account of the Bidder.
- (f) 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.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) The BRLM/ member of the Syndicate have the right to accept the Bid or reject it in case of QIBs; however, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page no. 207 of this Draft Red Herring Prospectus.
- (i) It is to be distinctly understood that the permission given by NSE and BSE 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 NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (j) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been 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 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.
- (k) It is to be noted that Syndicate Members shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received.

- (l) 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 BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Electronic registration of Bids by SCSBs

- a) In case of Bid-cum-ASBA Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
- i) it has received the ASBA in a physical or electronic form; and
 - ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b) The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- c) At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
- Name of the Bidder(s);
 - ASBA Form Number;
 - Permanent Account Number (of First Bidder in case of more than one Bidder);
 - Number of Equity Shares Bid for;
 - Bid Amount;
 - Depository Participant Identification Number;
 - Bank Account number;
 - Bidder's Beneficiary Account Number; and
 - Client Identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

- d) A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- e) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- f) It is to be distinctly understood that the permission given by the Stock Exchanges 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 the

BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

- g) The SCSB may reject the ASBA Bid upon receipt of Bid-cum-ASBA Form, if the ASBA Account maintained with the SCSB as mentioned in the Bid-cum-ASBA Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLM, the Company and the Designated Stock Exchange, based on the physical records of the Bid-cum-ASBA Forms shall be final and binding on all concerned.

Build up of the Book and Revision of Bids, other than ASBA process

- (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) 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 QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Bid 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.
- (f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised

TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

- (h) 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 BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.
- (i) QIBs shall not be allowed to withdraw their bids after the BID/Issue Closing Date.

Build up of the Book and Revision of Bids under ASBA process

- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- b. The SCSBs shall provide to the Registrar aggregate information about the numbers of Bid-cum-ASBA Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded Bid-cum-ASBA Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLM, our Company, and the Designated Stock Exchange, in this regard shall be final and binding.
- c. During the Bid Period, any ASBA Bidder who has registered his/ her interest in the Equity Shares at the Floor Price is free to revise his/ her Bid using the ASBA Revision Form, which is a part of the Bid-cum-ASBA Form. However, the SCSB will not accept incomplete or inaccurate Revision Forms.
- d. The ASBA Bidder can make this revision any number of times during the Bid Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
- e. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.
- f. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- g. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/allotment.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

- 1. 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 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 this 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 the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue and to the Refund Account as per the terms of the Escrow Agreement. Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between 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

Each Bidder, shall provide the applicable Bid Amount, with the submission of the Bid-cum-Application Form by drawing a cheque, demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) as per the below terms:

- (a) 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 whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue and the SCSBs will also transfer the funds represented by allocation of Equity Shares from the respective ASBA Accounts to the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds.
- (b) Each category of Bidders (i.e. QIBs, Non-Institutional Bidders and Retail Individual Bidders) would be required to pay their Full Bid Amount at the time of the submission of the Bid-cum-Application Form by way of 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) and submit the same to the member of the Syndicate to whom the Bid is being submitted. (For details please see the section titled "Issue Procedure - Payment Instructions" beginning on page no. 203 of this Draft Red Herring Prospectus. The Bid Amount payable by each category of Bidders is mentioned in the section titled "Basic Terms of the Issue" beginning on page no. 36 of this Draft Red Herring Prospectus. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.
- (c) Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such ASBA Bidder(s) within 9 working days and to Non-ASBA Bidders within 10 working days from the Bid Closing Date/Issue Closing Date, failing which our Company shall pay interest @ 15% per annum for any delay beyond the periods mentioned above.
- (d) The Bidders shall, at the time of submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our Company and submit the same to the member of the Syndicate.

- (e) The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
- (i) In case of resident QIB Bidders- **“Escrow Account-SVEC – Public Issue – QIB-R”**
 - (ii) In case of Resident Retail and Non-Institutional Bidders- **“Escrow Account-SVEC- Public Issue – R”**
 - (iii) In case of Non-Resident QIB Bidders- **“Escrow Account-SVEC-Public Issue-QIB-NR”**
 - (iv) In case of Non –Resident Retail and Non-Institutional Bidders – **“Escrow Account –SVEC – Public Issue – NR”**
- (f) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- (g) In case of Bids by NRIs applying on non repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO account of a Non-resident Bidder bidding on non 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 or an NRO account.
- (h) In case of Bids by FIIs, FVCIs registered with SEBI 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.
- (i) Where a Bidder has been allocated a lesser number of equity shares than the Bidder has bid for, the excess amount, if any, paid on bidding, after adjusting towards the balance payable on equity shares allocated, will be refunded to the Bidder from the refund amount.
- (j) The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date. 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.
- (k) On the Designated Date and no later than 10 working days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- (l) Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing

house located at the center where the Bid-cum-Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

- (m) Bidders are advised to mention the number of the Bid-cum-Application Form on the reverse of the cheque or demand draft to avoid misuse of the instrument submitted along with the Bid-cum-Application Form.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the ASBA Account number in the ASBA Form and the relevant SCSB shall block an amount equivalent to the application money in the ASBA Account specified in the ASBA Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Form or for unsuccessful ASBA Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within 9 working days of the Issue Closing Date. The Bid Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment by Stock-invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock-invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with Registrar of Companies, make a Pre-Issue Advertisement in the format specified in Part A of Schedule XIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, in one English national daily newspaper with wide circulation, one Telegu newspaper and one Hindi national daily newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

An advertisement will be issued by our Company in one English national daily newspaper with wide circulation, one Telegu newspaper and one Hindi national daily newspaper with wide circulation, after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such advertisement.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM may reject a Bid placed by a Qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject Bids only on technical grounds.

Right to reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA account, the respective Designated Branch ascertains that

sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the Bid-cum-ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

Withdrawal of Bids

In case an ASBA investor wants to withdraw his/her ASBA during the bidding period, he/she shall submit his withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Investor (except in case of a QIB bidding through ASBA process) wants to withdraw his/her ASBA after the Bid/ Issue Closing Date, he/she shall submit the withdrawal request to the Registrar before finalization of Basis of Allotment. The Registrar shall delete the withdrawn Bid from the bid file. The instruction for unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrars to the Issue to the SCSB on finalization of the Basis of Allotment.

Grounds for technical rejections

Bidders are advised to note that Bids are liable to be rejected, inter alia, on the following technical grounds:

1. Amount paid 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, the shares may be registered in the name of individual partners and no such partnership firm 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 not stated;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids for number of Equity Shares, which are not in multiples of [•];
10. Category not ticked;
11. Multiple bids as defined in this Draft Red Herring Prospectus;
12. In case of Bid under power of attorney by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stock invest/money order/ postal order/ cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid-cum-Application Form or ASBA Form does not have the stamp of the BRLM or the Syndicate Member;
16. Bid-cum-Application Form or ASBA Form does not have Bidder's depository account details;
17. Bid-cum-Application Forms or ASBA Form are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form or ASBA Form and the Draft Red Herring

- Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid-cum-Application Form and ASBA Form;
18. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
 19. In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN, the depository participant's identity (DP ID) and the beneficiary's account number;
 20. Bids by OCBs;
 21. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation under the Securities Act;
 22. Bids by QIBs not submitted through BRLM or members of the syndicate;
 23. Bids by NRIs not disclosing their residential status;
 24. If GIR number is mentioned instead of PAN number;
 25. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
 26. With respect to ASBA Bids, inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;
 27. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
 28. Bids by any person resident outside India, if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals;
 29. Bids at cut-off price by Non-Institutional and QIB Bidders;
 30. Bids or revision thereof by QIBs and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000, uploaded after 4.00 p.m. or any such time as prescribed by Stock Exchanges on the Bid/Issue Closing Date;
 31. Bids in respect of which the Bid-cum-Application Form or ASBA Form does not reach the Registrar to the Issue prior to the finalisation of the basis of allotment;
 32. Authorisation for blocking funds in the ASBA Account not ticked or provided;
 33. Bids not uploaded in the books; and on the terminals of the Stock Exchanges.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels. The Registrar to the Issue shall aggregate the demand generated under the ASBA and provide the same to the BRLM.
- (b) Our Company, in consultation with the BRLM shall finalise the "Issue Price" and the number of Equity Shares to be allotted in each category to Bidders.
- (c) Not more than 50% of the Issue to Public shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price

- (d) Under-subscription, if any, in any category of the Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company, in consultation with BRLM. If the aggregate demand by Mutual Funds is less than 1,00,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.
- (e) Allocation to Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- (f) The BRLM, in consultation with our Company shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders.
- (g) Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue in accordance with SEBI (ICDR) Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, the reason thereof shall be provided within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers in which the pre-issue advertisement had appeared. The Stock Exchanges shall also be informed promptly.
- (h) In terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, QIB Bidders shall not be allowed to withdraw their bid after the bid / issue closing date.
- (i) The allotment details shall be put on the website of the Registrar to the Issue at www.karvy.com.
- (j) Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders and Non-institutional Bidders. No preference shall be given to ASBA bidders vis-à-vis other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice-versa. The "Basis of Allocation" to such valid ASBA and other QIBs, Retail Individual Bidders and Non-Institutional Bidders will be that applicable to QIBs, Retail Individual Bidders and Non-Institutional Bidders

Signing of Underwriting Agreement and ROC Filing

- (a) Our Company, the BRLM, and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with ROC

The Company will file a copy of the Red Herring Prospectus and the Prospectus with the Registrar of Companies, Andhra Pradesh in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Issuance of Confirmation of Allocation Note

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the

Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. Investor should note that our Company shall ensure that the demat credit of the Equity Shares pursuant to allotment shall be made on the same date to all investors in this Issue;

- (b) The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder;
- (c) Such Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below in this Draft Red Herring Prospectus.

With respect to ASBA bidders:

1. Upon approval of the 'Basis of Allocation' by the Designated Stock Exchange, the Registrar to the Issue shall send a list of the ASBA Bidders who have been allocated Equity Shares in the Issue to the Controlling Branches along with:
 - (i) The number of Equity Shares to be allotted against each successful ASBA Form;
 - (ii) The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA Form;
 - (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
 - (iv) The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB bidding through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts.

ASBA Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

2. The ASBA Bidders shall directly receive the CANs from the Registrar to the Issue. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared, by the Registrar, on the basis of, Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in

the reconciled book prepared by the Registrar. Subject to SEBI (ICDR) Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in-Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders ' depository account will be completed within 10 (ten) Working Days of the Bid/Issue Closing Date.

2. **As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Basis of Allocation

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders 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 valid Bids in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the valid Bids in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of one Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders 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 valid Bids in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the valid Bids in this category is greater than [•] Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of one Equity Shares thereafter. For the method of proportionate basis of allotment refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 1,00,000 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled “Illustration of Allotment to QIBs” appearing below. If the valid Bids by Mutual Funds are for less than 1,00,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.
- The allotment shall be undertaken in the following manner -
 - (a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
 - In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
 - In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
 - Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
 - (b) In the second instance, allocation to all QIBs shall be determined as follows -
 - In the event that the over subscription 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 upto 95% of the QIB portion.
 - Mutual Funds, who have received allocation as per (a) above, for less than the number of equity shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - 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.

Under-subscription, if any, in any category would be allowed to be met with spillover from any other category or combination of categories at the sole discretion of the Company in consultation with the BRLM.

Procedure and Time Schedule for Allotment

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 allotment and entitlement to allotment are finalised based on the bids received and subject to the confirmation by the BSE/NSE. 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 SEBI and the Registrar of Companies and will be made available to investors. SEBI (ICDR) Regulations require our Company to complete the allotment and credit to successful bidders within 11 working days of the expiration of the Bidding Period. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Unblocking of ASBA Account

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the Controlling Branch of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account within the timelines specified in the ASBA process:

- (i) Number of shares to be allotted against each valid ASBA
- (ii) Amount to be transferred from the relevant bank account to the Public Issue account, for each valid ASBA
- (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the ASBA Public Issue account
- (iv) The details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts. SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investor.

Method of Proportionate Basis of Allocation

In the event of the issue being over-subscribed, our Company shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Bidders will be categorized according to the number of Equity Shares applied for by them and the allotment shall be made on a proportionate basis as explained below:-

- (a) 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.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the

lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

- (d) In all Bids where the proportionate allotment is less than [•] 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; and
- (e) 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.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No.	Particulars	Issue details
1	Issue size	10 Lakhs Equity Shares
2	Allocation to QIB (not more than 50% of the Issue)	5 Lakhs Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	0.25 Lakhs Equity Shares
	b. Balance for all QIBs including Mutual Funds	4.75 Lakhs Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	25 Lakhs Equity Shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in Lakhs)
1	A1	2.5
2	A2	1.0
3	A3	6.5
4	A4	2.5
5	A5	2.5
6	MF1	2.0
7	MF2	2.0
8	MF3	4.0
9	MF4	1.0
10	MF5	1.0
	TOTAL	25

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in Lakhs)

Type of	Shares bid	Allocation of 0.25	Allocation of	Aggregate
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QIB bidders	For (in Lakhs)	Lakhs Equity Shares to MF proportionately (please see note 2 below)	balance 4.75 Lakhs Equity Shares to QIBs proportionately (please see note 4 below)	allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	2.5	0	0.48	0
A2	1.0	0	0.192	0
A3	6.5	0	1.248	0
A4	2.5	0	0.480	0
A5	2.5	0	0.480	0
MF1	2.0	0.050	0.374	0.424
MF2	2.0	0.050	0.374	0.424
MF3	4.0	0.100	0.748	0.848
MF4	1.0	0.025	0.187	0.212
MF5	1.0	0.025	0.187	0.212
	25.0	0.250	4.750	2.120

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled “Basic Terms of the Issue” beginning on page no. 36 of this Draft Red Herring Prospectus.
2. Out of 5 Lakhs Equity Shares allocated to QIBs, 0.250 Lakhs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh shares in the QIB Portion.
3. The balance 4.75 Lakhs Equity Shares [i.e. 5.00 – 0.25 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 25 Lakhs Equity Shares (including 5 Mutual Fund applicants who applied for 10 Lakhs Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 4.75 Lakhs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - i. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 4.75/24.75
 - ii. For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 4.75/24.75

The numerator and denominator for arriving at allocation of 4.75 Lakhs Equity Shares to the 10 QIBs are reduced by 0.25 Lakhs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated January 2, 2008 among NSDL, our Company and Registrar to the Issue.
2. An Agreement dated December 24, 2007 among CDSL, our Company and Registrar to the Issue.

All Bidders can seek allotment only in Dematerialized mode. 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 successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the 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 details of the Bidder(s) with the Depository.
5. Non Transferable allotment advice or refund orders will be directly sent to the Bidders 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 or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

Disposal of Applications and Applications Money and Interest in case of delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment.

In case of Bidders who receive refunds through ECS, or RTGS or Direct Credit or NEFT, the refund instructions will be given to the clearing system and a suitable communication shall be sent to such Bidders within 11 working days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

We undertake that all steps will be taken for completion of necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within 12 working days of the Bid/Issue Closing Date.

The Company shall dispatch refund orders, as per the procedure mentioned under section "Dispatch of Refund Orders" on page no. 218 of this Draft Red Herring Prospectus, at the sole or First Bidder's sole risk.

The Company will provide adequate funds required for dispatch of refund orders or for credit of refunds, as the case may be, to the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI (ICDR) Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 10 working days of the Bid/Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 11 Working Days of the Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's ASBA Account shall be made within nine working days from the Issue Closing Date; and
- Our Company shall pay interest at 15% per annum for any delay beyond the 12 Working Days from the Bid/Issue Closing Date as mentioned above, if allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 11 Working Days prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue as per the mode disclosed under "Dispatch of Refund Order" appearing on page no. 218 of this Draft Red Herring Prospectus.

Save and except refunds effected through the electronic mode i.e. ECS, Direct Credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders

Letters of Allotment or Refund Orders

The Registrars to the Issue shall give instructions for credit to the beneficiary account with depository participants within 11 working days from the Issue Closing date. Applicants having bank accounts at any of the 68 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, our Company shall dispatch refund orders, if any, of value upto Rs. 1,500 by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or first Bidder's sole risk within 11 working days of the Bid / Issue Closing date. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through "Under Certificate of Posting" within 11 working days of closure of Issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Forms for

withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 11 Working Days of the Offer Closing Date.

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference –

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). 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 through this mode for applicants having a bank account at any of the above mentioned 68 centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS or NEFT. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by the Registrar from the Depository Participant.
2. Direct Credit – Applicants having bank accounts with the Refund Banker, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Banker for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the above-mentioned 68 centers, have also 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 banks for the same would be borne by the Company. Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR 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 of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is

subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. Refund Orders – For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Please note that only applicants having a bank account at any of the 68 centres where clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in 1, 2, 3 & 4 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

UNDERTAKING BY THE COMPANY

Our Company undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within 12 working days of the Bid/Issue Closing Date;
- (c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Dispatch of Refund Orders” on page no. 218 of this Draft Red Herring Prospectus shall be made available to the Registrar to the Issue by our Company;
- (d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 11 working days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- (e) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- (f) that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Draft Red Herring Prospectus are listed or until the Bid Money is refunded on account of non-listing, under-subscription etc.
- (g) that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors of the Company certifies that:

- (a) all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- (b) details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilized;
- (c) details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested;

Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

COMMUNICATIONS

All future communications in connection with Bids by Bidders (other than ASBA bidders) made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors (other than ASBA bidders) can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in respective beneficiary accounts, refund orders etc.

For ASBA Bidders, in relation to all future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the relevant SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non receipt of credit of allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

The Book Running Lead Manager undertakes that the complaints or comments received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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. However we shall update this Draft Red herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

CAPITAL

Share Capital:

4. Authorized Share Capital of the Company is Rs. 18,00,00,000 (Eighteen Crores) divided into 1,80,00,000 (One Crore Eighty Lacs) equally shares of Rs. 10 each (Ten only) and same may be increased or reduced as per the requirements of the business and in accordance with the provisions of law.

5. The board may at its discretion issue any portion of the Preferences Shares not already issued as redeemable preference shares which are at the option of the Company liable to be redeemed and subject to the provisions of Section 80 of the Act on such terms as to dividends preferential payment or return of the amount paid up thereon and as to conditions and terms of redemption as the Directors may deem fit.

6. The Board shall duly comply with the provisions of Section 75 of the Act, with regard to all allotment of shares from time to time.

Power of General Meeting to offer shares to such persons as the Company may resolve

8. In addition to and without derogating from the powers for that purpose conferred on the Board under Article 8 the Company in General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company). shall be offered to such persons (whether members or holders of debentures of the Company or not) In such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount as such General Meeting shall determine and with full power to give to any person (whether a member or holder or debentures of the Company or not) the option or (subject to compliance with the provisions of section 79 of the Act) at a discount such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Variation of rights

9. The rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of these Articles relating to General Meeting shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one tenth of the issued shares of that class.

Issue of further shares pari passu shall not affect the right of shares already issued

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided for by the terms of issue of the shares of the class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

No issue with disproportionate rights

11. The Company shall not issue any shares not being preference Shares which carry voting rights or right in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being preference shares.

Commission for placing shares, debentures etc.

12. 1) Subject to the provisions of Section 76 of the Act the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares debentures or debenture - stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares debentures of debenture - stock of the Company but so that the statutory conditions and requirements shall be observed and complied with the amount or rate of commission shall not exceed five per cent of the price at which the shares are issued and in the case of debenture the rate of commission shall not exceed two-and a half percent of the price which the debentures are issued.

2) The company may also on any issue, pay such brokerage as may be lawful.

Issue other than for cash

13. 1) The Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property sold or transferred, goods or machinery and appliances supplied, or for services rendered to the Company in or about the formation or promotion of the Company or the acquisition and conduct of its business; and any shares which may be so allotted may be fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.

2) The said power vested in the Board by this Article shall not be exercised except by the unanimous consent of all the Directors or with the previous sanction of a special resolution passed at a General Meeting of the Company.

14. Where two or more persons are registered as joint holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:

a) The person whose name stands first on the register in respect of such share shall alone be entitled to delivery of certificate there of:

b) any one of such persons may give effectual receipts for any dividend, bonus or return of capital payable in respect of such shares and such joint holders shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share/shares.

c) any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose names any share stands shall for the purpose of this article, be deemed joint holders thereof:

d) In case of death of any one or more of such joint holders the survivors shall be the only persons recognized by the Company as having any title to or interest in such share but the directors may require such evidence of death as they may deem fit; and nothing herein contained shall be taken to

release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

e) All notices directed to be given to the members shall be given to whichever such persons is named first in the register and notice so given shall be sufficient notice to all the holders of such shares.

SHARE CERTIFICATES

Issue of Share Certificates

15. Every Certificate of title to shares shall be issued under the seal of the company. Every share certificate and every document of title to the shares whether in renewal of an existing share certificate or other document of title or issued for the first time shall be issued under the authority of the Board of Directors and in accordance with provisions of the Companies (Issue of share Certificates) Rules, 1960 or any modification thereof and in accordance with the provisions of law or other rule having the force of law applicable thereto.

SHARE AND DEBENTURE CERTIFICATES

Rights to Certificate

16. 1) Every person whose name is entered as a member in the Register shall be entitled to received without payment:

a) One certificate for all his shares; or

b) where the shares so allotted at any one time exceed the number of shares fixed as marketable lot in accordance with the usages of the Stock Exchange, of at the request of the shareholder, several certificates one each per marketable lot and one for the balance.

2) The Company shall within three months after the allotment or within one month after application for the registration of the transfer of any shares or debentures complete and have ready for delivery the certificates for all the shares and debentures so allotted or transferred unless the conditions of issue of the said shares or debentures otherwise provide.

3) Every certificate shall be under the seal and shall specify the shares or debentures to which it relates and the amount paid up thereon.

4) The provisions of clauses (2) and (3) above shall apply mutatis mutandis to debentures and debenture - stock allotted or transferred.

5) No fee shall be charged for the issue of a new share certificate either for subdivision of the existing share certificates or for consolidation of several share certificates into one or for issue of fresh share certificates in lieu of share certificates on the back of which there is no space for endorsement for transfer or for registration of any probate Letters of Administration, Succession Certificate or like document, or for registration of any Power of Attorney Partner - ship Deed, Memorandum and Articles of the Companies, or other similar documents.

One certificate for joint holder

17. In respect of any shares held jointly by several persons the company shall not be bound to issue more than one certificate for the same share and delivery of certificate for a share to one of several

joint holders shall be sufficient delivery to all such holders. Subject as aforesaid the joint holders shall be entitled to apply for several certificates each for one or more shares held by them in accordance with Article 16 above.

Endorsement of Transfer

18. In respect of any transfer of shares registered in accordance with the provision of these Articles, the Board may at their discretion direct an endorsement of the transfer and the name of the transferee and other particulars, on the existing share certificate and authorize any Director Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate in lieu of and in cancellation of the existing certificate, in the name of the transferee.

Renewal of Certificate

19. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate in accordance with the Companies (Issue of Share Certificates) Rules, 1960. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company."

Company's Lien on Shares

20. The Company shall have a first and paramount lien upon all the shares / debentures (other than fully paid-up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures. Unless otherwise agreed the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any, on such shares / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this clause."

Enforcing of lien by sale

21. For the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner as they think fit but no sale shall be made until the expiration of 14 days after a notice in writing stating and demanding payment of such amount in respect of which the lien exists has been

given to the registered holder of the shares for the time being or to the person entitled to the shares by reason of the death or insolvency of the registered holder.

Authority to transfer

22. To give effect to such sale, the Board of Directors may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Application of proceeds of sale

23. 1) The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as presently payable.

2) The residue, If any, shall subject to like lien for sums not presently payable as existed upon the shares before the sale be paid to the person entitled to the shares at the date of the sale.

Application of any money due to shareholder

24. Any money due from the Company to a shareholder, may without the consent of such shareholder be applied by the company in or towards payment of any money due from him, either alone or jointly with any other person to the Company in respect of calls or otherwise.

24A. DEMATERIALISATION OF SECURITIES

1. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares, debenture and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/ or offer its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

2. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

3. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

4. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. Save as otherwise provided above, the depository as the registered

owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding equity share Capital 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 of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

5. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, 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 bye laws and the Company in that behalf, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

6. Notwithstanding anything contained in these Articles, every holder of shares in or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in or debentures of the Company shall vest in the event of his death. Such nomination and right of nominee to be registered as holder of shares/ debentures as the case may be or for transfer of the shares/ debentures as the case may be shall be governed by the provisions of Section 109A and 109B and other applicable provisions of the Companies Act, 1956.

7. (1) If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

(2) The depository shall, on receipt of intimation as above, make appropriate entries in its records and shall inform the Company.

(3) The Company shall, within thirty (30) days of the receipt of intimation from the 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.

8. Notwithstanding anything to the contrary contained in the Articles, Section 83 of the Act shall not apply to the shares held with a depository.

9. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

10. Notwithstanding anything in the Act or these Articles where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

11. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode."

24B. NOMINATION FACILITY

A holder or joint holder(s) of shares in or debentures (including the Fixed deposit holder under Section 58A of the Companies Act, 1956), of the company may nominate, a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the Company or debentures of the company shall vest in the event of the holder(s) death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time.

CALLS ON SHARES

Calls

25. Subject to the provisions of section 91 of the Act the Board of Directors may from time to time make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the date time and place or at the dates times and places appointed by the Board of directors.

Calls when deemed to be made

26. The Board of Directors may when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call and there upon the call shall be deemed to have been made on the date so determined and if no such date is fixed the call shall be deemed to have been made on the date on which the resolution of the Board making the call was passed.

Notice for call

27. Not less than fourteen days notice of any call shall be given specifying the date, time and place of payment provided that before the time for payment of such call the Directors may by notice in writing to the members, extend the time for payment thereof.

Sums payable at fixed date to be treated as calls

28. If by the terms of issue of any share or otherwise any amount is made payable at any fixed date or by installments at fixed dates whether on account of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

Calls to carry interest

29. 1) If a sum called in respect of the shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at such rate fixed by the Board of Directors from the day appointed for the payment thereof to the time of the actual payment but the Board of Directors shall be at liberty to waive payment of that interest wholly or in part.

2) The provisions of the Article as to payment of interest shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed date whether on account of the amount of the share or by way of premium as if the same had become payable by virtue of a call duly made and notified.

Payment of Interest on calls in advance

30. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate,

as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would be for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company."

Partial Payment not to preclude forfeiture

31. Neither a judgment nor a decree in favour of the Company, for calls or other moneys due in respect of any share nor any part payment or satisfaction there under, nor the receipt by the company of a portion of any money which shall from time to time, be due from any member in respect of any share either by way of principle or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

32. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative or representatives if any.

TRANSFER AND TRANSMISSION OF SHARES

Procedure as to transfer of Shares

33. Save as provided in Section 108 of the Act, transfer of a Share shall not be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, with the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of transferor and transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each Signature to such transfer deed shall be duly attested by the signature of one credible witness who shall add his name and address.

The provisions of Section 111 of the Companies Act, 1956, regarding powers to refuse Registration of Transfer and appeal against such refusal should be adhered to. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused."

Form of Register

34. The shares in the Company shall be transferred by the Instrument in writing in the prescribed form, duly stamped and in the manner provided under the provisions of section 108 of the Act and any modification thereof and the Rules prescribed there under.

Board's right to refuse to register

35. 1) Subject to the provisions of section 111 of the Act, the Board may at any time in their absolute discretion and without assigning any reasons decline to register any transfer of or transmission by operation of law of the right to a share whether fully paid-up or not and whether the transferee is a member of the Company or not and may also decline to register any transfer of shares on which the company has a lien.

Provided further that the registration of transfer shall not be refused on the ground of the transferor being alone or either jointly with any other person or persons indebted to the company on any account except a lien on the shares.

2) If the Board refuse to register any transfer or transmission of right they shall within 1 month from the date on which the instrument of transfer or the intimation of such transmission was delivered to the company send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be.

3) In case of such refusal by the Board the decision of the Board shall be subject to the right of appeal conferred by Section 111 of the Act.

4) The provisions of this clause shall apply to transfers of stock also.

Further right of Board of Directors to refuse to register

36. The Board of Directors may also decline to recognize any Instrument of transfer unless :

a) The Instrument of transfer is accompanied by the certificate of shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer; and

b) The instrument of transfer is in respect of only one class of shares.

37. 1) Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Managing Director or by some other person for the time being duly authorized by the Managing Director in this behalf. In case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate he shall be entitled to receive a new certificate in respect of which the said transfer has been applied for and upon his delivering up to be cancelled every old or existing certificate which is to be replaced by a new one.

2) Notwithstanding any other provisions to the contrary in these presents no fee shall be charged for any of the following viz.,

a) for registration of transfers and debentures; or for transmission of shares and debentures;

b) for sub division and consolidation of share and debenture certificates and for subdivision of letters of allotment and split, consolidation renewal and pucca transfer receipts into denominations corresponding to the market units of trading.

c) for sub-division of renounceable letters of Right :

d) for issue of certificates in replacement of those which are old decrepit or worn out, or where the changes on the reverse for recording transfers have been fully utilised;

Board's right to refuse to register Endorsement of transfer and issue of Certificate Custody of Transfer deeds

Closure of register of Members Transmission of Registered Shares Rights and liabilities of legal representatives

e) for registration of any power of any attorney probate, letters of administration or similar other documents.

Transmission of Registered Shares

41. 1) The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and in the case of death of any one or more of the joint holders of any registered shares, the survivors shall be only persons recognised by the Company as having any title to or interest in such shares.

Provided that if the member should have been a member of a joint Hindu family the Board on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonging to the joint family may recognize the survivors or the Kartha thereof as having title to the shares registered in the name of such member.

Provided further in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as to the Board may deem just.

2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any shares which were jointly held by him with other persons.

Rights and liabilities of legal representatives

42. 1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either :

a) to be registered himself as holder of the shares; or

b) to make such transfer of the shares as the deceased or insolvent member could have made

2) The Board shall in either case have the same right to decline or suspend registration as they would have had, if the deceased or insolvent member had transferred the shares before his death or insolvency.

DEVOLUTION OF RIGHTS

Notice of Election by legal representatives

43. 1) If the person so becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing by him stating that he so elects.

2) If the person aforesaid shall elect to transfer the share he shall testify his election by executing a transfer of the share Register of Members Notice of Election by legal representatives

3) All the limitations, restrictions and provisions of these regulations to the rights to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

4) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company. Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or transfer the share and if the

notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Company's right to register by apparent legal owner

44. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable rights or referred thereto in any books to the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company; but the Company shall nevertheless be at liberty to have regard and attend to any such notice and give effect thereto, if the Board shall think fit.

If call or instalment not paid notice may be given

45. If a member falls to pay any call or installment of a call on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such time as any part of such a call or installment remains unpaid or serve a notice on him requiring payment of so much of the call or installment unpaid together with any interest, which may have accrued.

Form of notice of forfeiture

46. The notice shall name a further day (not earlier than the expiration of fourteendays from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment on or before the day named, the shares in respect which the call was made will be liable to be forfeited.

Board's right to forfeit if requirement of notice are not complied with

47. If the requirements of any such notice as aforementioned are not complied with any share in respect of which the notice has been given may at any time thereafter before the payment required by the notice has been made be forfeited by Resolution of the Board of Directors to the effect. Such

forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Sale of forfeited shares

48. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board of directors may think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board of Directors may think fit. If call or instalment not paid notice may be given or notice of forfeiture Company's right to register by apparent legal owner Board's right to forfeit if requirement of notice are not complied with Sale of forfeited Share Declaration of Forfeiture Non-payment of sums payable at fixed times Conversion of Shares Transfer of stock Rights to Stock Holders

Liability after forfeiture

49. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall notwithstanding remain liable to pay and shall forthwith pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares but his liability shall cease if and when the Company received payment in full of the normal amount of shares whether legal proceeding for the recovery of the same had been barred by limitation or not.

Declaration of forfeiture

50. A duly verified declaration in writing that the declaring is a Director of the Company and that a share in the company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and that declaration and receipt of the Company for the consideration, if any given for the shares on the sale or disposition thereof shall constitute a good title to the share and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any), nor shall his title to the share be affected by way of irregularity or invalidity in the proceedings in reference to the forfeiture sale or disposal of the share

Non payment of sums payable at fixed times

51. The provisions of these Regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share become payable at a fixed time whether on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

Conversion of shares

52. The Company may by ordinary resolution convey all or any of its fully paid up shares of any denomination into stock and vice versa.

Transfer of stock

53. The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulations under which the shares from which the stock arose might before the

conversion have been transferred or 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 to Stock holders

54. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose but not such privileges or advantages (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 that privilege or advantage.

Regulations applicable to shares (paid up) apply to stock or stock- holders

55. Such of the regulations contained in these presents (other than those relating to the share warrants) as are applicable to paid up shares shall apply to stock and the words 'share' and 'shareholder' in these presents shall include 'stock' and stockholder respectively.

SHARE WARRANTS

Issue of Share Warrants

59. 1) The company may issue share warrants subject to and in accordance with provisions of section 114 and 115 of the Act and accordingly the Board may in their discretion with respect to any share registered as fully paid-up, on application in writing signed by the person 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 identity of the person signing the application, and on receiving the certificate if any of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time prescribe, issue a share warrant and may provide by coupons or otherwise for the payments of the future dividends on the shares specified in the share warrant.

2) A share warrant shall entitle the bearer to the share included in and the shares shall be transferred by the delivery of the share warrant and the provisions of the Articles of the Company with respect to transfer and transmission of shares shall not apply hereto.

3) The bearer of a share warrant shall, on surrender of the warrant to the Company for cancellation and on payment of such fee as the Board may from time to time prescribe be entitled to have his name entered as a member in the Register of Members in respect of the shares included in the warrant.

Requisition of Meeting by Bearer of share warrants

60 1) The bearer of a share warrant may at any time deposit the warrant at the Registered office of the Company and so long as the warrant remains so deposited he 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 a member at any meeting held after the expiry of two clear days from the time of deposits as if his name were inserted in the Register of Members as the holder of the shares included in the deposit warrant.

2) Not more than one person shall be recognised as depositor of the share Warrant.

3) The Company shall on two days written notice return the deposited share warrant to the depositor.

Disabilities of holder

61. 1) Subject as herein otherwise expressly provided no person shall as bearer of a share warrant sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a member at a meeting of the Company or be entitled to receive any notice from the Company

2) The bearer of a share warrant shall be entitled in all other respects the same privileges and advantages as if he was named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

Renewal

62. The Board may from time to time make rules as to the terms on which if they shall think fit, a new warrant or coupon may be issued by way of renewal in case of defacement loss or destruction of the original warrant or coupon.

GENERAL MEETINGS

Annual General Meeting

63. The Company shall in addition to other meetings hold a general meeting which shall be styled as its Annual General Meeting at Intervals and in accordance with the provisions specified below:

a) The first Annual General Meeting of the Company shall be held within eighteen months of its incorporation.

b) Thereafter an annual general meeting of the Company shall be held once in every calendar year within 6 months after the expiry of each financial year subject however to the power of the Registrar of Companies to extend the time within which such a meeting can be held for a period not exceeding 3 months and subject there to not more than fifteen months shall elapse from the date of one annual general meeting and that of the next.

c) Every annual general meeting shall be called for at a time during the business hours on a day that is not a public holiday and shall be held either at the registered of the Company or at some other place within the city, town or village in which the registered office of the Company is situated.

d) Notice calling such meetings shall specify them as the annual general meetings.

e) All other meetings shall be referred to as Extra - ordinary General Meetings.

Extra - ordinary General Meeting

64. The Board of Directors may whenever they think fit, convene an Extra - ordinary General Meeting at such time and at such places as they deem fit. Subject to such directions, if any, given by the Board the Managing Director or the Secretary may convene an Extra-ordinary General Meeting.

Extra - ordinary General Meeting by requisition

65. The Board Directors shall on the requisition of such number of members of the Company as is specified below proceed duly to call an Extra-ordinary General Meeting of the Company and comply with the provisions of the Act in relation on meetings on requisition.

b) The requisition shall set out matters for consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the registered office of the Company or send to the Company or send to the Company by registered post addressed to the Company at its registered office.

c) The requisition may consist of several documents in like form each signed by one or more requisitionists.

d) The number of members entitled to requisition a meeting with regard to any matter shall be such number of them as held at the date of the deposit or dispatch to the registered office of the requisition, not less than 1/10th of such of the paid up capital of the Company as at that date carries the right of voting in regard to the matter set out in the requisition.

e) If the Board of Directors do not, within twenty-one days from the date of deposit of requisition with regard to any matters, proceed duly to call a meeting for the consideration of those matters on a date not later than forty five days from the date of deposit of the requisition the meeting may be called by the requisitionists themselves, or such of the requisitionists as represent either majority in value of the paid-up share capital held by all of them or of not less than 1/10th of such paidupcapital of the Company as is referred to in sub clause (d) above.

Length of notice for calling Meeting

66. A General Meeting of the company may be called by giving not less than 21 days notice in writing provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded in the case of the Annual General Meeting by all the members entitled to vote there at and in the case of any other meeting by members of the Company holding not less than 95% of that part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting provided that where any members of the company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for purpose of this Article in respect of the former resolution or resolutions and not in respect of the latter.

Accidental omission to give notice not to invalidate meeting.

67. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of, or any resolution passed at such meeting.

Special Business

68. All business shall be deemed special that is transacted at an Extra-ordinary General Meeting and also that is transacted at the Annual General Meeting with the exception of business relating to

i) The consideration of the Accounts, Balance Sheet, Report of the Directors and Auditors;

ii) The declaration of dividend;

iii) The appointment of Directors in the place of those retiring and

iv) The appointments and fixing of the remuneration of the Auditors.

69. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest in any therein of every Director and the Managing Director, if any, where any item of business consists of the according of approval to any document by the meeting, the time and place where such document can be inspected shall be specified in the statement aforesaid. Provided that where any item of special business as aforesaid is to be transacted at the meeting of the company relates to or affects any other company the extent of share holding interest in that other company of every Director and the Managing Director of the Company shall also be set out in the statement if the extent of such share holding interest is not less than 20% of the paid-up share capital of that other company.

PROCEEDING AT GENERAL MEETINGS

Quorum

70. Five members personally present shall be a quorum for a general meeting and no business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business.

If quorum not present when meeting to be dissolved and when to be adjourned

71. If within half an hour from the time appointed for the meeting a quorum is not present the meeting if called upon by the requisition of members shall be dissolved in any other case it shall stand adjourned to the same day in the next week at the same time and place or such other day and at such other time and place as the Board may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

Chairman of General Meeting

72. The Chairman, if any, of the Board of directors shall preside as Chairman at every General Meeting of the Company.

When Chairman absent, choice of another to take the chair

73. If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman the Directors present shall choose another Director as chairman and if no Directors be present or if all the Directors decline to take the chair then the members present shall choose some one of their number to be chairman.

Adjournment of Meeting

74. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. 'when a meeting is adjourned for thirty days or more, notice of the Special Business When Chairman absent, choice of another to take the chair Adjournment Of Meeting Quorum If quorum not present when meeting to be dissolved and when to be adjourned meeting shall be given as nearly as may be in the case of original meeting save as aforesaid it shall not be necessary to give any adjournment or of the business to be transacted at an adjourned meeting.

Question at General Meeting how decided

75. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the results of the voting on a show of hands a poll may be ordered to be taken by the Chairman of the meeting on his own motion or shall be ordered to be taken by him on a demand made in that behalf by any member of members present in person or by proxy and holding shares in the Company.

I. Which confer a power to vote on the resolution not being less than 1/10 of the total voting power in respect of the resolution or

II. on which an aggregate sum of not less than Rs.50,000 has been paid up.

III. Unless a poll is demanded a declaration by the chairman that a resolution on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the books of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number of proportion of the votes recorded in favour of or against that resolution.

VOTE OF MEMBERS

Voting right of Members

79. 1) Every member holding any equity share shall have a right to vote in respect of such shares on every resolution placed before the meeting on a show of hands every such member present in person shall have one vote. On a poll, his voting right in respect of his equity shares shall be proportion to his share of the paid-up capital in respect of the quality shares.

2) In the event of the Company issuing any preference shares the holders of such preference shares shall have the voting rights set out in that behalf in section 87 of the Act

Business may proceed not, withstanding

80. A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person who made the demand

Voting rights of Joint holders

81. In the case of joint holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders.

DIRECTORS

Number of Directors

91. Unless otherwise determined by a General Meeting the number of Director shall not be less than three and not more than twelve, including all kinds of directors.

First Directors

92. The persons here in after named shall become and be the first Directors of the Company.
Mr. Ch. Azad Kumar.

Mr. I Bhaskara Rao

Remuneration to directors

97. A) Every Directors other than the Managing or Whole time Directors shall be paid out of the funds of the company by way of remuneration, a sitting fee of such a sum as the company may fix in General Meeting not exceeding the sum that may be prescribe from time to time by the Central Government pursuant to section 310 or any other applicable provisions of the Act for each meeting of the Board of Directors or of any committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meetings of the Company or in connection with the business of the Company to and from any place.

B) Subject to the provisions of section 198, 309, 310 of the Act and subject to such approvals as may be necessary the Directors may be paid remuneration by fixed sum of by a fixed percentage of net profits or otherwise as may be fixed by the Company in General Meeting and the remuneration may be paid by way of monthly, quarterly half yearly or annual payments or otherwise and the remuneration so fixed shall be divided amongst the Directors in such proportion and manner as the Board may from time to time decide, and in default of such determination, shall be divided amongst the Directors equally.

Remuneration of extra services

98. If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which theRegistered Office of the Company may be situated for any purposes of the Company or in giving special attention to the business of the Company or as a member of the Board, then subject to section 198, 309, 310 and 314 the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

POWERS AND DUTIES OF DIRECTORS

General powers of Company vested in Directors

122. The business of the Company shall be managed by the Board of Director whomay exercise all such powers of the company as are not by the Act or any statutory modification thereof for the time being in force, or by these presents required to be exercised by the company in General Meeting, subject nevertheless to any regulation of these presents to the provision of the said act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting, but no regulation made by company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Further powers of directors

123. Without prejudice to the generally of the foregoing. It is hereby expressly declared that the Directors shall have the following powers, that is to say, power;

1) To carry on and transact the several kinds of business specified in clause III of the Memorandum of association of the Company.

- 2) To draw, accept, endorse, discount, negotiate, and discharge on behalf of the Company all, bills of exchange, promissory notes, cheques, hundies, drafts, railway receipts dock warrants delivery, orders, Government promissory notes, other Government instruments bonds debentures, or debenture stocks of Corporation Local Bodies port Trusts improvements Trusts or other Corporate Bodies and to execute transfer deeds for transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any subject of the Company.
- 3) At their discretion, to pay for any property rights or privileges acquired by or services rendered to the company either wholly or partially in cash or in shares, bonds, debentures 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 or other securities may be either specifically charged upon all or any of the property of the Company or not so charged.
- 4) To engage and in their discretion to remove, suspend, dismiss and remunerate bankers, legal advisers, accountants, cashiers, agents commission agent dealers brokers foremen, servants, employees of every description and to employ such professional or technical or skilled assistants as from time to time may in their option be necessary or advisable in the interest of the Company and upon such terms as to duration of employment, remuneration or otherwise and may be required security in such instance and to such amounts as the Directors think fit. 5) To accept from any member, on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.
- 6) To secure the fulfillment of any contracts or agreements entered into by the Company, by mortgage or charge of all or any property of the Company or such other manner as they may think fit.
- 7) To institute, conduct, defend, compound, or abandon any action suits and legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound or compromise or submit to arbitration the same actions, suits and legal proceedings.
- 8) To make and give receipts, releases and other discharges for money payable to the company and for the claims and demand of the Company.
- 9) To determine who shall be entitled to sign on the Company's behalf, bills of exchange, pronotes, dividend warrants, cheques and other negotiable instruments, receipts, acceptance endorsements, releases, contracts, deeds and documents.
- 10) From time to time to regulate the affairs of the Company abroad in such manner as they think fit and in particular to appoint any person to be the attorneys or agents of the company either abroad or in India, with such powers including power to sub delegate and upon such terms as may be thought fit
- 11) To invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such securities as they think fit.
- 12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefits of the Company, such

mortgages of the Company's property (present) and future), as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon

13) To give to any person employed by the Company, a commission on the profits or any particular business or transactions or a share in the general profits of the Company and such commission or share of profits shall be treated as part of the working expenses of the Company.

14) From time to time, to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

15) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise, for the purpose of the Company.

16) To pay gratuities, bonus, rewards, presents and gifts to employees or dependents of any deceased employees to charitable institutions or purposes, to subscribe for provident funds and other associations for the benefit of the employees.

Powers to delegate to Committee

124. Subject to the provisions of section 292 of the Act, and other provisions of the Act, the Board may delegate from time to time and at any time to a committee formed out of the directors all or any of the powers, authorities and discretions for the time being vested in the Board and any such delegations may be made on such terms and subject to such conditions as the Board may think fit.

Attorney of the Company

125. The Board may appoint at any time and from time to time by a power of attorney under the Company seal, any person to be the attorney 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 Articles, and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may, if the Board thinks fit be made in favour of the members or any of the members of any firm or company, or the members, directors, nominees, or managers of any firm or company or otherwise in favour of any body or persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such provision for the protection or convenience of persons dealing with such attorney as the Board may think fit.

Power to authorise sub delegation

126. The Board may authorise any such delegated or attorney as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in it.

Duty to maintain Registers etc. and records of minutes

127. 1) The board shall duly comply with the provisions of the Act and in particular, with the provisions in regard to the registration of the particulars of the mortgages and charges affecting the properties of the Company, or created by it and to keeping a Register of the Director and to sending to the Registrar, and annual list of members and a summary of particulars of shares and stock, and

copies of special resolutions and other resolutions of the Board as are required to be filed with the Registrar under section 192 of the Act, and a copy of the Register of Directors and notification of any change therein.

2) The Company shall comply with the requirements of Section 193 of the Act in respect of keeping of the minutes of all proceedings of every General Meeting and of every meeting of the Board or any Committee of the Board.

3) The Chairman of the meeting may exclude, at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

Secretary

128. The Board shall have power to appoint as the Secretary a person possessing the prescribed qualification and fit in their opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as they may determine. The Secretary shall have such powers and duties as may from time to time be delegated or entrusted to him by the Directors.

Powers as to Commencement of business or branch business

129. Any branch or kind of business which by the Memorandum of Association of the Company or these presents is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such time or times as they shall think fit and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

130. Subject to the provisions of Section 292 the Board may delegate all or any of their power to any Directors jointly or severally or to any one Director at their discretion.

BORROWING

Borrowing

131. 1) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under section 293 raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the company apart from temporary loans obtained from the company's bankers in the ordinary course of business shall not without the sanction of the company at a General Meeting exceed the aggregated of the paid up Capital of the company and its free reserve that is to say reserves not set apart for any specific purpose and in particular but subject to the provisions of section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the company by the issue of debentures perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities and in security of any such money so borrowed raised or received mortgage pledge or charge the whole or any part of the property assets or revenue of the company present or future including its uncalled capital by special assignment of otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities. Provided, that every resolution passed by the Company in General Meeting in

relation to the exercise of the power to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors.

2) The Directors may by a resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing director if any, within the limits prescribed.

3) Subject to the provision of the above sub-clause the directors may from time to time at their discretion raise or borrow or secure the repayment of any sum or sums of money for the purpose of the company at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular by promissory notes or by opening current accounts or by receiving deposits and advances with or without security or by the issue of bonds perpetual or redeemable debentures or debentures stock of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands buildings goods or other property and securities of the company or by such other means as to them may seem expedient.

Assignment of Debentures

132. Such, debentures debenture-stock bonds or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Terms of Debenture issues

133. a) Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution."

b) Any trust deed for the securing of any debenture - stock and or any mortgage deed and or, other bond for securing payment of moneys borrowed by or due by the Company and or, any contract or any agreement made by the company with any person, firm, body corporate, Government, or authority who may render or agree to render any financial assistance to the Company by way to loans advanced or by guaranteeing of any loan borrowed or other obligations of the Company or by subscription to the share capital of the Company or provide assistance in any other manner may provide for the appointment from time to time by any such mortgage tender trustees, or holders of debentures or contracting party as aforesaid of one or more persons to be a Director or Directors of the Company, Such trust deed mortgage deed, bond or contract may provide that the person appointing a director as aforesaid may from time to time remove any director so appointed by him and appoint any other person in his place and provide for filling up of any casual vacancy created by such person vacating office as such director. Such power shall determine and terminate on the discharge or repayment of the respective mortgage, loan or debt or debenture or on the termination of such contract and any person so appointed as Director under mortgage or bond or debenture trust deed or under such contract shall cease to hold office as such Director on the discharge of the same Such appointment and provision in such document as aforesaid shall be valid and effective as in contained in these presents.

134. The Director or Directors so appointed by or under a mortgage deed, debenture trust deed, or other bond or contract as aforesaid shall be called Nominated Directors.

The words Nominated Director shall mean the Director appointed as aforesaid and for the time being holding such office. The Nominated Director shall not be required to hold any qualification shares and shall not be liable to retire by rotation or to be removed from office by the Company. Such mortgage deed or bond or trust deed or contract may contain such ancillary provision as may be arranged between the Company and mortgage lender trustee or contracting party as the case may be and all such provision shall have effect notwithstanding any of the other provisions herein contained but subject to the provisions of the Act.

MANAGING DIRECTORS /WHOLE TIME DIRECTORS

139. a) The Board may from time to time with such sanction of the Central Government as may be required by law, appoint one or more of their body to the office of the Managing Director or Managing Directors of whole time Director (s) provided that such Managing Director or Managing Director or whole time Director(s) be a Nominee Director (s) of Mr. CH. Azad Kumar.

b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.

c) In the event of any vacancy arising in the office of Managing Director or Whole time Director. If the Directors resolve to increase the number of Managing Directors or whole time Directors the vacancy shall be filled by the Board of Directors and the Managing Director or whole time Director so appointed shall hold the office for such period as the Board of Directors may fix.

d) If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be a Managing Director / Whole time Director.

e) The Managing Director shall not be liable to retirement by rotation, as long as he holds office as Managing Director.

140. Managing Director / Whole time Director shall, subject to the supervision control and direction of the Board and subject to the provision of the Act, exercise such powers as are exercisable under these present, by the Board of Directors as they may think fit and confer such power for such time and to be exercised for such Appointment of Managing Director / Whole time Directors Powers to be exercised by Board only at Meeting objects, purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke withdraw alter or vary all or any of such powers. The Managing Director/Whole time Directors, may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's Direction.

141. Subject to the Provision of the Act and subject to such sanction of the Central Government as may be required for the purpose the Managing Directors/ Whole time Directors shall receive such remuneration (whether by way or salary, commission or participation in profits or partly in one way and partly in another), as the company in General Meeting may, from time to time determine.

142. The Managing Director / Whole time Director shall be entitled shall be paid for all actual expenses. If any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part-time employees.

143. 1) The Managing Director / Whole Director shall have subject to the supervision, control and discretions of the Board the management of the whole of the business of the Company and of all affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transaction of the Company except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting, or by the Board or Directors and also subject to such conditions or restrictions imposed by the Companies. Act or by these presents.

2) Without prejudice to the generality of the foregoing and subject to the supervision and control of the Board of Directors the business of the company shall be carried on by the Managing Director / Whole time Director and shall have and exercises all the powers set out in Article 124 above except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.

3) The Board may from time to time delegate to the Managing Director or Whole time Director such of their powers and duties and subject to such limitation and conditions as they may deem fit. the Board may from time to time revoke, withdraw, alter or vary all, or any of the powers conferred on the Managing Director or whole time Director by the Board or by these presents.

Right to dividend

146. a) The profits of the Company subject to any special rights relating thereto, created or authorised to be created by these presents and subject to the provisions of these presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively on the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends, on the close of the last day of the period in respect of which such interim dividend is paid.

b) Where capital is paid upon any shares in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to participate in profits.

Declaration of dividends

147. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

Interim dividends

148. The Board may from time to time pay to the members such interim dividends appear to them to be justified by the profits of the Company.

Dividends to be paid out of the profit

149. No dividend shall be payable except out of the profit of the year or any other undistributed profits except as provided by Section 205 of the Act.

Reserve Funds

150. 1) The Board may before recommending any dividends set aside out of the profits of the Company such sums as it think proper as a reserve or reserves which shall at the discretion of the Board be applicable for any purpose to which the profits of the company may be property applied

including provisions for meeting contingencies or for equalizing dividends 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 Board may, from time to time think fit.

2) The Board may also carry forward any profits when it may think prudent not to divide, without setting them aside as Reserve.

Deduction for arrears

151. The Board may deduct from any dividend payable to any members, all sums of money, if any presently payable by him to the company on account of calls or otherwise in relation to the shares of the Company.

Adjustment of dividends

152. Any General Meeting declaring a dividend or bonus may makes a call on the members of such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the members be set off against the call.

Payment by cheque or warrant

153. 1) Any dividend interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through post direct to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Interim Dividends Dividends to be paid out of profits only Reserve Funds Deduction for Arrears Adjustments of Dividends Payment by cheque or warrant

2) Every such cheque or warrant shall be made payable to the order or the person to whom it is sent.

3) Every such cheque or warrant shall be posted within forty two days from the date of declaration of dividend.

Receipt of joint holders

154. Any one of two or more joint holders of a share may give effectual receipt for any dividends bonuses or other moneys payable in respect of such shares.

Notice of dividend

155. Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

Dividend to bear interest Dividend not to bear interest

156. No dividend shall bear interest against the Company.”

157 Where the Company has declared a dividend but which has not been paid or within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in any

scheduled bank called "Unpaid Dividend of SVEC Constructions Limited" and transfer to the said account, the total amount of dividend which remains unpaid. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government / Committee appointed by the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board."

158. Where an instrument of transfer has been delivered to the Company for Registration and transfer of such shares has not been registered by the Company it shall

a) Transfer the dividend in relation to such shares to the special account referred to in Section 205A of the Act unless the Company is authorised by the registered holder of such share(s) in writing to pay such dividend to the transferee specified in such instrument of transfer and

b) Keep in abeyance in relation to such shares any offer either or right shares under Clause (a) of sub-section (1) of Section 81 of the Companies Act, 1956 and any issue of full paid up bonus shares in pursuance to sub-section (3) of Section 205 of the Companies Act, 1956.

CAPITALISATION OF PROFITS

Capitalisation of Profits

159. 1) The Company in General Meeting, may on recommendation of the Board, resolve.

a) That is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution and

b) That such sum be accordingly set free for distribution in the manner specified in sub-clause (2) amongst the members who would have been entitled thereto distributed by way of dividend and in same proportion.

2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in sub-clause (3) either in or towards:

- i) Paying up any amounts for the time being unpaid on shares held by such members respectively;
- ii) Paying up in full un issued shares of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportions aforesaid; or
- iii) Party in the way specified in sub-clause (i) and party in that specified in subclause (ii).

3) A share premium account and a capital redemption reserve fund may for the purpose of this regulation only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares.

4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Power of directors for declaration of bonus

160. 1) Whenever such a resolution as aforesaid shall have been passed the Board shall;

a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issue of fully paid shares if any, and

b) Generally do all acts and things required to give effect thereto.

2) The Board shall have full power:

a) to make such provision by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit in the case of shares or debentures becoming distributable in fraction; and also

b) to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any part of the amounts remaining unpaid on the shares.

3) Any agreement made under such authority shall be effective and binding on all such members.

SERVICE OF DOCUMENT AND NOTICE

Service of document on the Company

177. A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post, or by leaving it at its Registered Office.

How document to be served on members

178. 1) A document (which expression for this purpose shall be deemed to include and shall include any summons, notice, requisition, process, order, judgment or Accounts when audited and approved to be conclusive except as to errors as to errors discovered within three months Service of documents on the Company any other documents in relation to or in the winding up of the Company may be served or sent by the Company on or to any member either personally or by sending it by post to him to his registered address, or (if he has no registered address in India) to the address if any. within India supplied by him to the Company for the giving of notices to him.

2) All notices shall, with respect to any registered shares to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the holders of such share.

3) Where a document is sent by post.

a) Service thereof shall be deemed to be effected by properly addressing, prepaying and positing a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the company a sum sufficient to defray the expenses of doing so, service of the documents shall not be deemed to be affected unless it is sent in the manner intimated by the member; and

b) unless the contrary is proved, such services shall be deemed to have been effected:

- I) In case of a notice of a meeting, at the expiration of forty - eight hours after the letter containing the notice is posted, and
- II) In any other case, at the time at which the letter would be delivered in the ordinary course of post.

Members to notify address in India

179. Each registered holder of shares shall from time to time notify in writing to the Company some place in India to be registered as his address and such registered place of address shall for all purposes be deemed his place of residence.

Service on members having no registered address

180. If a member has not registered an address in India, and has not supplied to the Company an address within India, for the giving of notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.

Service on persons acquiring shares on death or insolvency of members

181. A document may be, served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through post in a prepaid letter addressed to them by name or by the title or representative of the deceased or assignees of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

Persons entitled to Notice of General Meetings

182. Subject to the provisions of the Act and these Articles, Notice of General Meeting shall be given:-

- i) To the members of the Company as provided by the Articles in any manner authorised by Articles 180 and 182 as the case may be or as authorised by the Act;
- II) To the persons entitled to a share in consequence of the death or insolvency of a member as provided by Articles 183 or as authorised by the Act; Members to notify address in India Service on members having no registered address Service on Persons acquiring shares on death or insolvency of members How document to be served on members Persons entitled to Notice of General Meetings
- III) To the Auditor or Auditors for the time being of the Company in the manner authorised by Article 180 as in the case of any member or members of the Company.

Notice of Advertisement

183. Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situate.

Members bound by document given to precious holders

184. Every person, who by the operation of law, transfer, or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which previously to his name and address being entered on the Register, shall have been duly served on or sent to the person from who he derived his title to such share.

185. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Director may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

WINDING UP

Application of assets

187. Subject to the provisions of the Act as to preferential payment the assets of the Company shall on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall, be distributed among the members according to their rights and interests in the Company.

Division of assets of the Company in winding up

188. If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company, and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefits of the contributories or any of them, as the liquidators with the like sanction shall think fit. In case any shares to be divided as aforesaid involve a liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the liquidators shall, if practicable, act accordingly.

SECTION X: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company situated at Plot No. 1355/A, 2nd Floor, Road No. 1&45, Jubilee Hills, Hyderabad-500033 from 10.00 AM to 3.00 PM from the date of this Draft Red Herring Prospectus until the date of closure of the Issue.

Material Contracts

1. Memorandum of Understanding dated July 3, 2010 signed between our Company and Almondz Global Securities Limited, the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated August 12, 2010 signed between our Company and Karvy Computershare Private Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated January 2, 2008 between NSDL, our Company and Karvy Computershare Private Limited.
4. Copy of the Tri-partite Agreement dated December 24, 2007 between CDSL, our Company and Karvy Computershare Private Limited.

Documents for Inspection

1. Memorandum and Articles of Association of SVEC Constructions Limited, as amended from time to time.
2. Certificate of Incorporation of SVEC Constructions Limited dated April 10, 1985.
3. Fresh Certificate of Incorporation consequent to change of name on becoming Deemed Public Company dated July 1, 1988.
4. Fresh Certificate of Incorporation consequent to change of name on becoming Public Company dated May 19, 1992.
5. Copy of resolution passed at EGM dated February 10, 2010 u/s 81 (1A) authorizing the Issue of Equity Shares.
6. Copies of letters letter dated September 3, 2010 to BSE and NSE regarding In-principle approval.
7. Copies of In-Principle approvals received from BSE and NSE dated [•] and [•] respectively.
8. Copies of Annual Reports of the Company for the last 5 financial years i.e. FY 2005-06, FY 2006-07, FY 2007-08, FY 2008-09 and FY 2009-10.
9. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s C.Venkat Krishna & Company, Chartered Accountants, dated August 31, 2010.
10. Copy of Auditors Reports dated August 31, 2010 issued by Statutory Auditors of the Company M/s C.Venkat Krishna & Company, Chartered Accountants, regarding restated

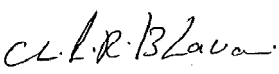
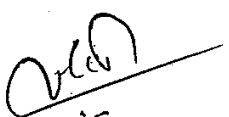

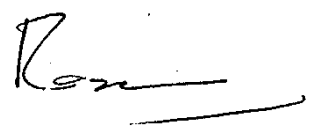
financial statements of SVEC Constructions Limited for the last 5 financial years ended March 31, 2010.

11. Resolutions approving the present terms of employment and remuneration between our Company and our Whole time Directors as approved by our Board and our Shareholders.
12. Copies of loan documents in respect of which loans are to be repaid out of Issue proceeds.
13. No Objection Certificate from UCO Bank and Barclays Bank Plc dated August 14, 2010 and August 13, 2010 respectively in connection with proposed public issue of our Company.
14. Consent letters from Directors, Book Running Lead Manager to the Issue, Registrar to the Issue, Bankers to the Company, Statutory Auditors, Legal Advisors to the Issue and Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in this Draft Red Herring Prospectus.
15. Due Diligence Certificate dated September 2, 2010 issued by Book Running Lead Manager to the Issue.
16. A copy of the SEBI Final observation letter no [•] dated [•] received from SEBI, Chennai in respect of the Initial Public Offering of SVEC Constructions Limited.

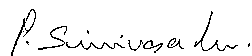
DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS AND HEAD OF FINANCE OF SVEC CONSTRUCTIONS LIMITED

 Mr. C. Ajad Kumar Chairman and Managing Director	 Mr. C. Sreemannarayana Executive Director
 Mr. E. Ramesh Kumar Whole Time Director	 Mrs. C.L.R.Bhavani Director
 Mr. M. Vijaya Kumar Director	 Mr. S. Venkata Reddy Director
 Mr. T.R.Raghavan Director	 Mr. Chereddi Ramachandra Naidu Director

Assistant Vice President – Finance & Accounts



Mr. P.Srinivasa Rao

Date: September 2, 2010

Place: Hyderabad, Andhra Pradesh