


DRAFT RED HERRING PROSPECTUS

Dated: September 25, 2007

Please read Section 60B of the Companies Act, 1956

(This Draft Red Herring Prospectus will be updated

upon filing with the RoC)

100% Book Building Issue

PRINCE FOUNDATIONS LIMITED

(We were incorporated as Prince Foundations Private Limited on February 27, 2004. Our status was subsequently changed to a public limited company by way of a special resolution of the members passed at the Extra-Ordinary general meeting held on March 07, 2007. The fresh certificate of incorporation consequent to the change of name was granted to us on April 23, 2007 by the Registrar of Companies, Tamil Nadu, Chennai. For details of the change in our name and registered office, please refer to the chapter titled "History and Corporate Structure" beginning on page 128 of this Draft Red Herring Prospectus.

Registered Office: Prince Apartments, No. 59, Ormes Road, Kilpauk, Chennai – 600010, Tamil Nadu, India.

Company Secretary and Compliance Officer: Mrs. Kalpana Ramamurthy;

Tel: +91 44 2661 0061, Fax: +91 44 2661 4724, Email: prince.ipo@princefoundations.com, Website: www.princefoundations.com

PUBLIC ISSUE OF 5,669,000 EQUITY SHARES OF RS. 10/- EACH OF PRINCE FOUNDATIONS LIMITED ("PRINCE" OR OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●]/- PER EQUITY SHARE AGGREGATING RS. [●]/- MILLION (THE "ISSUE"). THE ISSUE COMPRISES A RESERVATION OF UP TO 93,000 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) (THE "EMPLOYEE RESERVATION PORTION") AND AN ISSUE TO THE PUBLIC OF 5,576,000 EQUITY SHARES (THE "NET ISSUE TO THE PUBLIC"). THERE WILL ALSO BE A GREEN SHOE OPTION OF UP TO 557,600 EQUITY SHARES FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE AGGREGATING RS. [●]/- MILLION (THE "GREEN SHOE OPTION"). THE ISSUE AND THE GREEN SHOE OPTION, IF EXERCISED IN FULL, WILL AGGREGATE 6,226,600 EQUITY SHARES AMOUNTING TO RS. [●]/- MILLION. THE NET ISSUE TO THE PUBLIC WILL CONSTITUTE 15.00 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY ASSUMING THAT THE GREEN SHOE OPTION IS NOT EXERCISED AND 16.26% ASSUMING THAT THE GREEN SHOE OPTION IS EXERCISED IN FULL.

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

THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND CAP PRICE IS [●] TIMES OF THE FACE VALUE

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

In accordance with Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue to the Public will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue to the Public cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, 10% of the Net Issue to the Public will be available for allocation on a proportionate basis to Non-Institutional Bidders and 30% of the Net Issue to the Public will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, up to 93,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

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

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue, including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is drawn to the section titled "Risk Factors" beginning on page 11 of this Draft Red Herring Prospectus.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

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

IPO GRADING

[●] has assigned "IPO Grade [●]" to the proposed public issue of our Company. For more information on IPO grading, please refer to the chapter titled "General Information" beginning on page 38 of this Draft Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
<div style="text-align: center; background-color: #2e5496; color: white; padding: 5px; margin-bottom: 10px;"> ANANDRATHI </div> <p>ANAND RATHI SECURITIES LIMITED 11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel : +91 22 4047 7000 Fax: +91 22 4047 7070 Email: prince.ipo@rathi.com Website : www.rathi.com Contact Person : Mr. Akshay Bhandari / Ms. A.Preethi</p>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West) Mumbai – 400 078 Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 Email: prince.ipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Sachin Achar</p>

ISSUE PROGRAMME

BID / ISSUE OPENS ON : [●]	BID / ISSUE CLOSURES ON : [●]
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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
“We”, “us”, “our”, “the Issuer”, “the Company”, “our Company” and “Prince”, “PFL” or “Prince Foundations Limited”	Unless the context otherwise indicates or implies, refers to Prince Foundations Limited.

Company Related Terms

Term	Description
Articles/ Articles of Association/ AoA	Articles of Association of our Company.
Auditors	The statutory auditors of our Company, M/s. Sanjay Bhandari & Co., Chartered Accountants.
Board / Board of Directors	Board of Directors of our Company.
Director(s)	Director(s) of Prince Foundations Limited, unless otherwise specified.
Key Managerial Personnel	Those individuals described in the chapter titled “Our Management-Key Managerial Personnel” beginning on page 130 of this Draft Red Herring Prospectus.
Land Reserves	The total amount of land in acres to be developed through Ongoing Projects or Planned Projects.
Memorandum / Memorandum of Association/ MoA	Memorandum of Association of our Company.
Ongoing Projects	Projects that are currently under construction and development.
Planned Projects	Properties that are in planning stage, where approvals are in the process of being obtained and construction has not yet begun
Promoters	Mr. Ashwin Kumar Kamdar and Mr. Sharad Vasanji.
Promoter Directors	Mr. Ashwin Kumar Kamdar and Mr. Sharad Vasanji.
Promoter Group	Unless the context otherwise specifies, refers to those entities mentioned in the chapter titled “Our Promoters and Promoter Group” beginning on page 145 of this Draft Red Herring Prospectus.
Registered Office of our Company	Prince Apartments, No. 59, Ormes Road, Kilpauk, Chennai – 600010.

Issue Related Terms

Term	Description
Allotment /Allot/ Allotted/ Allocated/ Allocation	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue.
Allotee	A successful Bidder to whom the Equity Shares are allotted.
Anand Rathi/ ARS/ ARSL	Anand Rathi Securities Limited, a company incorporated under the Companies Act and having its registered office at 11 th floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai -400 013, India.
Banker(s) to the Issue	[•].
Basis of Allotment	The basis on which Equity Shares will be allotted to Bidders under the Issue and which is described in the chapter titled “Issue Procedure - Basis of Allotment” beginning on page 247 of the Draft Red Herring

	Prospectus.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid 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 Price	The highest price at which the optional Bids have been made as indicated in the Bid-cum-Application Form
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Tamil newspaper with wide circulation.
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a English national newspaper, a Hindi national newspaper and a Tamil newspaper with wide circulation.
Bid-cum-Application Form	The form used by a Bidder to a make a Bid which will be considered as the application for Allotment for the purposes in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Book Building Process / Method/ Route	Book Building route as provided in Chapter XI of the SEBI (DIP) Guidelines, in terms of which this Issue is being made.
BRLMs / Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Anand Rathi Securities Limited and JM Financial Consultants Private Limited.
Business Day	Any day other than Saturday or Sunday on which commercial banks in Chennai are open for business.
CAN / Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding Rs. 1, 00,000/-. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders.
Designated Stock Exchange	BSE
DP ID	Depository Participant's Identity.
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and size (in terms of value) of the Issue.
Eligible NRI(s)	NRIs from jurisdiction outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares allotted herein.
Eligible Employee/ Employees (in the Employee Reservation	The term "Eligible Employee", as used in the context of the Employee Reservation Portion, means a permanent employee of our Company who

Portion)	is an Indian national, based in India and physically present in India on the date of submission of the Bid-cum-Application form. Also, such persons should be a permanent employee of our Company on the Bid/Issue opening date. “Eligible Employee”, if any, who is a person resident outside India within the meaning of FEMA, is not eligible to invest in the Issue.
Employee Reservation Portion	The portion of the Issue being upto a maximum of 93,000 Equity Shares available for Allocation to Eligible Employees.
Equity Shares	Equity shares of our Company of Rs. 10/- each, unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and where applicable, refunds of the amount collected to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted.
Green Shoe Lender	Mr. Ashwin Kumar Kamdar
Green Shoe Option or GSO	An option to allocate Equity Shares in excess of the Equity Shares included in the Issue and operate a post-listing price stabilization mechanism in accordance with Chapter VIII-A of the SEBI Guidelines, which is to be exercised through the Stabilizing Agent.
Green Shoe Option Portion	557,600 Equity Shares aggregating Rs. [●]/- million, if exercised in full.
GSO Bank Account	The bank account to be opened by the Stabilizing Agent pursuant to the Stabilizing Agreement on the terms and conditions thereof. Net Issue/Net Issue to the Public.
GSO Demat Account	The demat account to be opened by the Stabilizing Agent pursuant to the Stabilizing Agreement on the terms and conditions thereof.
Issue	The public issue of 5,669,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●]/- each aggregating to Rs. [●]/- million. The Issue comprises a Net Issue to the Public of 5,576,000 Equity Shares and an Employee Reservation Portion of up to 93,000 Equity Shares.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date.
Issue Size	5,669,000 Equity Shares to be issued at the Issue Price amounting to Rs. [●]/- million at the Floor Price and Rs. [●]/- million at the Cap Price.
Issue Proceeds	The proceeds of the Issue that are available to our Company.
JM Financial /JM/JMFCPL	JM Financial Consultants Private Limited, a company incorporated under the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India
Loaned Shares	Upto 557, 600 Equity Shares loaned by the Green Shoe Lender pursuant to the terms of the Stabilisation Agreement on the terms and conditions thereof.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	That portion of the Issue, being 5% of the QIB Portion or 1,67,280

	Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion.
Net Issue / Net Issue to the Public	The Issue less the Employee Reservation Portion.
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses please refer to the chapter titled "Objects of the Issue" beginning on page 60 of this Draft Red Herring Prospectus.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/- (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Net Issue to the Public being 557,600 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders in the event that the Green Shoe Option is not exercised and 613,360 Equity Shares in the event that the Green Shoe Option is exercised in full.
Over Allotment Shares	The Equity Shares allotted pursuant to the Green Shoe Option
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	I. With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	Price band of a minimum price (floor of the price band) of Rs. [●]/- and the maximum price (cap of the price band) of Rs [●]/- and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLMs finalises the Issue Price.
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 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.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Net Issue to the Public being 3,345,600 Equity Shares of Rs. 10/- each to be Allotted to QIBs in the event that the Green Shoe Option is not exercised and 3,680,160 Equity Shares in the event that the Green Shoe Option is exercised in full.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
Red Herring Prospectus/ RHP	The Red Herring Prospectus dated [●] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of price at which the Equity Shares are offered and the size of the issue. The Red Herring Prospectus will be filed with the RoC atleast 3 days before the Bid/ Issue opening date and will become a Prospectus upon filing with the RoC after the Pricing date.
Refund Account	The account opened with an Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made.

Refund Bank	[•]
Refund through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable.
Registrar to the Issue	Intime Spectrum Registry Limited.
Retail Individual Bidders	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 100,000/- in any of the bidding options in the Issue (including HUF applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
Retail Portion	The portion of the Net Issue to the Public being 1,672,800 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s) in the event that the Green Shoe Option is not exercised and 1,840,080 Equity Shares in the event that the Green Shoe Option is exercised in full
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stabilizing Agent	Anand Rathi Securities Limited
Stabilizing Agreement	The agreement entered into by us, the Green Shoe Lender and the Stabilizing Agent dated May 24, 2007 in relation to the Green Shoe Option.
Stabilization Period	The period commencing on the date of obtaining trading permission from the Stock Exchanges in respect of the Equity Shares in the Issue and ending 30 calendar days thereafter unless terminated earlier by the Stabilizing Agent in accordance with the Stabilization Agreement.
Stock Exchanges	BSE and NSE.
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company, in relation to the collection of Bids in this Issue.
Syndicate Members	Anand Rathi Securities Limited, JM Financial Service Private Limited and [•]
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the members of the Syndicate and our Company to be entered into on or after the Pricing Date.

Conventional and General Terms / Abbreviations

Term	Description
A/c	Account.
Act or Companies Act	Companies Act, 1956 and amendments thereto.
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
AY	Assessment Year.
BIFR	Board for Industrial and Financial Reconstruction.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CMDA	Chennai Metropolitan Development Authority.
Cmwssb	Chennai Metropolitan Water Supply and Sewerage Board.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996 as amended from time to time.

Depositories	NSDL and CDSL.
Depositories Act	Depositories Act, 1996 as amended from time to time.
DP/Depository Participant	Depository participant as defined under the Depositories Act, 1996.
DP ID	Depository Participant's Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DTCP	Directorate of Town and Country Planning.
EBITDA	Earning Before Interest, Tax, Depreciation and Amortisation.
ECS	Electronic Clearing Service.
EGM	Extraordinary General Meeting.
EPS	Earnings per share i.e., profit after tax for fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year.
ESOP	Employees Stock Option Plan
ESOS	Employees Share Option Scheme
ESPS	Employees Share Purchase Scheme
FDI	Foreign Direct Investment.
FICCI	Federation of Indian Chambers of Commerce and Industry.
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto.
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto.
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India.
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year.
FIPB	Foreign Investment Promotion Board.
FVCI	Foreign Venture Capital Investor
GDP	Gross Domestic Product.
GoI/ Government	Government of India.
HNI	High Net worth Individual.
HUF	Hindu Undivided Family.
IT	Information Technology.
ITES	Information Technology Enabled Services.
Income Tax Act/ I. T. Act	The Income Tax Act, 1961, as amended from time to time.
Income Tax Rules/ I.T Rules	The Income Tax Rules, 1962, as amended from time to time.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offering.
Mn/mn	Million.
MoU	Memorandum of Understanding.
NA	Not Applicable.
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares.
NEFT	National Electronic Fund Transfer.
NOC	No Objection Certificate.
NRE Account	Non Resident External Account.
Non Resident/ NR	A person resident outside India, as defined under FEMA and includes NRIs and FIIs
Non Resident Indian / NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.

NSE	The National Stock Exchange of India Limited.
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue.
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961.
PIO	Persons of Indian Origin.
PLR	Prime Lending Rate.
RBI	The Reserve Bank of India.
Re.	Indian Rupee.
ROC	Registrar of Companies, Tamil Nadu located at Block No. 6, 'B' Wing, 2 nd Floor, 26 Shastri Bhawan, Haddows Road, Chennai-600034.
RONW	Return on Net Worth.
Rs.	Indian Rupees.
RTGS	Real Time Gross Settlement.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulations) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time.
SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Sec.	Section.
SIA	Secretariat for Industrial Assistance.
Stamp Act	The Indian Stamp Act, 1899.
State Government	The government of a state of India.
Stock Exchange(s)	BSE and / or NSE as the context may refer to.
UIN	Unique Identification Number.
US/USA	United States of America.
US GAAP	Generally Accepted Accounting Principles in the United States of America.
USD/US\$	United States Dollars.

Technical / Industry Related Terms

Term	Description
Acre	Equals 43,560 sq.ft.
CRM	Customer Relationship Management.
FSI	Floor Space Index, which means the quotient of the ratio of the combined gross floor area of all floors, excepting area specifically exempted, to the total area of the plot.
Sq. Ft.	Square Feet.
Sq. Meters	Square Meters.
SEZ	Special Economic Zone

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines, which are included in this Draft Red Herring Prospectus. Our fiscal / financial year commences on April 1 and ends on March 31 of the subsequent calendar year.

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

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

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "USD", "US\$"; "U.S. Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

This Draft Red Herring Prospectus contains translations of certain U.S. Dollars and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Clause 6.9.7.1 of the SEBI Guidelines. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at the rates stated below or at all.

Industry and Market Data

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

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

The conversion factor from acre to square feet is 1 acre = 43,560 square feet.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “Forward – Looking Statements”. These forward – looking statements generally can be identified by words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “shall”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, the following regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our ability to manage growth and expansion, including our ability to complete our capacity expansion plans, technological changes, exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

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

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the section titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 11, 89 and 196 of this Draft Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the

Underwriter, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Company, you are advised to read this section in conjunction with the chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 89 and 196 of this Draft Red Herring Prospectus, as well as the other financial and statistical information contained in the Draft Red Herring Prospectus. If the following risks occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

Internal Risks and Risks Relating to Our Business

1. We are involved in certain legal and other proceedings in India and may face certain liabilities as a result.

We are involved in legal proceedings and claims in India in relation to certain civil matters, including consumer disputes. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We cannot assure you that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business and results of operations. The total amount of claims outstanding against our Company in these cases is approximately Rs. 16.93/- million. As on March 31, 2007, the pending litigation consists of:

Category	Company	Directors	Promoter Group Companies
<i>Civil proceedings</i>	Nil	One civil proceedings involving our Director Mr. Ashwin Kumar Kamdar	One civil proceedings involving our Promoter Group companies namely; M/s. Hareeshar & Co. and M/s. Gemini Metal Works.
<i>Tax Proceedings</i>	One Service Tax demand pending before the Superintendent of Service Tax	Nil	Nil
<i>Show Cause Notices</i>	Two Show Cause Notices received from the Tamil Nadu Pollution Control Board	Nil	Nil

The past cases in which penalties have been imposed on our Company in the last five financial years are as follows:

Assessment year	Total amount of penalty imposed (Rs. Million)	Brief particulars regarding penalty	Remarks (paid / payable)
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2004-05	0.015	Penal interest for the delayed remittance in respect of tax arrears imposed by the Commercial Tax Officer under the Tamil Nadu General Sales Tax Act. 1959.	Paid
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For more information regarding these legal proceedings, please refer to the chapter titled “Outstanding Litigation and Material Developments and other Disclosures” beginning on page 206 of this Draft Red Herring Prospectus.

2. We have had a negative cash flow from operations of Rs. 123.51million for the year ended March 31, 2005 and Rs. 114.67 million for the year ended March 31, 2007. We also had a negative profit after tax of Rs. 2.49 million for the period ended March 31, 2005.

3. Some of our Promoter Group Companies namely; Venture Metal Products Private Limited has had a negative profit after tax of Rs. 0.08 million for the year ended March 31, 2004, M/s. Hareeshar & Co. has had a negative proprietor’s capital of Rs. 0.81 million, Rs. 0.74 million and Rs. 0.66 million for the years ended March 31, 2004, March 31, 2005 and March 31, 2006 respectively and Vijpal Khishi Charitable Trust had a negative excess of income over expenditure of Rs. 0.43 million for the year ended March 31, 2005 and Rs. 0.29 million for the year ended March 31, 2006.

4. The acquisition of land and development rights is subject to extensive government regulations.

Acquisition of land and development rights in relation to immovable properties are governed by a multitude of statutory and governmental regulations including laws and regulations related to planning, environmental issues, zoning, permitted land uses, land ceiling regulations, coastal zoning regulations, proportion and use of open spaces, building designs, fire safety standards, height of the buildings, access to water and other utilities and waste disposal. The government regulations vary depending on the different states and districts where the projects are located. In addition, we are also subject to various district or local rules and regulations. These regulations deal with the various aspects of the real estate development process and stipulate the requirements and procedure involved, including the requirement of transaction documents, payment of stamp duty, registration of property documents, purchase of property, limitation on land acquisition by an individual entity and rehabilitation of displaced persons. Although we believe that our projects are in material compliance with such laws and regulations we cannot assure you that we will not be subjected to any such regulatory action in the future. Even though we have been able to obtain the necessary approvals that we require under these government regulations in the past, we cannot assure you that we will be able to obtain the requisite further approvals in relation to our existing projects, or our new projects, at such times or in such form as we may require, or at all.

We are also subject to the risk of the central and state governments acquiring our land to exercise rights of compulsory purchase, or eminent domain, which, if used in respect of our land, could require us to relinquish land with compensation. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, airports and railways. Any such action in respect of one or more of our major current or proposed developments could materially and adversely affect our business.

5. Title insurance is not commercially available in India and our title and development rights over land may be subject to significant legal uncertainties and defects.

Our business depends upon our ability to obtain a valid title to land from the landowners or valid development rights over land from the landowners. Our title and development rights over land can be subject to various title-related legal defects that we may not be able to fully identify, assess or resolve. While we always seek to ensure through various means, a valid title to land or development rights obtained

from third parties, our rights in respect of these lands or development rights may be compromised by improperly executed, unregistered or insufficiently stamped conveyance instruments in the land's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of spouses or other family members of prior owners or other title defects. As each transfer in a chain of title may be subject to these and other various defects, our title and development rights over land which we acquire through a deed of conveyance, agreement to sell, development agreement, joint development agreement or other contractual arrangements, may be subject to various defects. Title defects may result in the loss of title or development rights over such land as well as the cancellation of our development plans in respect of such land, thus negatively impacting our business and financial condition.

Additionally, title insurance is not commercially available in India to guarantee title or development rights in respect of land. The absence of title insurance in India means that title records provide only for presumptive rather than guaranteed title, and we face a risk of loss of lands we believe we own or have development rights over, which would have an adverse effect on our business, financial condition and results of operations.

6. Fluctuations in market conditions may affect our ability to sell our projects at expected prices, which could adversely affect our revenues and earnings.

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

There is a lag between the time we acquire land or development rights and the time we can construct and develop such project and sell our inventories. Further, the actual timing of the completion of a project may be different from its forecasted schedules due to certain reasons, including obtaining governmental approvals and building permits. In addition, the real estate investments, both in land and constructed inventories, are relatively illiquid, which may limit our ability to vary our exposure in the real estate business promptly in response to changes in economic or other conditions and affect our financial conditions.

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

Further, the real estate business is significantly affected by changes in government policies, economic and other conditions, such as economic slowdown or recession, demographic trends, employment levels, availability of financing, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur. These factors can negatively affect the demand for and pricing of our developed and undeveloped land and constructed inventories and, as a result, may cause a downturn in our financial condition, results of operations, cash flow position, our ability to satisfy our debt service obligations and the trading price of our Equity Shares.

7. We enter into joint development or similar agreements with third parties to acquire land or land development rights, which entails certain risks.

We enter into joint development or similar agreements with third parties to acquire title or land development rights with respect to certain land. We cannot assure you that the acquisition of such land or land development rights will be completed in a timely manner or at all.

Further, certain third parties with whom we may enter into such agreements in future may have litigation pending with respect to such lands or may have to comply with certain conditions before the title to such land or land development rights may be conveyed to us. Until such litigation is settled, such conditions have been complied with or a judgment has been obtained by a court of competent jurisdiction, we may be unable to utilize such lands according to the terms of such agreements which could adversely affect our business, financial condition and results of operations.

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

Our Land Reserves and projects portfolios are concentrated in and around Chennai. We have Land Reserves of ~90.27 acres in and around Chennai, which constitutes our total Land Reserves. For further details please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus. In the event of a regional slowdown in construction activity in Chennai or its surrounding areas, or any developments that make projects in Chennai less economically beneficial, our business, financial condition and results of operations could be adversely affected.

9. Limited supply of land, increasing competition and applicable regulations may result in an increase in the price of land and shortages of land available for development.

Due to the increased demand for land in connection with the development of residential and commercial properties, we are experiencing and may continue to experience increased competition in our attempt to acquire land in the areas in which we operate and the areas in which we anticipate operating in the future. This increased competition may result in a shortage of suitable land that can be used for development and can increase the price of land. Any such increase in the price of land that can be used for development could materially and adversely affect our business, prospects, financial condition and results of operations. For further details of our operations, please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

Additionally, the availability of land, as well as its use and development, is subject to regulations by various local authorities. For example, if a specific parcel of land has been deemed as agricultural zone, no commercial or residential development is permitted without the reclassification of the zone from competent authorities/ regulatory bodies. Such restrictions could lead to further shortage of developable land. For further details, please refer to the chapter titled “Regulations and Policies” beginning on page 123 of this Draft Red Herring Prospectus.

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

We normally enter into lease agreements with corporates for certain durations and then eventually sell the development to third parties. Our plans to sell rather than lease and retain our commercial developments may increase the volatility of our revenues and profits by replacing relatively stable rental income with less predictable sales income. The combination of these factors may result in significant variations in our revenues and profits.

11. Our business is subject to various factors that may affect the results of our operations.

Our operations are subject to various factors, including governmental regulations with respect to the way we manage our business. For instance, we and our sub-contractors are subject to laws and regulations relating to, among other things, minimum wages, working hours, health and safety of labourers and requirements of registration for contract labour. In some of our markets, we are required to give commitments to provide certain infrastructure such as roads and sewage systems, which may require us to comply with certain additional regulations. Some approvals are required to be obtained after commencement of construction in relation to the project. The laws and regulations under which we and our subcontractors operate, and our and their obligations to comply with them, may result in delays in construction and development, cause us to incur substantial compliance and other increased costs and prohibit or severely restrict our real estate and construction businesses. We are also required to be registered under certain government regulations for projects where we employ labour on a contract basis. While we have applied for or procured the required registrations for our current and completed projects, we cannot assure you we will be able to procure these registrations for all our projects in the future. For more information, please refer to the chapter titled “Government Approvals” beginning on page 210 of this Draft Red Herring Prospectus.

Our industry is still labour-intensive and we are therefore required to hire casual labour through sub-contractors for our specific projects. Our construction activities may be affected by work stoppages or

increased operating costs as a result of higher than anticipated wages. In addition, we may also face a shortage of supply of casual labour for our existing or future projects. These factors could adversely affect our business, financial position, results of operations and cash flows.

12. Our industry is highly fragmented and competitive and increased competitive pressure may adversely affect our results.

We face significant competition from other entities engaged in real estate development business, many of which undertake projects similar to ours in the same regional markets in which our projects are located. A number of our competitors are larger and better placed to take advantage of efficiencies created by size, and have better financial resources or greater access to capital at lower costs, and may be better known in regional markets in which we compete. In addition, as the industry is highly fragmented and we also face competition from local constructors, who may be able to cater to local demands at a lower cost than us. Our inability to compete successfully in our industry would materially affect our business prospects and financial condition.

13. The success of our real estate development business is dependent on our ability to anticipate and respond to consumer requirements, both in terms of the type and location of our projects.

We believe that one of our key strengths is our ability to acquire land in new areas and to be able to develop projects in these areas in anticipation of consumer demand and deliver residential projects there at very competitive margins. We have been in the forefront in developing luxurious and semi-luxurious housing projects in upcoming locations and we provide the state of the art contemporary facilities and amenities in our developments. As customers continue to seek better housing and better amenities as part of their residential needs, we are required to continue our focus on the development of quality-centric residential accommodation with various amenities. Therefore our ability to anticipate and understand the demands of the prospective customers is critical to the success of our real estate development business. The growth of the Indian economy has led to changes in the way businesses operate in India and the growing disposable income of India's middle and upper income classes has led to a change in lifestyle, resulting in a substantial change in the nature of their demands. Our inability to provide these customers their preference or our failure to anticipate and respond to customer needs accordingly will affect our business and prospects. This could also lead to loss of potential customers to our competitors who may offer better facilities. We may also face the risk that our competitors may be better known in the markets that are new to us and gain early access to information regarding attractive parcels of land and be better placed to acquire such land. Our expansion into new geographies also exposes us to additional risks associated with such diversification arising due to low level of familiarity with the local regulations, development, ownership and management of properties in the new geographies. This could affect our profitability and our financial condition.

14. We may not be able to replenish our land reserves by acquiring suitable sites.

Our historical growth has been significantly dependent upon our ability to acquire land at a relatively low cost. Our growth plans will require us to use our land reserves at a rapid rate. In order to maintain and grow our business, we will be required to replenish our land reserves with suitable sites for development. Our ability to identify and acquire suitable sites is dependent on a number of factors that may be beyond our control. These factors include the availability of suitable land, the willingness of landowners to sell us land on attractive terms, the ability to obtain an agreement to sell from all the owners where land has multiple owners, the availability and cost of financing, encumbrances on targeted land, government directives on land use, and the obtaining of permits and approvals for land acquisition and development. The failure to acquire targeted land may cause us to modify, delay or abandon entire projects, which in turn could cause our business to suffer.

In addition, land acquisition in India has historically been subject to regulatory restrictions on foreign investment. These restrictions are gradually being relaxed and this combined with the aggressive growth strategies and financing plans of real estate development companies as well as real estate investment funds in the country, is likely to make suitable land increasingly expensive. If we are unable to compete effectively in the acquisition of suitable land, our business and prospects will be adversely affected.

15. We may not be successful in identifying suitable projects, which may impede our growth.

Our ability to identify suitable projects is fundamental to our business and involves certain risks, including identifying and acquiring appropriate land, appealing to the tastes of residential customers, understanding and responding to the requirements of commercial clients and anticipating the changing retail trends in India. In identifying new projects, we also need to take into account land use regulations, the land's proximity to resources such as water and electricity and the availability and competence of third parties such as architects, surveyors, engineers and contractors. While we have successfully identified suitable projects in the past, we may not be as successful in identifying suitable projects that meet market demand in the future. The failure to identify suitable projects, build or develop saleable or leaseable properties or meet customer demand in a timely manner could result in lost or reduced profits. In addition, it could reduce the number of projects we undertake and slow our growth.

In addition, our inability to acquire contiguous parcels of land may affect our future development activities. We acquire parcels of land at various locations, which can be subsequently consolidated to form a contiguous land area, upon which we can undertake development. Whilst in the last three years we have identified all our Land Reserves, we may not be able to acquire such parcels of land in the future or may not be able to acquire such parcels of land on terms that are acceptable to us, which may affect our ability to consolidate these parcels of land into a contiguous land area. Failure to acquire such parcels of land may cause delay or force us to abandon or modify the development of land that we have acquired at a certain location, which may result in a failure to realize profit on our initial investment. Accordingly, our inability to acquire contiguous parcels of land may adversely affect our business prospects, financial conditions and results of operations.

16. We may experience difficulties in expanding our business into additional geographic markets within India.

We have limited experience in conducting business outside the Chennai Metropolitan Region and may not be able to leverage our experience in the Chennai Metropolitan Region to expand into other cities. Factors such as competition, culture, regulatory regimes, business practices and customs, customer tastes, behaviour and preferences in these cities where we plan to expand our operations may differ from those in the Chennai Metropolitan Region, and our experience in the Chennai Metropolitan Region may not be applicable to these cities. In addition, as we enter new markets and geographical areas, we are likely to compete not only with national developers, but also local developers who have an established local presence, are more familiar with local regulations, business practices and customs, have stronger relationships with local contractors, suppliers, relevant government authorities and those who have access to existing land reserves or are in a stronger financial position than us, all of which may give them a competitive advantage over us.

In expanding our geographic footprint, our business will be exposed to various additional challenges, including adjusting our construction methods to different terrains; obtaining necessary governmental approvals and building permits under unfamiliar regulatory regimes; identifying and collaborating with local business partners, construction contractors and suppliers with whom we may have no previous working relationship; successfully gauging market conditions in local real estate markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographic areas of India; and adapting our marketing strategy and operations to different regions of India in which other languages are spoken.

We can provide no assurance that we will be successful in expanding our business to include other geographic markets in India. Any failure by us to successfully carry out our plan to geographically diversify our business could have a material adverse effect on our revenues, earnings and financial condition and may result in our Company remaining almost exclusively dependent on the Chennai Metropolitan Region real estate market for our business. This could have the effect of constraining our long-term growth and prospects.

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

The real estate development industry is capital intensive and requires significant expenditures for land acquisition, development and construction. We intend to pursue a strategy of continued investment in additional real estate projects. We anticipate that we will need to obtain additional financing as we expand our operations. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. In addition, the availability of borrowed funds for our business may be greatly reduced, and the lenders may require us to invest increased amounts of equity in a project in connection with both new loans and the extension of facilities under existing loans. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our acquisition plans or growth strategies or reduce capital expenditures and the size of our operations.

18. Our success largely depends on our senior management, Directors and Key Managerial Personnel and our ability to retain them and attract new Key Managerial Personnel when necessary.

Our senior management and Key Managerial Personnel collectively have many years of experience and would be difficult to replace. We do not maintain “key man” insurance for our senior managers or other Key Managerial Personnel. We cannot assure you that we will be able to retain any or all of the key members of our management. The loss of the services of such key members of our management team could have an adverse effect on our business and the results of our operations.

Further, our ability to maintain our position in the real estate development sector depends on our ability to attract, train, motivate, and retain highly skilled personnel. In the event we are unable to do so, it could have an adverse effect on our business and results of operations.

19. Our business is subject to extensive government regulation.

The real estate industry in India is heavily regulated by the central and state governments. Real estate developers must comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established by local authorities and designed to implement such laws and regulations. For example, we are subject to various Land Ceiling Acts which regulate the amount of land that can be held under single ownership. Additionally, in order to develop and complete a real estate project, developers must obtain various approvals, permits and licenses from the relevant administrative authorities at various stages of project development.

We may encounter major problems in obtaining the requisite approvals or licenses, may experience delays in fulfilling the conditions precedent to any required approvals and we may not be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the real estate sector. There may also be delays on the part of administrative bodies in reviewing applications and granting approvals. If we experience material problems in obtaining or fail to obtain the requisite governmental approvals, the schedule of development and sale or leasing of our projects could be substantially disrupted. Although we believe that our projects are in material compliance with applicable laws and regulations, regulatory authorities may allege non-compliance and may subject us to regulatory action in the future, including penalties, seizure of land and other civil or criminal proceedings. For more information, please refer to the chapter titled “Regulations and Policies” beginning on page 123 and “Government and Approvals” beginning on page 210 of this Draft Red Herring Prospectus.

20. The government may exercise rights of compulsory purchase or eminent domain in respect of our lands.

The Land Acquisition Act, 1894 allows the central and state governments to exercise rights of compulsory purchase, or eminent domain, which, if used in respect of our land, could require us to relinquish land with minimal compensation. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, airports and railways. Any such action in respect of one or more of our major current or proposed developments could adversely affect our business.

21. The success of our residential development business is dependent on our ability to anticipate and respond to consumer requirements.

We depend on our ability to understand the preferences of our customers and to accordingly develop projects that suit their tastes and preferences. The growing disposable income of India's middle and upper income classes has led to a change in popular lifestyle resulting in substantial changes in the nature of their demands. As customers continue to seek better housing and better amenities as part of their residential needs, we must continue our focus on the development of quality residential accommodation with various amenities. Our inability to provide customers with certain amenities or our failure to continually anticipate and respond to customer needs will affect our business and prospects and could lead to some of our customers switching to competitors.

22. We face significant risks with respect to the length of time needed to complete each project.

It may take several years following the acquisition of land before income or positive cash flows can be generated through the sale of a completed real estate development project. The time it takes to complete a project generally ranges from fifteen to thirty months. Changes to the business environment during such time may affect the costs and revenues associated with the project and can ultimately affect the profitability of the project. For example, during this time there can be changes to the national, state and local business climate and regulatory environment, local real estate market conditions, perceptions of prospective customers with respect to the convenience and attractiveness of the project and changes with respect to competition from other property developments. If such changes occur during the time it takes to complete a certain project, our returns on such project may be lower than expected and our financial performance may be adversely affected.

23. The deployment of funds and fund requirement mentioned in "Objects of the Issue" have not been appraised or evaluated by any bank or financial institution.

The deployment of funds and fund requirement described in the chapter titled "Objects of the Issue" beginning on page 60 of this Draft Red Herring Prospectus is at the discretion of our Board of Directors. We operate in a highly competitive, dynamic market, and may have to revise our estimates from time to time on account of new projects that we may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. We may also reallocate expenditure to newer projects or those with earlier completion dates in the case of delays in our Ongoing and Planned projects. The deployment of funds and fund requirement as stated in chapter titled "Objects of the Issue" is based on internal management estimates and has not been appraised or evaluated by any bank or financial institution. Accordingly, our management will have significant flexibility in applying the proceeds received by us from this Issue and such flexibility could extend to the complete Net Issue of Proceeds.

24. We currently undertake and in the future will undertake certain projects jointly with third parties, which may entail certain risks.

We engage in certain projects by collaborating with third parties that own title to land and we, by virtue of a development agreement, acquire development rights to such land. In exchange for these development rights, we may be required to pay advances to the owner of the land. If we are unable to complete the construction and development of the agreed project, we may be unable to recover the advances paid by us through sale of a completed project.

Although we are generally empowered to make all operating decisions for the development of these projects, we are also required to make certain decisions in consultation with such parties which may limit our flexibility in making such decisions (including those pertaining to development and marketing). Also, we cannot assure you that such persons hold a valid title to such land or that they have obtained all necessary approvals and licenses with respect to such land. Further, such parties may have business interests or goals that are inconsistent with ours, such that disputes may arise which could cause delays in completion or the complete abandonment of the project.

We also may collaborate in the future, as a joint venture partner or enter into joint development agreements with our Promoters, Promoter Group companies, Directors of our Company and other real estate development companies in developing projects. If a joint venture partner or joint developer fails to perform

its obligations in a satisfactory manner, the joint venture or partnership may be unable to successfully complete the intended project on the intended timetable, at the intended cost, or at all. Under such circumstances, we may be required to make additional investments in the joint venture or partnership or become liable for its obligations, which could result in reduced profits and significant losses. Further, the inability of a partner to continue with a project due to financial or legal difficulties could result in our having increased or sole responsibility for the relevant projects.

25. We have not obtained certain approvals for some of our projects and some of our projects are in the preliminary stages of planning.

We must obtain certain statutory and regulatory approvals or permits at various stages in the development of our projects. For example, if a specific parcel of land has been deemed as agricultural zone by certain regulatory bodies, we cannot develop such land without reclassification/ conversion of zone from competent authorities/ regulatory bodies. Some of our current projects are in the preliminary stages of planning and development and we have not yet applied for or obtained approvals for such projects. It is vital to obtain these approvals in order to commence and ultimately complete many of our projects.

We may encounter delays in obtaining these approvals, or may not be able to obtain such approvals at all. Moreover, there can be no assurance that we will not encounter material difficulties in fulfilling any conditions precedent to the approvals described above or any approvals we require in the future or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of the approvals. If we fail to obtain, or experience material delays in obtaining approvals, the schedule of development could be substantially disrupted, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

For further details regarding the Ongoing and Planned Projects, the development of which is subject to various approvals and consents, please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus. For further details with respect to regulatory approvals required for our business, please refer to the chapter titled “Regulations and Policies” beginning on page 123 of this Draft Red Herring Prospectus. For further details in relation to pending government approvals, please refer to the chapter titled “Government Approvals” beginning on page 210 of this Draft Red Herring Prospectus.

26. Environmental problems could adversely affect our projects.

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

27. We may suffer uninsured losses.

Our real estate projects could suffer physical damage from fire or other causes, resulting in losses, which may not be fully compensated by insurance. In addition, there are certain types of losses, such as those due to earthquakes, floods, hurricanes, terrorism or acts of war, which may be uninsurable or are not insurable at a reasonable premium. The proceeds of any insurance claim may be insufficient to cover rebuilding costs as a result of inflation, changes in building regulations, environmental issues as well as other factors. Should an uninsured loss or a loss in excess of insured limits occur, we would lose the capital invested in and the anticipated revenue from the affected property. We would also remain liable for any debt or other financial obligation related to that property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

28. The lease Deed for our Registered Office is not adequately stamped and registered

We have entered into a Lease Deed with Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others namely; Mr. Kantilal Kamdar, Mr. Bharat Kumar

Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam and Mrs. Nirmala Ramanlal in respect of our Registered Office. However, the said Lease Deed is not adequately stamped and registered. We continue to use the aforesaid premises on the basis of this deed and in case of any legal proceedings, either of the parties may not be able to present the said deed as admissible evidence in any court of law.

29. We will be controlled by our Promoters so long as they control a majority of our Equity Shares.

After the completion of the Issue, our Promoters will collectively control, directly or indirectly, approximately 33.33% of our outstanding Equity Shares assuming the Green Shoe Option is not exercised and approximately 32.85% assuming the Green Shoe Option is exercised in full. As a result, our Promoters will have the ability to exercise significant control over us and all matters requiring shareholder approval, including election of directors, our business strategy and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of their shareholding in us may also have the effect of delaying, preventing or deterring a change in control of our company, even if such a transaction may be beneficial to our other shareholders. The interests of our Promoters as our controlling shareholders could also conflict with our interest or the interests of our other shareholders. We cannot assure you that our Promoters will act to resolve any conflicts of interest in our favour except as provided by law.

30. Potential conflict of interest within our Promoter Group Entities.

Some of our Promoter Group entities are engaged in the same line of business as us, which may present potential conflict of interest situations. For details regarding these entities, please refer to the chapter titled “Our Promoter Group Entities” beginning on page 180 of this Draft Red Herring Prospectus.

31. We have not appointed a monitoring agency.

We have not appointed a monitoring agency for monitoring the use of proceeds of this Issue and the Deployment of Funds is at the discretion of our Management and our Board of Directors.

32. We have not identified any alternate source of financing the ‘Objects of the Issue’. If we fail to mobilize resources as per our plans, our growth plans may be affected.

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 of our expansion project and could adversely affect our growth plans.

33. The property used by our Company for our office purposes is not owned by us and we only have leasehold rights over the same.

The property being used by our Company as our Registered Office is not owned by us. For these premises, we have entered into a lease agreement and we are not the lawful and rightful owners of this property.

External Risk Factors

34. Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2004, is headed by the Indian National Congress and is a coalition of several political parties.

Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization

could change, and specific laws and policies affecting real estate, foreign investment and other matters affecting investment in our securities could change as well.

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

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

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

36. Significant shortages in the supply of crude oil or natural gas could adversely affect the Indian economy, which could adversely affect us.

India imports approximately 75.0% of its requirements of crude oil. Crude oil prices are volatile and are subject to a number of factors such as the level of global production and political factors such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil and natural gas reserves are located. Global crude oil prices have risen significantly in 2005 and 2006, driven in part by the strong demand for imported oil in India and China. Any significant increase in oil prices could affect the Indian economy, including the real estate sector. This could adversely affect our business including our ability to grow, our financial performance, our ability to implement our strategy and the price of our Equity Shares.

37. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

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

Our ability to develop and construct properties profitably is dependent upon our ability to source adequate supply of the building materials. During periods of shortages in supply of the building materials, we may not be able to complete projects and deliver the products as per the agreed timelines. Additionally, some of our agreements in relation to our real estate and construction businesses stipulate certain penalties, which may be levied on us, in the event we fail to deliver and perform on time. Further, in order to ensure a minimum guaranteed return to the contracting party under these agreements, we sometimes provide bank guarantees or undertake to ensure a basic minimum sale price of the saleable area.

Generally, we do not have escalation clauses in our agreements with our buyers. During periods of rising prices of the building materials, we may not be able to pass price increases through to our customers, which could harm our results of operations and financial condition. In addition, our operations and results may, from time to time, be affected by circumstances beyond our control, including work stoppages, labour disputes and shortages of qualified skilled labour, lack of availability of adequate infrastructure services and increase in transportation cost.

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

A large number of our customers, especially buyers of residential properties finance their purchases through third-party mortgage financing. The interest rate has substantially reduced from the 1990's when it used to range approximately between 16% to 18% to a range of 8% to 10%. As a result, the amount of housing loans disbursed in India has been increasing consistently.

Availing of home loans by residential properties has become particularly attractive due to income tax benefits. In the event, there is a change in the policy of the government and such income tax benefits are withdrawn or the interest rates on such loans are increased or there is decrease in the availability of home loans, availing of home loans may be reduced which may adversely affect our operating results and financial condition.

40. Our staffing model subjects us to a number of risks, which may affect our profitability and competitiveness.

We maintain our own substantial staff of professionals, including engineers, accountants, marketing and sales experts. Our ability to compete is dependent upon whether we can maintain the quality of our in-house capabilities at or above the levels available from third party contractors. In addition, if our costs of maintaining our in-house capabilities increase substantially, our profitability and price competitiveness could be adversely affected.

In the event of a slow down in the Indian economy or a slow down in the real estate or construction industry, our in-house resources may cause us to incur significant costs that cannot be easily mitigated. Our inability to reduce our costs during such periods may adversely impact our results of operations and financial condition.

41. We enter into certain related party transactions.

We have entered into, and may in the future enter into, certain related party transactions with our Promoters and entities within the Promoter Group, including companies engaged in our same or related lines of business.

Additionally, as our Promoters will retain control of our Company after this Issue, we can provide no assurance that our transactions with such related parties will in all circumstances be made on an arms' length or commercial basis. For more information regarding our related party transactions, please refer to the disclosure on related party transactions contained in our restated financial statements beginning on page 150 of this Draft Red Herring Prospectus.

42. After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.

The price of our Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian real estate sector, changing perceptions in the market about investments in the Indian real estate sector, adverse media reports on us or the Indian real estate sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies and significant developments in India's fiscal regulations.

There has been no recent public market for our Equity Shares prior to this Issue and an active trading market for our Equity Shares may not develop or be sustained after this Issue. Further, the price at which our Equity Shares are initially traded may not correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

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

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and

strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

44. Compliance with, and changes in, environmental, health and safety regulations may adversely affect our financial condition and results of operations.

We are subject to environmental, health and safety regulations in the ordinary course of our business, including governmental inspections, licenses and approvals of our project plans and projects during construction. Government bodies in India, at the national, state or local level, may take steps towards the adoption of more stringent environmental and health and safety regulations and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditure to comply with these regulatory requirements may vary substantially from those currently in effect. The costs of complying with current and future environmental, health and safety laws and regulations or any potential liabilities arising from any failure to comply therewith could adversely affect our business, financial condition and results of operations.

45. Restrictions on foreign direct investment in the real estate development industry may limit our ability to raise additional capital.

The Government of India has permitted foreign direct investment of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects, subject to the conditions enumerated in Press Note No. 2 (2005 series). If we do not comply with such conditions, foreign investors may be precluded from investing funds into our Company, which may restrict our ability to raise funds and adversely affect our business, prospects, financial condition and results of operations. For further details of these policies, please refer to the chapter titled “Regulations and Policies” beginning on page 123 of this Draft Red Herring Prospectus.

46. You will not be able to immediately sell any of our Equity Shares purchased through this Issue on an Indian stock exchange.

Our Equity Shares will be listed on the BSE and the NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors’ “demat” accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. Until such time, as trading approvals are received from the BSE and the NSE you will not be able to sell any of our Equity Shares issued through the Issue.

Notes to Risk Factors:

- Public Issue of 5,669,000 Equity Shares of Rs. 10/- each of Prince Foundations Limited (“Prince” or our “Company” or the “Issuer”) for cash at a price of Rs. [●]/- per Equity Share (including a share premium of Rs. [●]/- per Equity Share) aggregating Rs./- [●] (the “Issue”). The Issue comprises a reservation of up to 93,000 Equity Shares for subscription by Eligible Employees (the “Employee Reservation Portion”) and an issue to the public of 5,576,000 Equity Shares (“the Net Issue to the Public”). There will also be a Green Shoe Option of upto 557,600 Equity Shares for cash at a price of Rs. [●]/- per Equity Share aggregating Rs. [●]/- million. (the “Green Shoe Option”). The Issue and the Green Shoe Option if exercised in full, will aggregate to 6,226,600 Equity Shares amounting to Rs. [●]/- million. The Net Issue to the Public will constitute 15.00 % of the fully diluted post-Issue paid-up capital of the Company assuming that the Green Shoe Option is not exercised and 16.26% assuming that the Green Shoe Option is exercised in full.

- Under the terms of Rule 19(2) (b) of the Securities Contracts Regulation Rules, 1957, the Issue will be made through a 100% book building process where at least 60% of the Net Issue to the Public will be

allotted on a proportionate basis to QIBs. 5% of the QIB portion would be available for allocation to mutual funds only and the remaining QIB portion will be available for allocation to the QIB bidders including mutual funds, subject to valid bids being received at or above the Issue price. Further, up to 10% of the Net Issue to the Public will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue to the Public will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue price.

- The net worth of our Company was Rs. 331.63/- million as of March 31, 2007 as per our restated financial statements included in this Draft Red Herring Prospectus.
- The net asset value per Equity Share was Rs. 221.08/- as of March 31, 2007, as per our restated financial statements included in this Draft Red Herring Prospectus.
- The average cost of acquisition (in rupees) of our Equity Shares by our Promoters is as follows:

Mr. Ashwin Kumar Kamdar- Re. 0.48/-

Mr. Sharad Vasanji- Re. 0.48/-

For further details relating to the Allotment of Equity Shares to our Promoters, Promoter Group and other entities please refer to the chapter titled “Capital Structure” beginning on page 48 of this Draft Red Herring Prospectus.

- For details of our related party transactions, please refer to the chapter titled “Related Party Transactions” beginning on page 150 of this Draft Red Herring Prospectus. The aggregate value of our related party transactions for March 31, 2007 is Rs. 69.04/- million.

- Except as disclosed in the chapter titled “Capital Structure” beginning on page 48 of this Draft Red Herring Prospectus, we have not issued any shares for consideration other than cash.

- All the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof, as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association and to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees. Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Asit Mehta, one of our Directors, and seven others for the purpose of developing residential apartments/units/ flats and/or commercial building(s) constructed on the property. Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Sharad Vasanji, one of our Promoter Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh Vasanji, for the purpose of constructing a mini township on a property. Our Company has entered into a Lease Deed in relation to our Registered Office with Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others. Mr. R. Subramanian, a Director of our Company and an independent advocate, is deemed to be interested to the extent of the fees payable to him which amounts to Rs. 1.31/- million for the year ended March 31, 2007, for providing legal opinions to our Company from time to time. Mr. Raajes V., one of our Key Managerial Personnel is a director and shareholder on the board of Cura Pharmaceuticals Private Limited, one of our Group Companies. Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Devesh Bhuvra, one of our Key Managerial Personnel for the purpose of residential apartments/units/ flats and/or commercial building(s) constructed on the property. For further details, please refer to the chapter titled “Capital Structure” and “Our Management” beginning on pages 48 and 130, respectively of this Draft Red Herring Prospectus.

- Certain of our Promoter Group Companies have agreements with our Company in connection with their business. For further details, please refer to the chapter titled “Related Party Transactions” beginning on page 150 of this Draft Red Herring Prospectus.
- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to investors at large and no selective or additional information would be available for any subset of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.
- Investors are advised to refer to the chapter titled “Basis for Issue Price” beginning on page 67 of this Draft Red Herring Prospectus.
- Our Company was incorporated as Prince Foundations Private Limited under the Companies Act, 1956 on February 27, 2004. On April 23, 2007, the name of our Company was changed pursuant to change in the status of our company from private to public limited company. At the time of incorporation, the registered office address of our Company was New No.9, Old No. 11, C. P. Ramaswamy Road, Alwarpet, Chennai - 600018 which was changed on December 01, 2004 to Prince Apartments, No. 59, Ormes Road, Kilpauk, Chennai – 600010 which is the present registered office of our Company.

Investors should note that in case of oversubscription in the Net Issue to the Public, Allotment will be made on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non- Institutional Bidders. For details, please refer to the chapter titled “Issue Procedure” beginning on page 247 of this Draft Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Overview

Prince Foundations Limited is one of the leading real estate developers in Chennai, focusing primarily on the development of IT parks, residential complexes, mini townships and serviced apartments. Our operations span all aspects of real estate development, right from the identification and acquisition of land, to the planning, execution and marketing of our projects, executed by our fully integrated in-house development team. We believe we have established a strong brand image and a successful track record in the real estate industry due to our commitment to the development of high quality projects and exploring relatively untapped markets. Our dedicated marketing and sales team regularly interacts with our customers to enable an educated and user-friendly purchasing or leasing experience.

We were incorporated as Prince Foundations Private Limited in February 2004. Our Promoters, Mr. Ashwin Kumar Kamdar and Mr. Sharad Vasanti have over two decades of experience in real estate development. For further details on the experience of our Promoters, please refer to the chapter titled "Our Promoter and Promoter Group" beginning on page 145 of this Draft Red Herring Prospectus. In a short span of three years, we have completed the construction and development of four projects, which include three IT parks namely; "Prince Infocity", "Prince Infopark", "Prince Technopark" and one residential complex namely; "Prince Greenwoods" aggregating over 1.00 million sq. ft. of saleable area. We developed these properties with an emphasis towards providing modern and high quality facilities for our clients. Some of our prominent clients who occupy these premises include Dun & Bradstreet, Optimus Global Services, Datamark Prodapt India BPO and Wisdom Infotech and other multi national corporations, to name a few. For further details of our completed projects, please refer to section titled 'Completed Projects' given below in this chapter.

Since our inception, we have concentrated our business within the Chennai region and its suburbs. Our total land reserves upon construction, would lead to ~8.49 million sq. ft. of developable area, of which our share of saleable area would be ~6.20 million sq. ft., to be developed through 12 Ongoing or Planned Projects. Our 3 Ongoing Projects ("Projects that are currently under construction and development.") include two IT parks and one residential complex, aggregating ~2.53 million sq. ft. of developable area and our share of ~1.81 million sq. ft. saleable area. Our 9 Planned projects ("properties that are in planning stage, where approvals are in the process of being obtained and construction has not yet begun") include two mini townships, one serviced apartment, one IT park and five residential complexes, aggregating ~5.96 million sq. ft. of developable area and our share of ~4.39 million sq. ft. of saleable area.

Our total income for the financial years ended March 31, 2007, March 31, 2006 and March 31, 2005 was Rs. 669.50/- million, Rs. 487.23/- million and Rs. 0.05/- million, respectively, and our profit after tax for the said years was Rs. 211.72/- million, Rs. 112.31/- million and Rs. (2.49)/- million respectively.

Competitive Strengths

We believe that the following are our core competitive strengths:

Our preferred business model

We prefer to acquire land development rights by means of Joint Development Agreements rather than purchasing property on an ownership basis, thus ensuring that we do not block large amounts of our working capital in land acquisition. This minimizes our risk as regards any adverse fluctuations in property prices and also reaping the benefits of any upward movement in the property prices. Further, this business model also helps us to divide the risk between our Company and the owner of the property in the event of any adverse market scenario.

The amount of capital invested by us in this model is predominantly lesser than the amount required in the acquisition of land on an ownership basis. This gives us the advantage of increasing our developable area

by continuously expanding our land reserves for a relatively lesser amount of investment and provides a greater flexibility in decision making.

Land reserves in Chennai and its suburbs

We continually acquire land development rights by entering into Joint Development Agreements and purchase land on an ownership basis, for our projects. As on the date of filing this Draft Red Herring Prospectus, we have ~90.27 acres of land reserves, which upon construction would lead to ~8.49 million sq. ft. of developable area, of which our share of saleable area would be ~6.20 million sq. ft., to be developed through 12 Ongoing or Planned Projects. Our 3 Ongoing Projects include two IT parks and one residential complex, aggregating ~2.53 million sq. ft. of developable area and our share of ~1.81 million sq. ft. of saleable area. Our 9 Planned projects include two mini townships, one serviced apartment, one IT park and five residential complexes, aggregating ~5.96 million sq. ft. of developable area and our share of ~4.39 million sq. ft. of saleable area. We believe that our understanding of the real estate market dynamics, arising from the collective experience of our management team, has enabled us and will continue to enable us, to seek and capitalize on land acquisition opportunities at relatively early stages of their long-term appreciation potential.

In-house project execution skills

We have a comprehensive internal system for project execution starting from project designing, site development, monitoring of the construction process to the smooth handover of the finished project with effective customer relationship management thereafter. We have an experienced, dedicated and qualified team of employees. Our team has developed relationships and has extensive experience in working with regulatory authorities, as well as managing our external suppliers and contract labourers. We conduct regular quality assessments of our projects to ensure that a high quality is maintained. We believe these systems also facilitate efficient operations and ensure consistent quality across all our projects and also enhance our ability to anticipate project requirements, complete projects within the set time limits and to develop new type of structures. We believe that the experience of our management team and its in-depth understanding of the real estate market in India will enable us to continuously deliver high end projects.

Further, we are constantly upgrading our resources and technology to be able to maintain and strengthen our efficiency in execution. We have focused on developing technological construction capability to increase the efficiency and quality of our projects. These capabilities allow us to ensure the quality of our projects, ease in maintenance and longevity of our projects.

An established brand name and a reputation for quality projects

Our Promoters have been developing their projects under the brand name of “Prince” for over two decades. Hence, we believe we have established a reputed brand name in the Chennai real estate market due to the high quality and timely execution of our projects. We have never experienced any significant quality issues nor have we ever been cited for any material deficiencies in construction of our projects. We believe customers identify “Prince”, as a brand synonymous with quality and timely delivery. As a result, we enjoy customer confidence, enhancing our ability to sell our projects swiftly. In addition, after completion of a project, we continue to focus on brand management through proactive measures to ensure brand recall among our customers.

We believe that our brand gives us a competitive advantage that allows us to achieve premium sales prices and also helps us to acquire land development rights at advantageous ratios.

Direct customer relationships

Our business approach includes maximizing the benefit to our customers and we endeavour to focus on the interest of our customers at every stage of our projects. Normally, we prefer to avoid the use of intermediaries to market our projects. We believe that our ability to identify emerging trends in customer requirements and developing projects to suit such requirements is our strength due to one-on-one interactions with our customers. Our marketing and sales team is our interface with potential clients and

this provides us with an insight into the customer requirement trends in terms of type, location and price of the product and guides us to refine our project design and marketing strategy.

Experienced management

Our management team is highly experienced in the real estate sector and covers a variety of disciplines, including engineering, project execution, finance, marketing and sales. Our management has extensive experience in anticipating market trends, identifying new markets with potential sites for development and acquiring land, as well as in the design, engineering, construction, supervision and marketing of projects. We believe that our experience in construction and development gives us special expertise with respect to developing projects in and around in Chennai and its suburbs and managing legal and regulatory requirements and processes to our advantage. We believe that this experience and expertise will enable us to replicate our business model for other types of projects.

Simplified corporate structure and commitment to corporate governance

Our Company, Prince Foundations Limited does not have any subsidiaries and hence all our projects remain concentrated in a single entity. We have currently not entered into any special purpose vehicles for any of our projects. Thus, we believe that one of our key strengths is the simple and centralized corporate structure that we have established in our Company.

We are committed to employing the highest standards of corporate governance in our internal organisation and in all our business transactions and accounting practices. This ensures consistency in all our business operations and facilitates efficiency and transparency in operations resulting in a positive impact on our business.

Transparency in our business dealings with customers

We believe that we are transparent in our dealings with customers. We maintain a full record of all payments made by our customers and our accounting records are updated regularly to reflect our dealing with our customers and other third-parties. We have established a transparent and efficient system for procuring materials by establishing purchasing policies which are committed to acquiring the best quality of materials at reasonable prices.

Our Strategy

Our mission is to become a national player by specializing in IT parks, residential complexes, mini townships and serviced apartments. We aim to achieve the highest standards of professionalism, ethics and customer service and to thereby contribute to and benefit from the growth of the Indian economy. The key elements of our business strategy are as follows:

Continued expansion of land reserves

We believe that continuing to acquire additional land development rights by means of Joint Development Agreements or Sale Deeds and developing land in strategic locations at a competitive cost enhances our ability to develop a large number of projects. We focus our efforts on markets where we can develop large saleable areas and maximise our returns in relation to the cost and time required to develop and sell a project. We intend to enhance our land reserves by acquiring land development rights mainly through Joint Development Agreements in Chennai and its suburbs thereby providing us the advantage of dividing the risk between our Company and the owner of the property in the event of any recession in the property market. This gives us the advantage of increasing our developable area by continuously expanding our land reserves for a relatively lesser amount of investment and provides a greater flexibility in decision making.

In the past, we have consistently followed our “build-lease-capitalise” business model for our IT parks, wherein after the construction of the IT park, we generally lease the space to IT companies for a monthly rent and eventually sell the space to financial investors capitalizing our investment based on the leasehold rights

We continue to enhance our brand and reputation by delivering value to our customers

We intend to continue to promote and expand our brand. We will do so by continuing to focus on quality and innovation in our property projects, and providing strong after-sales support and property management services. We believe that delivering value to our customers and enhancing their overall satisfaction with our products will enable us to strengthen our brand further. At the same time, we intend to continue building market recognition of the brand through marketing initiatives such as advertising campaigns.

SUMMARY FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

ANNEXURE – I

(Rs. In Mn.)

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES			
Particulars	As at March 31,		
	2005	2006	2007
FIXED ASSETS			
Gross Block	3.43	17.57	38.52
Less: Depreciation	(0.26)	(1.46)	(6.07)
Net Block	3.17	16.11	32.45
Net Block after Revaluation Reserve	3.17	16.11	32.45
Total	3.17	16.11	32.45
Deferred Tax Assets	-	1.61	-
Current Assets, Loans and Advances			
Inventories	99.51	114.30	266.84
Sundry Debtors	(14.90)	7.00	2.01
Cash & Bank Balances	8.00	6.59	0.67
Loans & Advances	50.14	139.53	698.50
	142.75	269.03	968.01
Liabilities and Provisions			
Secured Loans	68.59	1.46	127.67
Unsecured Loans	51.35	36.31	53.01
	119.94	37.77	180.68
Current Liabilities & Provisions			
Current Liabilities	13.28	110.79	448.73
Provisions	0.23	11.80	38.89
Deferred Tax Liability	-	-	0.54
	13.50	122.59	488.16
Net Worth			
Represented by :			
Share Holder's Funds			
Share Capital	15.00	15.00	15.00
Reserves & Surplus(Excl.Reval.Reserve)	(2.49)	109.82	321.54
	12.51	124.82	336.54
Miscellaneous Expenditure(to the extent not written off or adjusted)	0.04	0.03	4.92
Net Worth	12.47	124.79	331.63

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

ANNEXURE – II

(Rs. In Mn.)

RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES			
Particulars	For the period ending March 31,		
	2005	2006	2007
Income			
Project Revenue	-	476.92	645.00
Other Income	0.05	10.31	24.50
Total Income	0.05	487.23	669.50
Expenditure			
Cost of Construction	-	328.11	362.17
Employee Costs	0.36	10.30	19.45
Administration Expenses	1.15	8.10	12.55
Sales Promotion Overheads	0.00	8.64	13.32
Finance Charges	0.74	9.79	15.26
Depreciation	0.26	1.21	4.62
Expenses Before Adjustments	2.52	366.15	427.37
Net Profit before Tax	(2.47)	121.08	242.14
Provision for Taxation - Current	0.02	10.19	27.86
Provision for Taxation - FBT	-	0.19	0.40
Provision for Taxation - Deferred	-	(1.61)	2.16
Total Provision for Taxation	0.02	8.77	30.41
Net Profit after Tax	(2.49)	112.31	211.72
Balance Carried to Balance Sheet	(2.49)	112.31	211.72

SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED

ANNEXURE – III

(Rs. In Mn.)

STATEMENT OF CASH FLOWS AS RESTATED			
Particulars	For the period ending March 31,		
	2005	2006	2007
Cash flow from Operating Activities :			
Net Profit before tax	(2.47)	121.08	242.14
Add/(Less) Adjustments			
Depreciation	0.26	1.21	4.62
Finance Charges	-	9.23	13.19
Miscellaneous Expenditure	(0.04)	0.01	(4.89)
Operating profit before WC changes	(2.25)	131.53	255.06
Adjustments for:			
Inventories	(99.51)	(14.79)	(152.54)
Sundry Debtors	14.90	(21.92)	5.01
Loans & Advances	(50.14)	(45.39)	(524.87)
Current Liabilities	13.28	97.51	337.94
Provision for Expenses	0.21	1.21	(0.98)
	(121.26)	16.62	(335.43)
Cash generated from Operations	(123.51)	148.14	(80.38)
Taxes Paid			
Advance Tax Paid	-	(44.00)	(33.70)
Fringe Benefit Tax	-	-	(0.59)
Income Tax Paid	-	(0.02)	(0.00)
	-	(44.02)	(34.29)
Net Cash from Operating activities : (A)	(123.51)	104.13	(114.67)
Cash flow from Investing Activities :			
Purchase of Fixed Assets	(3.43)	(14.64)	(20.95)
Proceeds from sale of Fixed Assets	-	0.49	-
Net Cash used in Investing activities : (B)	(3.43)	(14.15)	(20.95)
Cash flow from Financing Activities : (C)			
Proceeds from Issue of Share Capital	15.00	-	-
Proceeds from Long Term Loan	123.39	95.20	233.28
Proceeds from Short Term Loan	-	-	101.14
Repayment of Long Term Loan	(3.45)	(177.36)	(191.53)
Finance Charges	-	(9.23)	(13.19)
Net Cash from Financing activities	134.94	(91.39)	129.70
Net Inc / (Dec) in cash & cash equiv (A+B+C)	8.00	(1.41)	(5.92)
Cash & cash equiv (Opening Balance)	-	8.00	6.59
Cash & cash equiv (Closing Balance)	8.00	6.59	0.67

THE ISSUE

Equity Shares Offered:	
Issue by our Company	5,669,000 Equity Shares.
Of which	
Employee Reservation Portion	93,000 Equity Shares
Net Issue to the Public	5,576,000 Equity Shares
Of which	
A) Qualified Institutional Buyers Portion	At least 3,345,600 Equity Shares
Of which	
Available for Mutual Funds only	167,280 Equity Shares
Balance of QIB Portion (available for QIBs including Mutual Funds)	3,178,320 Equity Shares
B) Non-Institutional Portion	557,600 Equity Shares
C) Retail Portion	1,672,800 Equity Shares
Green Shoe Option Portion ¹	Upto 557,600 Equity Shares
The Issue and Green Shoe Option Portion	Upto 6,226,600 Equity Shares
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	31,500,000 Equity Shares
Equity Shares outstanding after the Issue excluding the exercise of Green Shoe Option	37,169,000 Equity Shares
Equity Shares outstanding after the Issue including the exercise of Green Shoe Option in full	37,726,600 Equity Shares
Use of Issue Proceeds	Please refer to chapter titled “Objects of the Issue” on page 60 of this Draft Red Herring Prospectus for additional information.

¹ The Green Shoe Option will be exercised at the discretion of the BRLMs and our Company only with respect to the loaned shares for which purpose the Green Shoe Lender has agreed to lend upto 557,600 Equity Shares. For further details, please refer to the chapter titled “Green Shoe Option” beginning on page 34 of this Draft Red Herring Prospectus.

GREEN SHOE OPTION

We propose to avail of an option for allocating Equity Shares in excess of the Equity Shares included in the Issue in consultation with the BRLMs, in order to operate a post-listing price stabilizing mechanism, in accordance with the SEBI Guidelines, i.e. the “Green Shoe Option”. Our shareholders at the extraordinary general meeting held on May 24, 2007 authorized the Green Shoe Option.

Anand Rathi Securities Limited has agreed to act as the Stabilizing Agent for the purposes of effectuating the Green Shoe Option, as envisaged under Chapter VIII A of the SEBI Guidelines.

Mr. Ashwin Kumar Kamdar, one of our Promoters has agreed to lend the Loaned Shares to the Stabilizing Agent for the purposes of effectuating the Green Shoe Option.

The Stabilizing Agent shall be responsible for, *inter alia*, price stabilization post listing, if required, but there is no obligation to conduct stabilizing measures. If commenced, stabilizing will be conducted in accordance with applicable laws and regulations and may be discontinued at any time. In any event, the stabilizing activities shall not continue for a period exceeding 30 days from the date of the receipt of permission for trading of the Equity Shares from the Stock Exchanges. For the purposes of the Green Shoe Option, the Stabilizing Agent shall borrow the Loaned Shares from the Green Shoe Lender. The Loaned Shares and/or Equity Shares purchased from the market for stabilizing purposes will be in dematerialized form only.

The Equity Shares available for allocation under the Green Shoe Option will be available for allocation to QIBs, Non-Institutional Bidders and Retail Individual Bidders in the ratio of 60:10:30 assuming full demand in each category.

We have entered into the Stabilization Agreement with the Green Shoe Lender and the Stabilizing Agent for the exercise of the Green Shoe Option on the terms and conditions detailed therein.

The terms of the Stabilization Agreement provide that:

1. Stabilization Period

Stabilization Period shall mean the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares under the Issue, and ending 30 days thereafter, unless terminated earlier by the Stabilizing Agent.

2. Primary objective

The primary objective of the Green Shoe Option is stabilization of the market price of Equity Shares after listing. Towards this end, after listing of Equity Shares, in case the market price of the Equity Shares falls below the Issue Price, then the Stabilizing Agent, at its discretion, may purchase Equity Shares from the market with the objective of stabilization of the market price of the Equity Shares.

3. Decision regarding Exercise of Green Shoe Option

(i) On the Pricing Date, the BRLMs, in consultation with us, the Green Shoe Lender and the Stabilizing Agent, shall take a decision relating to the exercise of the Green Shoe Option.

(ii) In the event, it is decided that the Green Shoe Option shall be exercised, our Company in consultation with the Stabilizing Agent, shall make over-allotment of Equity Shares as per the procedure detailed below.

4. Procedure for Over Allotment and Stabilization

(i) The allotment of the Over Allotment Shares shall be done pro rata with respect to the proportion of Allotment in the Issue to various categories.

(ii) The monies received from the Bidders for Equity Shares in the Issue against the over allotment shall be kept in the GSO Bank Account distinct and separate from the Issue Account and shall be used only for the purpose of buying shares from the market during the Stabilization Period for the stabilization of the post listing price of the Equity Shares.

(iii) Upon such allotment, the Stabilizing Agent shall transfer the Over Allotment Shares from the GSO Demat Account to the respective depository accounts of the successful Bidders.

(iv) For the purpose of purchasing the Equity Shares, the Stabilizing Agent shall use the funds lying to the credit of GSO Bank Account.

(v) The Stabilizing Agent shall determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of stabilization of the post-listing price of the Equity Shares.

(vi) The Equity Shares purchased from the market by the Stabilizing Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lender within two working days from the expiry of the Stabilization Period.

(vii) In the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilization Period but before the transfer to the Green Shoe Lender is less than the Over Allotment Shares, upon being notified by the Stabilization Agent and the equivalent amount being remitted to our Company from the GSO Bank Account, our Company shall within four business days of the receipt of the notice from the Stabilization Agent (and in any case within five business days of the end of the Stabilization Period), allot new Equity Shares in dematerialized form in an amount equal to such shortfall to the credit of the GSO Demat Account. The newly issued Equity Shares shall be returned by the Stabilizing Agent to the Green Shoe Lender in the final settlement of Equity Shares borrowed, within two working days of them being credited into the GSO Demat Account, time being of essence in this behalf.

(viii) Upon the return of Equity Shares to the Green Shoe Lender pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilizing Agent shall close the GSO Demat Account.

(ix) The Equity Shares returned to the Green Shoe Lender shall be subject to remaining lock-in-period, if any, as provided in the SEBI Guidelines.

5. GSO Bank Account

The Stabilizing Agent shall remit from the GSO Bank Account to our Company, an amount, in Rupees, equal to the number of Equity Shares allotted by us to the GSO Demat Account at the Issue Price. The amount left in this account, if any, after this remittance and deduction of expenses and net of taxes, if any, shall be transferred to the investor protection fund of the Stock Exchanges in equal parts. Upon transfer of monies as above, the GSO Bank Account shall be closed by the Stabilizing Agent.

6. Reporting

During the Stabilization Period, the Stabilizing Agent shall submit a report to the BSE and the NSE on a daily basis. The Stabilizing Agent shall also submit a final report to SEBI in the format prescribed in Schedule XXIX of the SEBI Guidelines. This report shall be signed by the Stabilizing Agent and us and be accompanied by the depository statement for the GSO Demat Account for the Stabilization Period indicating the flow of shares into and from the GSO Demat Account. If applicable, the Stabilizing Agent shall, along with the report give an undertaking countersigned, if required by the respective depositories of the GSO Demat Account and the Lender regarding confirmation of lock-in on the Equity Shares returned to the Green Shoe Lender in lieu of the Over-Allotment Shares.

7. Rights and Obligations of the Stabilizing Agent

(i) Open a special bank account which shall be the GSO Bank Account under the name of “Special Account for GSO proceeds of Prince Foundations Limited” and deposit the monies received for the Over Allotment Shares, in the GSO Bank Account.

(ii) Open a special account for securities which shall be the GSO Demat Account under the name of “Special Account for GSO proceeds of Prince Foundations Limited” and credit the Equity Shares bought by the Stabilizing Agent, if any, during the Stabilization Period to the GSO Demat account.

(iii) Stabilize the market price as per the SEBI Guidelines, only in the event of the market price falling below the Issue Price, including *inter alia* the determination of the price at which such Equity Shares are to be bought and the timing of such purchase.

(iv) On or prior to the Pricing Date, to request the Green Shoe Lender to lend the Loaned Shares which shall be lent prior to allotment;

(v) Transfer funds from the GSO Bank Account to us within a period of three working days of close of the Stabilization Period.

(vi) The Stabilizing Agent, at its discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilizing Agent, at its discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of the Equity Shares may not result in stabilization of market price.

(vii) Further, the Stabilizing Agent does not give any assurance that would be able to maintain the market price at or above the Issue Price through stabilization activities.

(viii) On expiry of the Stabilization Period, to return the Equity Shares to the Green Shoe Lender either through market purchases as part of stabilizing process or through issue of fresh Equity Shares by us.

(ix) To submit daily reports to the Stock Exchanges during the Stabilization Period and to submit a final report to SEBI.

(x) To maintain a register of its activities and retain the register for three years.

(xi) To transfer net gains on account of market purchases in the GSO Bank Account net of all expenses and net of taxes, if any, equally, to the investor protection funds of the Stock Exchanges.

8. Rights and Obligations of our Company

(i) On expiry of the Stabilization Period, if the Stabilizing Agent buys the Equity Shares from the market, to issue the Equity Shares to the GSO Demat Account to the extent of Over Allotment Shares, which have not been bought from the market.

(ii) If no Equity Shares are bought from the market, then to issue Equity Shares to GSO Demat Account to the entire extent of Over Allotment Shares.

9. Rights and Obligations of the Green Shoe Lender

(i) The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Loaned Shares shall pass to the Stabilizing Agent/GSO Demat Account free from all liens, charges and encumbrances.

(ii) Upon receipt of instructions from the Stabilizing Agent on or prior to the Pricing Date, to transfer the Loaned Shares to the GSO Demat Account.

(iii) The Green Shoe Lender will not recall or create any lien or encumbrance on the Loaned Shares until the completion of the settlement under the stabilization.

10. Fees and Expenses

(i) We will pay to Green Shoe Lender a fee of Re. 1.

(ii) We will pay the Stabilizing Agent a fee of Re. 1 plus service tax.

GENERAL INFORMATION

Our Company was originally incorporated as Prince Foundations Private Ltd. on February 27, 2004. The status of our Company was changed to a public limited company by a special resolution of members passed at the Extraordinary General meeting held on March 7, 2007. The fresh certificate of incorporation consequent to the change of name was granted to our Company on April 23, 2007 by the Registrar of Companies, Tamil Nadu, Chennai. For details of the change in our name and registered office, please refer to the chapter titled "History and Corporate Structure" beginning on page 128 of this Draft Red Herring Prospectus.

Registered Office of our Company

Prince Apartments,
#59, Ormes Road, Kilpauk,
Chennai-600010
Tel No.: +91 44 2661 0061
Fax No.: +91 44 2661 4724
E-mail: prince.ipo@princefoundations.com
Website: www.princefoundations.com
Registration Number: 052638
Company Identification Number: U45201TN2004PLC052638
Contact person: Mrs. Kalpana Ramamurthy

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Tamil Nadu situated at the following address:

The Registrar of Companies

Block No. 6,
'B' Wing, 2nd Floor,
26 Shastri Bhawan,
Haddows Road,
Chennai-600034.

Our Board of Directors

Our Board comprises the following persons:

Name, Designation and Occupation	Age (years)	Address
Mr. Ashwin Kumar Kamdar Chairman & Managing Director <i>Business</i>	54	Old No. 2, New No. 3, Sylvan Lodge Colony, 1 st Cross Street, Kilpauk, Chennai – 600010.
Mr. Sharad Vasanji Whole-time Director <i>Business</i>	55	Old No. 4, New No. 9, Taylors Road, Kilpauk, Chennai- 600 010.
Mr. Rajkumar Kamdar Whole-time Director	26	Old No. 2, New No. 3, Sylvan Lodge Colony,

<i>Business</i>		1 st Cross Street, Kilpauk, Chennai – 600010.
Mr. Asit Mehta Executive Director	30	New No. 13, Old No. 6, Dr. Guruswamy Road, Chetpet, Chennai-600 031.
<i>Business</i>		
Mrs. Meena Kamdar Non-Executive Director	53	Old No. 2, New No. 3, Sylvan Lodge Colony, 1 st Cross Street, Kilpauk, Chennai – 600010.
<i>Business</i>		
Mr. Jitinder Singh Chopra Independent Director	70	No. 43, Ranjit Road, Kotturpuram, Chennai-600085.
<i>Business</i>		
Mr. Navratan Dugar Independent Director	63	406, Olympus, Prestige Acropolis, No.20 Hosur Road, Bangalore-560029.
<i>Service</i>		
Mr. N. Gomathinayagam Independent Director	71	Flat No. 1-D, Temple Rock, No. 44A, New Avadi Road, Kilpauk, Chennai-600010
<i>Retired Bank Executive</i>		
Mr. Rajnikant Turakhia Independent Director	67	20, 1 st Cross Street, CIT Nagar, Mylapore, Chennai-600004
<i>Business</i>		
Mr. R. Subramanian Independent Director	52	85, Pantheon Road, 20-Srirangam Avenue, Egmore, Chennai-600008
<i>Advocate</i>		

For further details of our Chairman & Managing Director and other Directors, please refer to the chapter titled “Our Management” beginning on page 130 of this Draft Red Herring Prospectus.

Issue Management Team

Company Secretary and Compliance Officer

Our Company Secretary and Compliance Officer is Mrs. Kalpana Ramamurthy. Her contact details are as follows:

Mrs. Kalpana Ramamurthy

Company Secretary and Compliance Officer

Prince Apartments,
#59, Ormes Road, Kilpauk,
Chennai-600010

Tel No.: +91 44 2661 0061

Fax No.: +91 44 2661 4724

E-mail: prince.ipo@princefoundations.com

Website: www.princefoundations.com

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

Book Running Lead Managers

Anand Rathi Securities Limited

11th floor, Times Tower,
Kamala City,
Senapati Bapat Marg, Lower Parel,
Mumbai -400 013
India.

Tel. No: +91 22 4047 7000

Fax No: +91 22 4047 7070

E-mail: prince.ipo@rathi.com

Website: www.rathi.com

Contact Person: Mr. Akshay Bhandari / Ms. A.Preethi

JM Financial Consultants Private Limited

141, Maker Chambers III,
Nariman Point,
Mumbai 400 021
India.

Tel: +91 22 6630 3030

Fax: +91 22 2204 7185

Email: prince@jmfinancial.in

Website: www.jmfinancial.in

Contact Person: Ms. Poonam Karande

Syndicate Members

Anand Rathi Securities Limited

11th floor, Times Tower,
Kamala City,
Senapati Bapat Marg, Lower Parel,
Mumbai -400 013
India.

Tel. No: +91 22 4047 7000

Fax No: +91 22 4047 7070

E-mail: prince.ipo@rathi.com

Website: www.rathi.com

Contact Person: Ms. Meghna Parekh

JM Financial Service Private Limited
Apeejay House, 3 Dinshaw Waccha Road
Churchgate, Mumbai 400 021
India
Tel: +91 22 6704 3184 / 3185
Fax: +91 22 2282 6580
Email: prince@jmfinancial.in
Website: www.jmfinancial.in
Contact Person: Deepak Vaidya

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (West),
Mumbai – 400 078.
Phone: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: prince.ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

Legal Advisors to the Issue

M/s. Crawford Bayley & Co.
State Bank Buildings, 4th floor
N. G. N. Vaidya Marg
Fort, Mumbai 400 023
India
Tel. No: +91 22 2266 3713
Fax No: +91 22 2266 0355
E-mail: sanjay.asher@crawfordbayley.com
Contact Person: Mr. Sanjay Asher

Bankers to the Issue and Escrow Collection Banks

[●]

Bankers to our Company

Indian Overseas Bank
Commercial & Institutional Credit Branch,
'Auras Corporate Centre',
No.98-A, Dr. Radhakrishnan Salai,
Mylapore, Chennai-600001
Tel No.: +91 44 2847 8634/35
Fax No.: +91 44 2847 8633
E-mail: canicbr@chemrc01.iobnet.co.in

Corporation Bank
Kellys Corner Branch
No.12, Ormes Road,
Kilpauk, Chennai-600010
Tel No.: +91 44 2641 2272
Fax No.: +91 44 2641 4657
E-mail : cb123@corpbank.co.in

Statutory Auditor to our Company

M/s. Sanjay Bhandari & Co.

Chartered Associates

'Bhandari Towers',

No.824, E.V.R. Periyar Road,

Kilpauk, Chennai-600010

Tel No.: +91 44 2641 2323/3048 6875

Fax No.: +91 44 4266 2251

E-mail : shb@vsnl.com

Statement of Inter Se Allocation of Responsibilities

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

No	Activities	Responsibility	Co-ordinator
1	Capital structuring with relative components and formalities.	ARSL	ARSL
2	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with the guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of Offer Document and RoC filing.	ARSL	ARSL
3	Drafting, approval and liasioning with Advertising agency for of all advertisements / statutory advertisements / publicity material including: <ul style="list-style-type: none">• Preparation and finalization of the road-show presentation• Approval of all non-statutory advertisement including corporate advertisements.	ARSL	ARSL
4	Appointment of the Escrow Collection Banks for the Issue	ARSL / JM	ARSL
5	Marketing of the issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of <ul style="list-style-type: none">(i) ad-media,(ii) centres of holding conferences of brokers, investors etc.(iii) bankers to issue,(iv) collection centres(v) brokers to issue and(vi) underwriters and the underwriting arrangement, distribution of publicity and issue material including application form, offer document and brochure, and deciding on the quantum of issue material.	ARSL / JM	ARSL
6	International Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none">• Finalizing the list and division of investors for one to one meetings; and• Finalizing road show schedule and investor meeting schedules.	ARSL / JM	JM
7	Domestic Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none">• Finalizing the list and division of investors for one to one meetings; and	ARSL / JM	ARSL

No	Activities	Responsibility	Co-ordinator
	<ul style="list-style-type: none"> Finalizing road show schedule and investor meeting schedules. 		
8	Retail marketing strategy which will cover, among other things, <ul style="list-style-type: none"> Finalizing centers for holding conferences for brokers, etc Formulating media, marketing and, Public Relations strategy; 	ARSL / JM	ARSL
9	Non Institutional (ex-Retail) marketing strategy which will cover, among other things, <ul style="list-style-type: none"> Finalizing centers for holding conferences for brokers, etc Formulating media, marketing and, Public Relations strategy; 	ARSL / JM	ARSL
10	Appointment of Printers, Registrar for the Issue and advertising agency	ARSL	ARSL
11	Managing the book and advising about closure of the issue.	ARSL / JM	ARSL
12	Finalization of Pricing in consultation with the Company	ARSL / JM	ARSL
13	Co-ordination with stock exchanges for book building software, bidding terminals and mock trading	ARSL / JM	ARSL
14	Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing and trading of instruments, assisting in finalization of basis of allotment, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	ARSL / JM	ARSL

Credit Rating

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

IPO Grading

This Issue has been graded by [●] as [●] (pronounced [●]), indicating [●]. The rationale furnished by the credit rating agency for its grading will be updated at the time of filing the Red Herring Prospectus with the RoC.

Monitoring Agency

As the net proceeds of the issue will be less than Rs.500/- Crores, there is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI (DIP) Guidelines.

Trustees

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

Appraising Entity

The Objects of the Issue have not been appraised by any agency/independent financial institution and the cost and means of finance are based on the estimates by our Company.

Book Building Process

Book Building, with reference to the Issue, refers to the process of collection of Bids on the basis of this Draft Red Herring Prospectus within the Price Band. This Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. The BRLMs appoint the Syndicate Members;
- Registrars to the Issue; and
- Escrow Collection Bank(s).

In accordance with Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post Issue capital, the Issue is being made through the 100% Book Building Process, wherein atleast 60% of the Net Issue to the Public will be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5 % shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If atleast 60% of the Net Issue to the Public cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, 10% of the Net Issue to the Public will be available for allocation on a proportionate basis to Non-Institutional Bidders and 30% of the Net Issue to the Public will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further up to 93,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue price.

In accordance with the SEBI guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid / Issue Closing Date. In addition, QIBs are required to pay atleast 10 % of the Bid Amount upon submission of the Bid-cum-Application Form during the Bid/ Issue period and allocation to QIBs will be on a proportionate basis. For further details, please refer the chapter titled “Terms of the Issue” beginning on page 238 of this Draft Red Herring Prospectus.

Our Company will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed Anand Rathi Securities Limited and JM Financial Consultants Private Limited as the BRLMs to manage the issue and to procure subscriptions to the Issue.

The process of Book Building, under the SEBI Guidelines, is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

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

Bidders can Bid at any price within the price band. For instance, assuming a price band of Rs. 20/- to Rs. 24/- per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the

demand for the shares of the issuer Company at various prices and is collated from bids received from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares bid for	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken by the Bidder for Bidding:

- Check eligibility for making a Bid (for further details, please refer to the paragraph titled “Issue Procedure-Who can Bid” beginning on page 247 of this Draft Red Herring Prospectus);
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form;
- A copy of the PAN card or PAN allotment letter is required to be submitted with the Bid cum Applications Form without this information the documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;**
- Bids by QIBs will have to be submitted only to the BRLMs.

Withdrawal of the issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the issue at anytime after the Bid/Issue Closing Date but before the Allotment of Equity Shares, without assigning any reason thereof.

Bid/Issue Programme

Bidding Period/ Issue Period:

BID/ISSUE OPENS ON	●
BID/ISSUE CLOSES ON	●

Bids and any revision in Bids shall be accepted **only between 10 a.m and 3 p.m** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10 a.m and 1 p.m** (Indian Standard Time) and uploaded until (i) 5 p.m in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees Bidding under the Employees Reservation Portion where the Bid Amount is in excess of Rs.100,000/- and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders and Employees Bidding under the Employees Reservation Portion where the Bid Amount is up to Rs.100,000/- . Due to limitation of time available for uploading the Bids on

the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1 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 the public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with SEBI Guidelines 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 a maximum of 20% of the Floor Price advertised atleast one day before the Bid/Issue Opening Date.

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

Underwriting Agreement

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

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

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
Anand Rathi Securities Limited 11 th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel. No: +91 22 4047 7000 Fax No: +91 22 4047 7070 E-mail: prince.ipo@rathi.com Website: www.rathi.com Contact Person: Mr. Akshay Bhandari / Ms. A.Preethi	[●]	[●]
JM Financial Consultants Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India Tel: +91 22 6630 3030 Fax: +91 22 2204 7185 Email: prince@jmfinancial.in Website: www.jmfinancial.in	[●]	[●]

Contact Person: Poonam Karande		
[●]	[●]	[●]

The above mentioned amount is an indicative of underwriting and would be finalized after pricing and actual allocation of equity shares.

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

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

CAPITAL STRUCTURE

The Share Capital of our Company as on the date of filing this Draft Red Herring Prospectus with SEBI and after this Issue is set forth below.

Sr. No.	Particulars	Amount (Rs. in Mn.)	
		Aggregate Value at Nominal Price	Aggregate Value at Issue Price
A.	Authorised Capital		
	45,000,000 Equity Shares of Rs. 10/- each.	450.00	
B.	Issued, Subscribed and Paid-Up Capital before this Issue		
	31,500,000 Equity Shares of Rs. 10/- each.	315.00	
C.	Present Issue to the public in terms of this Draft Red Herring Prospectus		
	5,669,000 Equity Shares of Rs. 10/- each fully paid up	56.69	[•]
	Out of which:		
	Reservation for Employees		
	93,000 Equity Shares are reserved for the Eligible Employees of our Company	0.93	[•]
	Net Issue to the Public		
	5,576,000 Equity Shares of Rs 10/- each at a price of Rs [•]/- per share of which:	55.76	[•]
	QIB portion of atleast 3,345,600 Equity Shares	33.46	[•]
	Reservation for Mutual Funds of 167,280 Equity Shares out of the QIB portion	1.67	[•]
	Non Institutional portion upto 557,600 Equity Shares	5.58	[•]
	Retail portion upto 1,672,800 Equity Shares	16.73	[•]
D.	Green Shoe Option in terms of this Draft Red Herring Prospectus		
	Upto 557,600 Equity Shares	5.76	[•]
E.	Issued, Subscribed and Paid-Up Capital after this Issue		
	<i>Assuming Green Shoe Option is NOT exercised in full</i>		
	Upto 37,169,000 Equity Shares	371.69	[•]
	<i>Assuming Green Shoe Option is exercised in full</i>		
	Upto 37,726,600 Equity Shares	377.27	[•]
F.	Securities Premium Account		
	Before this Issue	Nil	
	After this Issue	[•]	

The present Issue and the Green Shoe Option has been authorized by the Board of Directors in their meeting on April 30, 2007 and by the shareholders of our Company at an Extra Ordinary General Meeting held on May 24, 2007.

We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.

Changes in Authorised Share Capital

1. The initial authorised share capital of Rs. 2,000,000/- divided into 200,000 equity shares of Rs. 10/- each was increased to Rs. 15,000,000/- divided into 1,500,000 equity shares of Rs. 10/- each pursuant to a resolution of the shareholders at an EGM held on September 30, 2004.
2. The authorised share capital of Rs. 15,000,000/- divided into 1,500,000 equity shares of Rs. 10/- each was increased to Rs. 450,000,000/- divided into 45,000,000 equity shares of Rs. 10/- each pursuant to a resolution of the shareholders at an EGM held on March 5, 2007.

Notes to Capital Structure:

1. Share Capital History of our Company

Date of Allotment of the Equity Shares	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (Rs.)	Issue Price	Share Premium	Nature of payment of consideration	Reasons for allotment	Cumulative Paid-up Equity share capital (Rs.)	Cumulative Securities Premium Account
March 10, 2004	10,000	10,000	10	10	-	Cash	Subscription to the Memorandum	100,000	-
October 25, 2004	1,290,000	1,300,000	10	10	-	Cash	Further allotment to Promoter and Promoter Group.	13,000,000	-
October 25, 2004	200,000	1,500,000	10	10	-	Cash	Further allotment to others	15,000,000	-
August 20, 2007	30,000,000	31,500,000	10	10	-	Other than Cash	Bonus in the ratio of 20:1@	315,000,000	-

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

2. Promoters Contribution and Lock-In

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

Our Company has two promoters namely Mr. Ashwin Kumar Kamdar and Mr. Sharad Vasanji, whose names figure in the Draft Red Herring Prospectus as Promoters in the chapter titled "Our Promoters and their Background.

(a) History of the Share Capital held by the Promoters:

1. Mr. Ashwin Kumar Kamdar

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price	Nature of payment of consideration	Reasons for allotment/ transfer
October 25, 2004	540,000	10/-	10/-	Cash	Further allotment to Promoter and Promoter Group.
May 31, 2006	(150,000)	10/-	Nil	Cash	Transfer*
October 25, 2006	100,000	10/-	10/-	Cash	Transfer
August 20, 2007	9,800,000	10/-	Bonus	Capitalisation of reserves	Bonus in the ratio of 20:1@
Total	10,290,000				

* Transfer by way of a gift to Mr. Asit Mehta

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

2. Mr. Sharad Vasanji

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price	Nature of payment of consideration	Reasons for allotment/transfer
October 25, 2004	100,000	10	10	Cash	Further allotment to Promoter and Promoter Group.
August 20, 2007	2,000,000	10	Bonus	Capitalisation of reserves	Bonus in the ratio of 20:1@
Total	2,100,000				

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

(b) History of the Share Capital held by the Promoter Group

1. Mrs. Meena Kamdar

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price	Nature of payment of consideration	Reasons for allotment/ transfer
March 10, 2004	5,000	10	10	Cash	Subscription to the Memorandum
October 25, 2004	265,000	10	10	Cash	Further allotment to Promoter and Promoter Group
October 25, 2006	(60,000)	10	10	Cash	Transfer
August 20, 2007	4,200,000	10	Bonus	Capitalisation of reserves	Bonus in the ratio of 20:1@
Total	4,410,000				

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

2. Mr. Rajkumar Kamdar

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price	Nature of payment of consideration	Reasons for allotment/ transfer
March 10, 2004	5,000	10	10	Cash	Subscription to the Memorandum
October 25, 2004	85,000	10	10	Cash	Further allotment to Promoter and Promoter Group
October 25, 2006	60,000	10	10	Cash	Transfer
August 20, 2007	3,000,000	10	Bonus	Capitalisation of reserves	Bonus in the ratio of 20:1@
Total	3,150,000				

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

3. Ms. Dipti Sharad

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price	Nature of payment of consideration	Reasons for allotment/ transfer
October 25, 2004	100,000	10	10	Cash	Further allotment to Promoter and Promoter Group
August 20, 2007	2,000,000	10	Bonus	Capitalisation of reserves	Bonus in the ratio of 20:1@
Total	2,100,000				

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

4. Ms. Aditi Sharad

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price	Nature of payment of consideration	Reasons for allotment/transfer
October 25, 2004	50,000	10	10	Cash	Further allotment to Promoter and Promoter Group
August 20, 2007	1,000,000	10	Bonus	Capitalisation of reserves	Bonus in the ratio of 20:1@
Total	1,050,000				

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

5. Ms. Disha Sharad

Date of Allotment/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price	Nature of payment of consideration	Reasons for allotment/transfer
October 25, 2004	50,000	10	10	Cash	Further allotment to Promoter and Promoter Group
August 20, 2007	1,000,000	10	Bonus	Capitalisation of reserves	Bonus in the ratio of 20:1@
Total	1,050,000				

@ Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007.

(c) Details of Promoters' contribution locked-in for 3 years:

Pursuant to the SEBI Guidelines, an aggregate of 20% of our fully diluted post Issue capital held by the Promoters shall be locked-in for a period of three years from the date of Allotment in this Issue.

The details of such lock-in are given below:

Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Number of Equity Shares*	Face Value per Equity Share (in Rs.)	Issue/ Transfer price per Equity Share in Rs.	Consideration (cash, bonus, consideration other than cash)	Percentage of pre-Issue paid-up capital	Percentage of post-Issue paid-up capital (assuming GSO not exercised)	Percentage of post-Issue paid-up capital (assuming GSO exercised in full)
Mr. Ashwin Kumar Kamdar	August 20, 2007	5,500,000	10	10	Bonus issue (20:1)	17.46%	14.80%	14.58%
Mr. Sharad VasANJI	August 20, 2007	2,000,000	10	10	Bonus issue (20:1)	6.35%	5.38%	5.30%
	October 25, 2004	100,000	10	10	Cash	0.32%	0.27%	0.27%
Total		7,600,000				24.13%	20.45%	20.14%

7,600,000 Equity Shares, held by Mr. Ashwin Kumar Kamdar and Mr. Sharad VasANJI as the Promoters, shall be locked in for three years from the date of allotment of Equity Shares in this Issue. The Lock-in commences from the date of Allotment of Equity Shares in this Issue.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI Guidelines. All Equity Shares being included for computation of Promoters' contribution and three year lock-in are not ineligible for such purposes under Clause 4.6 of the SEBI Guidelines. Further, in accordance with Clause 4.13 of the SEBI Guidelines, the Equity Shares issued last to the Promoters' have been locked in first. Equity Shares issued as Bonus which are locked-in for three years are not issued in lieu of ineligible shares in terms of clause 4.6.1(ii)

(d) Details of Share Capital locked in for one year

In addition to the lock-in of the Promoters' contribution specified above, the entire pre-Issue Equity Share capital and the Equity Shares issued by our Company pursuant to the exercise of the Green Shoe Option, will be locked in for the period of one year from the date of Allotment of Equity Shares in this Issue. If the Green Shoe Option is not exercised, 23,900,000 Equity Shares will be locked-in for a period of one year from the date of allotment of the Equity Shares in this Issue. If the Green Shoe Option is exercised in full, 23,900,000 Equity Shares will be locked-in for a period of one year from the date of allotment of the Equity Shares in this Issue.

(e) Other requirements in respect of lock-in

In the event the Green Shoe Option is exercised, the Equity Shares held by the Green Shoe Lender, which are lent to the Stabilising Agent shall be exempt from the one year lock-in, for the period between the date when the Equity Shares are lent to the Stabilising Agent to the date when they are returned to the Green Shoe Lender in accordance with Clause 8A.13 or 8A.15 of the SEBI Guidelines, as the case may be. If the Equity Shares are returned to the Green Shoe Lender in accordance with Clause 8A.13 or 8A.15 of the SEBI Guidelines, such Equity Shares shall be subject to a lock in of one year as provided in accordance with Clause 8A.16 of SEBI Guidelines.

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

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

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

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

3. Shareholders of our Company and the number of Equity Shares held by them

(a) *Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Draft Red Herring Prospectus with SEBI are as follows:*

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each	Percentage Shareholding
1.	Mr. Ashwin Kumar Kamdar	10,290,000	32.67%
2.	Mrs. Meena Kamdar	4,410,000	14.00%
3.	Mr. Asit Mehta	3,150,000	10.00%
4.	Mr. Rajkumar Kamdar	3,150,000	10.00%
5.	Mr. Sharad VasANJI	2,100,000	6.67%
6.	Ms. Dipti Sharad	2,100,000	6.67%
7.	Mrs. Sheila Hareesh	2,100,000	6.67%
8.	Ms. Aditi Sharad	1,050,000	3.33%
9.	Ms. Disha Sharad	1,050,000	3.33%
10.	Mr. Yogesh Hareesh	1,050,000	3.33%
10.	Ms. Apeksha Hareesh	1,050,000	3.33%
Total		31,500,000	100.00%

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

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each	Percentage Shareholding
1.	Mr. Ashwin Kumar Kamdar	10,290,000	32.67%
2.	Mrs. Meena Kamdar	4,410,000	14.00%
3.	Mr. Asit Mehta	3,150,000	10.00%
4.	Mr. Rajkumar Kamdar	3,150,000	10.00%
5.	Mr. Sharad VasANJI	2,100,000	6.67%
6.	Ms. Dipti Sharad	2,100,000	6.67%
7.	Mrs. Sheila Hareesh	2,100,000	6.67%
8.	Ms. Aditi Sharad	1,050,000	3.33%
9.	Ms. Disha Sharad	1,050,000	3.33%
10.	Mr. Yogesh Hareesh	1,050,000	3.33%
10.	Ms. Apeksha Hareesh	1,050,000	3.33%
Total		31,500,000	100.00%

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

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each	Percentage Shareholding
1.	Mr. Ashwin Kumar Kamdar	540,000	36.00%
2.	Mrs. Meena Kamdar	270,000	18.00%
3.	Mr. Sharad VasANJI	100,000	6.67%
5.	Mrs. Luxmi VasANJI	100,000	6.67%
6.	Ms. Dipti Sharad	100,000	6.67%
7.	Mrs. Sheila Hareesh	100,000	6.67%
8.	Mr. Rajkumar Kamdar	90,000	6.00%
9.	Ms. Aditi Sharad	50,000	3.33%
10.	Ms. Disha Sharad	50,000	3.33%
10.	Mr. Yogesh Hareesh	50,000	3.33%
10.	Ms. Apeksha Hareesh	50,000	3.33%
Total		1,500,000	100.00%

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

Name of Shareholder	Pre Issue		Post Issue			
	Number of Equity Shares	% Holding	Number of Equity Shares (Assuming GSO exercised in full)	% Holding	Number of Equity Shares (Assuming GSO not exercised)	% Holding
Mr. Ashwin Kumar Kamdar	10,290,000	32.67%	10,290,000	27.28%	10,290,000	27.68%
Mr. Sharad VasANJI	2,100,000	6.67%	2,100,000	5.57%	2,100,000	5.65%
Promoter (A)	12,390,000	39.34%	12,390,000	32.85%	12,390,000	33.33%
Mrs. Meena Kamdar	4,410,000	14.00%	4,410,000	11.69%	4,410,000	11.87%
Mr. Rajkumar Kamdar	3,150,000	10.00%	3,150,000	8.35%	3,150,000	8.48%
Ms. Dipti Sharad	2,100,000	6.67%	2,100,000	5.57%	2,100,000	5.65%
Ms. Aditi Sharad	1,050,000	3.33%	1,050,000	2.78%	1,050,000	2.83%
Ms. Disha Sharad	1,050,000	3.33%	1,050,000	2.78%	1,050,000	2.83%
Promoter Group (B)	11,760,000	37.33%	11,760,000	31.17%	11,760,000	31.63%
Promoter + Promoter Group (C=A+B)	24,150,000	76.67%	24,150,000	64.02%	24,150,000	64.96%
Others - Non Promoter Group						
Mrs. Sheila Hareesh	2,100,000	6.67%	2,100,000	5.57%	2,100,000	5.65%
Mr. Yogesh Hareesh	1,050,000	3.33%	1,050,000	2.78%	1,050,000	2.83%
Ms. Apeksha Hareesh	1,050,000	3.33%	1,050,000	2.78%	1,050,000	2.83%
Mr. Asit D. Mehta	3,150,000	10.00%	3,150,000	8.35%	3,150,000	8.48%
Total Others (D)	7,350,000	23.33%	7,350,000	19.48%	7,350,000	19.79%
Sub Total (E=C+D)	31,500,000	100.00%	31,500,000	83.50%	31,500,000	84.75%
Public Issue (F)	-		6,226,600	16.50%	5,669,000	15.25%
Total Share Capital	31,500,000		37,726,600	100.00%	37,169,000	100.00%

5. Our Company, our Directors, our Promoters and the BRLMs to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.

6. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off while finalizing the Basis of Allotment.
7. The Equity Shares will be fully paid-up at the time of Allotment failing which no Allotment shall be made.
8. None of our Directors or Key Managerial Personnel hold any Equity Shares in our Company, except as stated in the chapter titled "Our Management" beginning on page 130 of this Draft Red Herring Prospectus.
9. Our Promoters, Directors and our Promoter Group have not purchased or sold any Equity Shares within the six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
10. At least 60% of the Net Issue to the Public shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. 10% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and 30% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange. Additional Allotment to each of these categories would be made on a pro rata basis to the extent of the Green Shoe Option Portion. Under-subscription, if any, in the Employee Reservation Portion would be included in the Net Issue to the Public and added back to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange. In case of under-subscription in the Net Issue to the Public, except the QIB portion, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange.
11. Up to 93,000 Equity Shares have been reserved for allocation to the Eligible Employees on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion. Eligible Employees may bid in the Net Issue to the Public portion as well and such Bids shall not be treated as multiple Bids. Any under subscription in the Equity Shares under the Employee Reservation Portion would be treated as part of the Net Issue to the Public.
12. There are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and Bidders are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
14. We have not raised any bridge loan against the Issue Proceeds.
15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued pursuant to this Issue have been listed.
16. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Draft Red Herring Prospectus, by way of split or consolidation of the

denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

17. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash other than the Equity Shares issued through a bonus issue, which was from the free reserves of our Company.
18. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
19. Our Promoters and the Promoter Group will not participate in the Issue.
20. We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.
21. As of the date of filing of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 11.
22. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.
23. The Equity Shares held by the Promoters are not subject to any pledge.
24. Our Company does not have any ESOS/ESPS scheme 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.
25. In respect of various agreements entered into by our Company with the lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants regarding the alteration of our capital structure and other restrictive covenants. As per the loan agreements and sanction letters, we require written consent from the lenders, amongst others, Indian Overseas Bank and Corporation Bank.

Pursuant to the aforesaid covenants we have obtained the prior written approvals from the lenders in relation to this Issue.
26. The securities, which are subject to lock-in, shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the shares are to be listed, before the listing of the securities.
27. The Equity Shares forming part of promoters’ contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
28. As per Chapter VIII-A of the SEBI Guidelines, we may avail of the Green Shoe Option for stabilizing the post-listing price of the Equity Shares. We have appointed Anand Rathi Securities Limited as the Stabilising Agent. The Green Shoe Option consists of an option to over allot up to 557,600 Equity Shares at the Issue Price, aggregating Rs. [●]/- million, representing up to 9.09% of the Net Issue to the Public, exercisable during the stabilisation period.

Name of the Stabilising Agent	Anand Rathi Securities Limited
Maximum number of Equity Shares proposed to be over allotted	557,600 Equity Shares
The maximum increase in our Equity Shares if we are required to utilise the full over allotment in the Issue	557,600 Equity Shares
Green Shoe Option Portion as a percentage of the total Issue Size	Upto 8.96% of the Issue
Maximum number of Equity Shares that may be borrowed	557,600 Equity Shares
Pre-Issue holding of the Green Shoe Lender	10,290,000 Equity Shares representing 32.67% of the pre-Issue paid up share capital of our Company
Stabilisation Period	The period commencing from the date of obtaining trading permission from the BSE and the NSE for the Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.
Rights and obligations of the Stabilising Agent	<p>(i) Open a special bank account which shall be the GSO Bank Account under the name of “Special Account for GSO proceeds of Prince Foundations Limited” and deposit the monies received for the Over Allotment Shares, in the GSO Bank Account.</p> <p>(ii) Open a special account for securities which shall be the GSO Demat Account under the name of “Special Account for GSO proceeds of Prince Foundations Limited” and credit the Equity Shares bought by the Stabilizing Agent, if any, during the Stabilization Period to the GSO Demat account.</p> <p>(iii) Stabilize the market price as per the SEBI Guidelines, only in the event of the market price falling below the Issue Price, including <i>inter alia</i> the determination of the price at which such Equity Shares are to be bought and the timing of such purchase.</p> <p>(iv) On or prior to the Pricing Date, to request the Green Shoe Lender to lend the Loaned Shares which shall be lent prior to allotment;</p> <p>(v) Transfer funds from the GSO Bank Account to us within a period of three working days of close of the Stabilization Period.</p> <p>(vi) The Stabilizing Agent, at its discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilizing Agent, at its discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of the Equity Shares may not result in stabilization of market price.</p> <p>(vii) Further, the Stabilizing Agent does not give any assurance that would be able to maintain the market price at or above the Issue Price through stabilization</p>

	<p>activities.</p> <p>(viii) On expiry of the Stabilization Period, to return the Equity Shares to the Green Shoe Lender either through market purchases as part of stabilizing process or through issue of fresh Equity Shares by us.</p> <p>(ix) To submit daily reports to the Stock Exchanges during the Stabilization Period and to submit a final report to SEBI.</p> <p>(x) To maintain a register of its activities and retain the register for three years.</p> <p>(xi) To transfer net gains on account of market purchases in the GSO Bank Account net of all expenses and net of taxes, if any, equally, to the investor protection funds of the Stock Exchanges.</p>
Our rights and obligations	<p>(i) On expiry of the Stabilization Period, if the Stabilizing Agent buys the Equity Shares from the market, to issue the Equity Shares to the GSO Demat Account to the extent of Over Allotment Shares, which have not been bought from the market.</p> <p>(ii) If no Equity Shares are bought from the market, then to issue Equity Shares to GSO Demat Account to the entire extent of Over Allotment Shares.</p>
Rights and obligations of the Green Shoe Lender	<p>(i) The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Loaned Shares shall pass to the Stabilizing Agent/GSO Demat Account free from all liens, charges and encumbrances.</p> <p>(ii) Upon receipt of instructions from the Stabilizing Agent on or prior to the Pricing Date, to transfer the Loaned Shares to the GSO Demat Account.</p> <p>(iii) The Green Shoe Lender will not recall or create any lien or encumbrance on the Loaned Shares until the completion of the settlement under the stabilization.</p>

OBJECTS OF THE ISSUE

The objects of the Issue are to meet the following:

- a) Development and construction cost of some of our projects ;
- b) Issue Expenses; and
- c) To achieve the benefits of listing of the Stock Exchanges.

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

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

Objects of the Issue

(Rs. in Mn.)

Sr. No.	Particulars of Expenditure	Amount
I	Construction and Development Cost	3,619.86
II	General Corporate Purposes / Working Capital Requirement	[●]
III	Issue Expenses*	[●]
	Total	[●]

*The Issue related expensed will be finalized on determination of the Issue Price.

Means of Finance

(Rs. in Mn.)

Sr. No.	Means of finance	Amount
I	IPO Proceeds	[●]
II	Cash Accruals	[●]
III	Debt #	1,000.00
	Total	1,000.00

As per clause 2.8 of SEBI (DIP) our Company is required to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Initial Public Issue. # Our Company proposes to avail a total term loan of Rs. 1,000 million from a consortium of banks namely, Indian Overseas Bank and Development Credit Bank. While our Company has already received the sanction from Indian Overseas Bank for Rs. 500 million, we have applied to the Development Credit Bank vide our letter dated April 23, 2007 for the remainder of the loan amount aggregating Rs. 500 million to be given in a consortium. Hence we shall comply with the aforesaid clause upon receiving sanction of the loan.

In case of shortfall in Net Proceeds, other sources of funds may be explored for any or all of these expenses.

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

In case of variations in the actual utilization of funds earmarked for the purpose set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purpose for which funds are being raised in this Issue. If surplus funds are unavailable, we expect that the required financing will be through our cash flow from operations and debt.

We operate in a highly competitive, dynamic market condition, and may have to revise our estimates from time to time on account of new projects that we may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. We may also reallocate expenditure to newer projects or those with earlier completion dates in the case of delays in our existing projects. Consequently, our fund requirements and deployment may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting with projects which are not currently planned, discontinuing projects currently planned and an increase or decrease in the total developable area of such projects.

I Development and Construction Cost of our existing projects:-

We are undertaking a number of projects. The details of our projects are provided in the section titled “Our Business” on beginning on page 89 of this Draft Red Herring Prospectus.

We propose to deploy part of the net proceeds of the Issue in our projects under development in the current fiscal of 2008 and the balance funds by next fiscal year 2009. We expect that our total development and construction costs of our projects for which we expect to use a portion of net proceeds of the Issue will approximately be Rs. 3619.86 million. We have already spent Rs. 126.13 million out of our cash accruals and expect to meet balance requirement by using Rs. 2250.00 million of the net proceeds of the Issue, Rs. 1000 million from debt and 243.73 million from our internal cash accruals. If there is any shortfall then advances to be received from customers and/ or cash flow from operations will be utilised.

A. Construction and Development Cost

(Rs. in Mn.)

Sr. No.	Name of the project	Total Developable area (in Mn. Sq. ft.)	Project completion year	Total Construction cost	Amt spent out of cash accruals till 15-Sep-07 #	Break up of proposed funding			Total
						Net proceeds	Cash Accruals	Debt	
1	Prince Infocity II	0.85	Oct-08	1,279.03	94.70	130.00	54.33	1,000.00	1,184.33
2	Prince Techzone	1.10	Jan-09	1,643.63	2.20	1,548.93	92.50	-	1,648.93
3	Prince Residenza	0.58	Dec-08	697.20	29.23	571.07	96.90	-	667.97
	Total	2.53		3,619.86	126.13	2,250.00	243.73	1,000.00	3,501.23

As per the Certificate of Sanjay Bhandari & Co., Chartered Accountants dated September 24, 2007

B. Means of Finance of Construction and Development Cost:

(Rs. in Mn.)

Sr. No.	Means of finance	Total Construction cost	Amt spent out of cash accruals till 15-Sep-07	Balance to be deployed	Balance to be deployed		
					Mar-08	Mar-09	Total
1	IPO Proceeds	2,243.73	-	2,243.73	344.33	1,899.40	2,243.73
2	Cash Accruals	376.13	126.13	250.00	33.33	216.67	250.00
3	Debt	1,000.00	-	1,000.00	500.00	500.00	1,000.00
	Total	3,619.86	126.13	3,493.73	877.66	2,616.07	3,493.73

The details about the projects for which funds are to be raised are:

a. Prince Infocity – II:

The project is located on the designated IT corridor of Chennai, Old Mahabalipuram Road and is comprised of ~0.85 million sq. ft. of developable area of which our share would be 0.47 million sq. ft. of saleable area. It enjoys excellent accessibility and visibility by virtue of being located on the main road. It is in the close proximity to the residential micro markets of Velacherry, Adyar, Besant Nagar etc. It offers large floor plates which are preferred by large Indian and multi national software companies.

Our Company has entered into a Joint Development Agreement and has the requisite Power of Attorney to execute the Construction and development of the property and also to sell our share in the property. Our Company has paid a sum of Rs. 60.10 million to the Joint Developer as Refundable deposit.

The Construction has already begun on the project. Out of the total estimated cost of Rs. 1279.03 million, our Company has already incurred Rs. 94.70 million uptill September 15, 2007#.

As certified by our Statutory Auditor M/s. Sanjay Bhandari & Co. vide their certificate dated September 24, 2007.

For details on the requisite approvals please refer the section titled “Government Approvals” beginning on page 210 of this Draft Red Herring Prospectus.

b. Prince Techzone:

The project is located in the emerging IT corridor of Mount Poonamallee Road where large IT SEZ’s are currently being established or are in the process of being established by significant developers such as DLF and Rattha. The project is in close proximity to established residential micro markets of Porur, Vadapalani, Valsarwakkam, Virugumbakkam etc. and Sri Ramachandra Medical College and Hospital, which would service the catchment population and is comprised of ~1.10 million sq. ft. of developable area of which our share would be ~0.90 million sq. ft. of saleable area. It is also in close proximity to the airport and numerous hotels which lend a business image. Some of the significant IT/ITES firms who have chosen the same location include Computer Science Corporation, IBM, Fidelity, HCL Technologies, TCS etc.

Our Company has entered into a Joint Development Agreement and has the requisite Power of Attorney to execute the Construction and development of the property and also to sell our share in the property. Our Company has paid a sum of Rs. 377.50 million to the Joint Developer as Refundable deposit.

We are in the initial stages of Construction of the project. Out of the total estimated cost of Rs. 1643.63 million, our Company has already incurred Rs. 2.20 million uptill September 15, 2007#.

As certified by our Statutory Auditor M/s. Sanjay Bhandari & Co. vide their certificate dated September 24, 2007.

For details on the requisite approvals please refer the section titled “Government Approvals” on page 210 of this Draft Red Herring Prospectus.

c. Prince Residenza:

Prince Residenza is a residential complex designed for elegant living with two and three bed room options, located in the hub of industrial activity. It combines convenience and the comforts of the city by providing plenty of open spaces, greenery and various water bodies. It consists of 5 multi-storied blocks comprising 440 apartments in all.

Our Company has entered into a Joint Development Agreement and has the requisite Power of Attorney to execute the Construction and development of the property and also to sell our share in the property. Our Company has paid a sum of Rs. 10.00 million to the Joint Developer as Refundable deposit.

We are in the initial stages of Construction of the project. Out of the total estimated cost of Rs. 697.20 million, our Company has already incurred Rs. 31.57 million uptill September 15, 2007#.

As certified by our Statutory Auditor M/s. Sanjay Bhandari & Co. vide their certificate dated September 24, 2007.

For details on the requisite approvals please refer the section titled “Government Approvals” on page 210 of this Draft Red Herring Prospectus.

II General Corporate Purposes / Working Capital Requirement:-

We, in accordance with the policies set up by our Board, will retain flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes towards construction of other projects, purchasing equipment, acquisition of land, strategic initiatives and acquisitions, brand building exercises, and the strengthening of our marketing capabilities.

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

Issue Related Expenses

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

Activity	Expenses*	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management fee,	[•]	[•]%	[•]%
Underwriting fees	[•]	[•]%	[•]%
Selling commissions	[•]	[•]%	[•]%
Advertising and Marketing Costs	[•]	[•]%	[•]%
Printing and stationery	[•]	[•]%	[•]%
Others (IPO grading fees, Registrar’s fees, legal fees, fees for auditors and bankers to the issue, stamp duty, initial listing fees and annual listing fees, SEBI filing fees, other statutory fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[•]	[•]%	[•]%
Total Estimated Issue Expenses	[•]	[•]%	[•]%

*The Issue related expensed will be finalized on determination of the Issue Price

Interim Use of Proceeds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration or for reducing overdraft to save interest costs. Such investments would be in accordance with investment polices approved by our board from time to time.

Monitoring Utilization of Funds

As the net proceeds of the issue will be less than Rs.500/- Crores, there is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI (DIP) Guidelines.

However, the Audit Committee of our Board will monitor the utilization of the Issue proceeds. We will disclose the utilization of the Issue proceeds including interim use, under a separate head in our balance sheet for fiscal 2008 and 2009 clearly specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of listing agreement with the Stock Exchanges.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors or key managerial employees, except in the normal course of our business.

BASIC TERMS OF THE ISSUE

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

Authority for the issue

The Issue and the Green Shoe Option has been authorized by a resolution of our Board dated April 30, 2007 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on May 24, 2007.

We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends, voting rights and any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section titled "Main Provisions of the Articles of Association" beginning on page 279 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our Shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash and as per the provisions of the Companies Act.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of a 100% Book Building Process. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

Compliance with SEBI Guidelines

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum of Association and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., please refer to the section titled 'Main Provisions of the Articles of Association' beginning on page 279 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

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

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of Allocation and Allotment, please refer to the chapter titled 'Issue Procedure' beginning on page 247 of this Draft Red Herring Prospectus.

BASIS FOR ISSUE PRICE

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

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the real estate sector:

- Our preferred business model
- “Build-Lease-Capitalise” business model
- Land reserves in Chennai and its suburbs
- In-house project execution skills
- An established brand name and a reputation for quality projects
- Direct customer relationships

For further details, please refer to the paragraph titled “Our Business - Competitive Strengths” beginning on page 26 and Risk Factors on page 11 of this Draft Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from the Company’s restated audited financial statements, as at and for the year ended March 31, 2007 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. **Weighted Average Earning Per Share (EPS) of Face Value of Rs. 10/-**

FISCAL YEAR	EPS IN RS. (BASED ON RESTATED FINANCIALS)	WEIGHT
FY 2005	(0.17)	1
FY 2006	7.49	2
FY 2007	14.11	3
Weighted Average	9.52	

Note:

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

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

a.	P/E ratio in relation to the Floor price	:	[●]
b.	P/E ratio in relation to the Cap price	:	[●]
c.	P/E based on EPS for the year ended Mar 31, 2007	:	[●]
d.	P/E based on weighted average EPS of Rs. 9.52	:	[●]
e.	Industry P/E*		
	i. Highest – Punj Lloyd	:	131.9
	ii. Lowest – Lok Housing	:	2.90
	iii. Industry Composite	:	32.0

* P/E based on trailing twelve month earnings for the entire construction sector

Source: Capital Market, Volume XXII/15, Sep 24 – Oct 07, 2007 (Industry Classification - Construction)

3. Return on Networth (RONW)

The figures stated below are based on Restated Financials

FISCAL YEAR	RONW (%)	Weight
FY 2005	(19.94)	1.00
FY 2006	90.00	2.00
FY 2007	63.84	3.00
Weighted Average	58.60	

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

4. Minimum return on total networth after this Issue required to maintain pre-Issue EPS is [●]%.

5. Net Asset Value (NAV) per share, post-Issue and comparison with the Issue Price

- a. As at March 31, 2007 : Rs. 22.11 per Equity Share
- b. Issue Price* : Rs. [●] per Equity Share
- c. NAV after this Issue : Rs. [●] per Equity Share

**would be compared after discovery of the Issue Price through Book Building*

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

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

6. Comparison with Industry Peers / Industry Average

Peers	EPS (Rs.)* (TTM)	P/E as on June 19, 2007	RoNW for fiscal 2007 %	NAV for fiscal 2007 (Rs.)
Prince Foundations	[●]	[●]	63.84%	22.11
Purvankara	3.50	107.90	90.60%	45.60
Sobha Developers	29.60	25.40	34.10%	111.90
Ansal Properties	12.00	22.30	24.80%	81.70
Parsvnath Developers	17.30	18.30	32.70%	79.20
Arihant Foundation	37.90	12.70	37.00%	119.60
Ansal Housing	28.90	7.00	24.30%	86.80
IVR - Prime Urban	--	--	31.30%	134.00
HDIL	--	--	--	113.90
DLF	--	--	48.80%	60.10

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

The Issue Price of Rs. [●] has been determined by us, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified based on the above accounting ratios. For further details, see the section titled "Risk Factors" beginning on page 11 of this Draft Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the auditor's report stated on page 157 of this Draft Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

Date: August 22, 2007

The Board of Directors
Prince Foundations Limited,
Prince Apartments,
#59, Ormes Road,
Kilpauk, Chennai-600010
India.

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby report that the enclosed annexure states the probable tax benefits that may be available to Prince Foundations Limited (the “Company”) and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other allied direct and indirect tax laws presently prevailing and in force in India.

Several of these benefits are subject to the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is subject to fulfillment of 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 in the enclosed statement are neither exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

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

- The revenue authorities / courts will concur with the views expressed herein.

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. While all reasonable care has been taken in the preparation of this opinion we accept no responsibility for any errors and omissions therein or for any loss sustained by any person who relies on it.

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

For **Sanjay Bhandari & Co.**
Chartered Accountants

Sanjay Bhandari
Partner
Membership No.: 28112

Date: August 22, 2007
Place: Chennai

BENEFITS AVAILABLE UNDER INCOME TAX ACT, 1961 (“The IT Act”)

Benefits available to the Company

- a. In accordance with and subject to the conditions specified under Section 80-IA (12) of the IT Act, the Company is eligible for one hundred percent deduction of the profits derived from undertaking setup for developing or operating and maintaining or developing, operating and maintaining any notified infrastructure facility.
- b. In accordance with and subject to the conditions specified under Section 80-IB (10) of the IT Act, the Company is eligible for one hundred percent deduction of the profits derived from development and building of Housing Projects approved before 31 March, 2007, by a local authority.
- c. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O received by the Company from domestic companies is exempt from income tax.
- d. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder company on transfer of equity shares held in another Company as investment would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax. However, as amended by Finance Act, 2006 from Assessment Year 2007-08, long term capital gain needs to be taken into account in computing the book profit and income tax payable under section 115 JB.
- e. Under section 24(a) of the IT Act, the Company is eligible for deduction of thirty percent of the annual value of the property (i.e., actual rent received or receivable on the property or any part of the property which is let out).
- f. Under section 24(b) of the IT Act, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

- g. Under section 48 of the IT Act which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of Long Term Capital Gains arising out of transfer of Long Term Capital Assets i.e., shares held in Indian Company for a period exceeding 12 months or other capital assets held for a period exceeding 36 months, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
- h. Under Section 115JAA (2A) of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April, 2006. 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 setoff beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

Benefits available to resident shareholders, approved infrastructure capital companies, infrastructure capital funds and co-operative banks

- a. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
- b. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
- c. Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
- d. Under section 54EC of the IT 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 IT 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), redeemable after three years and issued on or after the 1st day of April 2007 by the:

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

In cases where the investment is made on or after 1st day of April 2007 in such bonds, investment amount by an assessee is restricted to Rupees Fifty Lakhs in any financial year.

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 IT Act for any assessment year beginning on or after April 1, 2006.

- e. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
- f. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
- g. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in

a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

However in the case of an Individual or a Hindu Undivided Family, Being resident, where the total income as reduced by such short term capital gains is below the maximum amount which is not chargeable to Income Tax then, such short term capital gain shall be reduced by the amount by which total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such short term capital gains shall be computed at the rate of ten percent. Where the gross total income of an assessee includes any short term capital gain referred herein above then the deduction under chapter VI – A shall be allowed from the gross total income as reduced by such capital gains.

- h. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, in respect of income arising from transfer of long term capital asset being listed security. Provided that in the case of an Individual or a Hindu Undivided Family where the total income as reduced by such long term capital gains is below the maximum amount which is not chargeable to income tax, then, such long term capital gain shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the balance of such long term capital gains shall be computed at the rate of 20%.

Benefits available to mutual funds

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

Benefits available to foreign institutional investors ('FIIs')

- a. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
- b. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

- c. Under section 54EC of the IT 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 IT 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), redeemable after three years and issued on or after the 1st day of April 2007 by the:
- National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

In cases where the investment is made on or after 1st day of April 2007 in such bonds, investment amount by an assessee is restricted to Rupees Fifty Lakhs in any financial year.

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.

- d. In terms of section 88E of the IT Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
- e. As per section 90(2) of the IT Act, in the event of a Double Taxation Avoidance Agreement between Central Government and the Government of the Country of residence of the FII, the provisions of the IT Act shall apply to the extent they are more beneficial to the FII.
- f. Under section 115AD (1) (ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

- g. Under section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

Benefits available to venture capital companies / funds

Under section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (registered with the Securities and Exchange Board of India) set up to raise funds for investment in venture capital undertaking as specified in sub clause (c) would be exempt from income tax, subject to conditions specified therein. As per section 115-U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

Benefits available to non-residents/ non-resident Indian shareholders (other than mutual funds, FIIs and foreign venture capital investors)

- a. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
- b. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
- c. Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of the Rupee in terms of foreign currency in which the original investment was made. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares. Under second proviso to section 48, Cost indexation benefits will not be available in such a case.
- d. Under section 54EC of the IT 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 IT 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), redeemable after three years and issued on or after the 1st day of April 2007 by the:

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

In cases where the investment is made on or after 1st day of April 2007 in such bonds, investment amount by an assessee is restricted to Rupees Fifty Lakhs in any financial year.

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.

- e. Under section 54F of the IT Act and subject to the conditions specified therein, long- term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
- f. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity shares in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
- g. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, in respect of income arising from transfer of long term capital asset being listed security.

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

- a. In terms of Section 88E of the IT Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
- b. As per section 90(2) of the IT Act, in the event of a Double Taxation Avoidance Agreement between Central Government and the Government of the Country of residence of the FII, the provisions of the IT Act shall apply to the extent they are more beneficial to the FII.
- c. Under section 115E of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). In terms of Section 115D (2), the benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
- d. Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
- e. Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gain or both; arising out of assets acquired, purchased or subscribed in the convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

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

BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT

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

Notes:

The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;

The above statement of possible direct tax benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;

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 changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The following information includes extracts from publicly available information, data and statistics derived from Industry sources and other sources. Our Company believes the information to be reliable, but neither our Company nor any other independent person has verified the data. Our Company accepts responsibility for accurately reproducing such information, data and statistics, but accepts no further responsibility in respect of such information, data and statistics. Such information, data and statistics may be approximations or may use rounded numbers. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Information, data and statistics that can be obtained from the websites of certain specific organizations are quoted below.

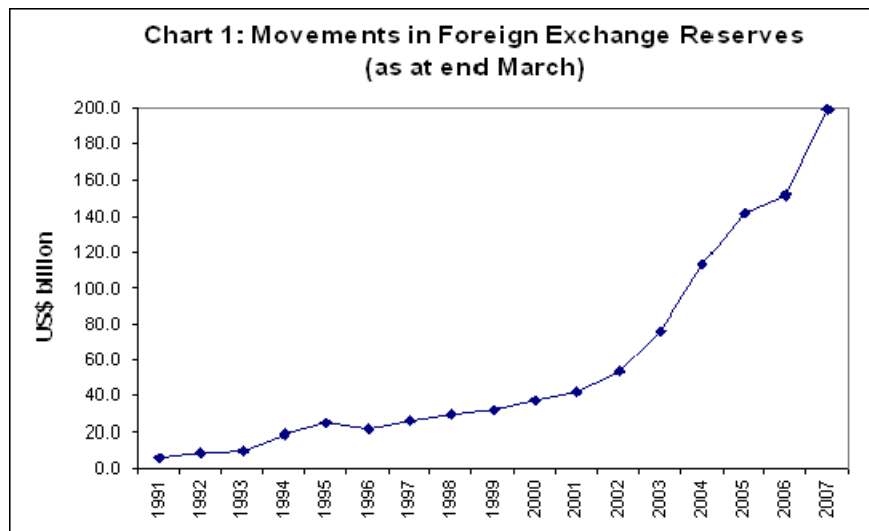
Growth of the Indian Economy

India is the world's largest democracy by population size and remains one of the world's fastest growing economies. According to Asian Development Bank & India - 2007, India has a population of 1,117.7 Million (2006). India is the third largest economy in the world in terms of purchasing power parity adjusted (Gross Domestic Product) GDP (Source: http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP_PPP.pdf). The country's GDP had grown by around 8% during FY 2003 to FY 2006 and 9.4% in FY 2007. Further, the Centre for Monitoring Indian Economy has revised its estimates upwards marginally its estimate of real GDP growth to 9.1% for FY 2008 from earlier 9%.

In recent years, India has experienced rapid economic growth. An important factor in the growth of the service sector has been the strong growth of the IT and ITES sectors. These sectors have benefited from a trend whereby international firms are increasingly engaging in off-shoring activities, which has resulted in higher demand for skilled, low cost, English-speaking workers. India's competitiveness in this sector has been aided by substantial investment in telecommunications, infrastructure and the phased liberalization of the communications sector. India's GDP grew approximately 7.5%, 9.0%, and 9.2% for FY2004, FY2005, and FY2006 (Source: Asian Development Bank & India - 2007 a fact sheet).

The Reserve Bank of India has reported GDP growth of 9.5% in the second half of fiscal 2007.)

Positive indicators include a stable annual growth rate above 8.0% for the past two years, rising foreign exchange reserves of approximately US\$ 199.2 billion as of March 2007 (Source: RBI) and strong growth in India's capital markets, with Sensex exceeding 16,000, compared to 9,390 at the beginning of calendar year 2006.



Source: RBI

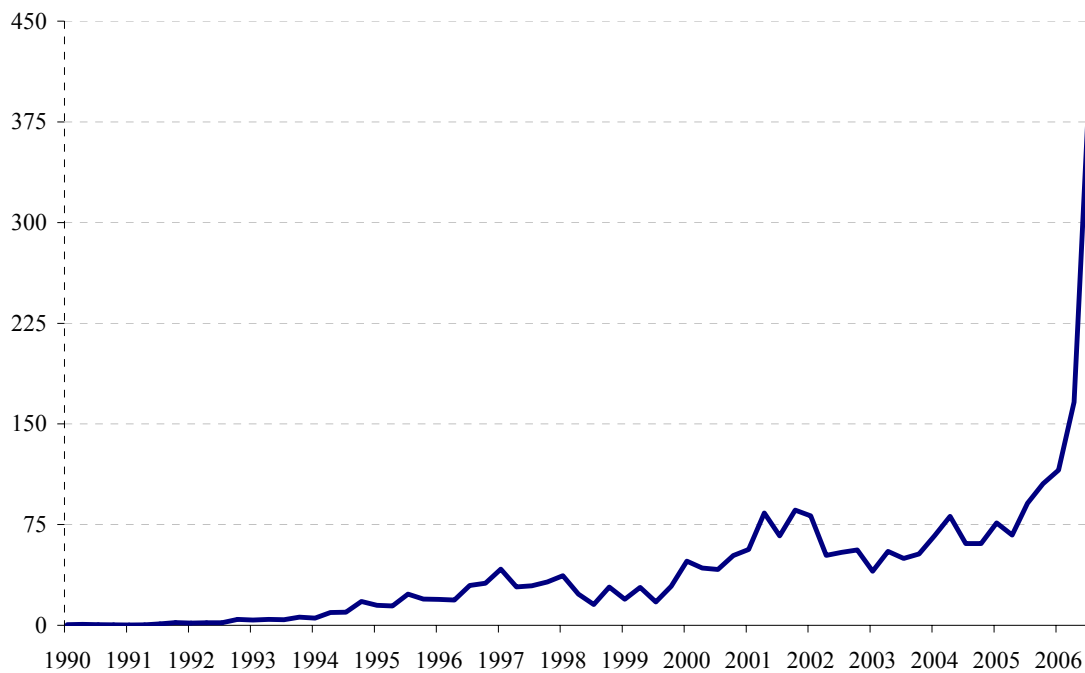
Factors which have contributed to significant growth in recent years are:

- A new industrial resurgence;
- Increase in investment;
- Modest inflation in spite of spiraling global crude oil prices;
- Rapid growth in exports and imports; and
- Progress in fiscal consolidation.

Increasing Participation from Foreign Investors

Foreign Direct Investment (“FDI”) has been recognized as one of the important drivers of economic growth in the country. The Indian Government has taken a number of steps to encourage and facilitate FDI investment and FDI is allowed in many key sectors of the economy, such as manufacturing, services and infrastructure. For many sub-sectors, 100% FDI is allowed on an automatic basis i.e. without prior approval from the Government of India (“GOI”). FDI and Foreign Institutional Investor (FII) inflows have increased significantly over the recent past with total inflows increasing to USD 22.4 billion in FY06 from USD 6.8 billion in FY01. (Source: Centre for Monitoring Indian Economy)

FDI - Rs in Billion



Source: Centre for Monitoring Indian Economy

THE INDIAN REAL ESTATE SECTOR

The Indian real estate sector involves the development of commercial offices, industrial facilities, hotels, restaurants, cinemas, residential housing, trading spaces such as retail outlets and the purchase and sale of land and land development rights.

Over the past three years, the amount of investment in the real estate sector and the total amount of constructed square footage has increased significantly, having recovered from a severe recession between 1995 and 1999.

Key Characteristics

The Indian real estate sector has traditionally been dominated by a number of small regional or local players with low levels of expertise. The sector has seen limited inflow of institutional capital and has used high net-worth individual (HNI) and other informal sources of financing as the major source of capital, leading to low levels of transparency. This is rapidly changing as the sector is witnessing far higher growth rates and significantly improved quality expectations as India gets better integrated with the global economy. Some of the key characteristics of the Indian real estate sector are:

- **Highly fragmented market dominated by regional players** – Rapid growth in the last decade has seen the emergence of larger players that have differentiated themselves through superior execution and branding. Further, these players are now able to capitalize on their early mover advantage with high market share, but remain confined to local or regional markets. While these larger players are now initiating efforts to develop a broader geographic presence, their home markets continue to generate majority of their profitability.
- **Local know-how critical success factor in the development phase** – One of the key reasons for emergence of local developers is the critical importance of local knowledge and relationships in ensuring successful and timely development of real estate projects. Property is a state subject in India and the rules and regulations that affect, among other things, approval processes and transaction costs vary from state to state.
- **High transaction costs** – The sector has traditionally been burdened with high transaction costs as a result of stamp duty on transfers of title to property that varies state by state. Though efforts are being made at the state level to reduce the stamp duties, they continue to be as high as 11% in certain states.
- **Enhanced role of mortgage financing** – Over the last five years, a significant portion of new acquisitions, particularly in the larger cities in India, has been financed through banks and financial institutions. This has been aided by a sharp decline in interest rates and broad availability of financing products, due to aggressive marketing and product development by financial institutions.

Tamil Nadu a preferred state

The inherent advantage it has is in terms of the software professionals as Tamil Nadu and Andhra Pradesh make up for 56% of the present total software professionals in the Country.

With a 73% literacy rate, Tamil Nadu has ~60,000 engineering graduates graduating out of engineering institutions annually, of which ~33,000 are from the Information technology related disciplines.

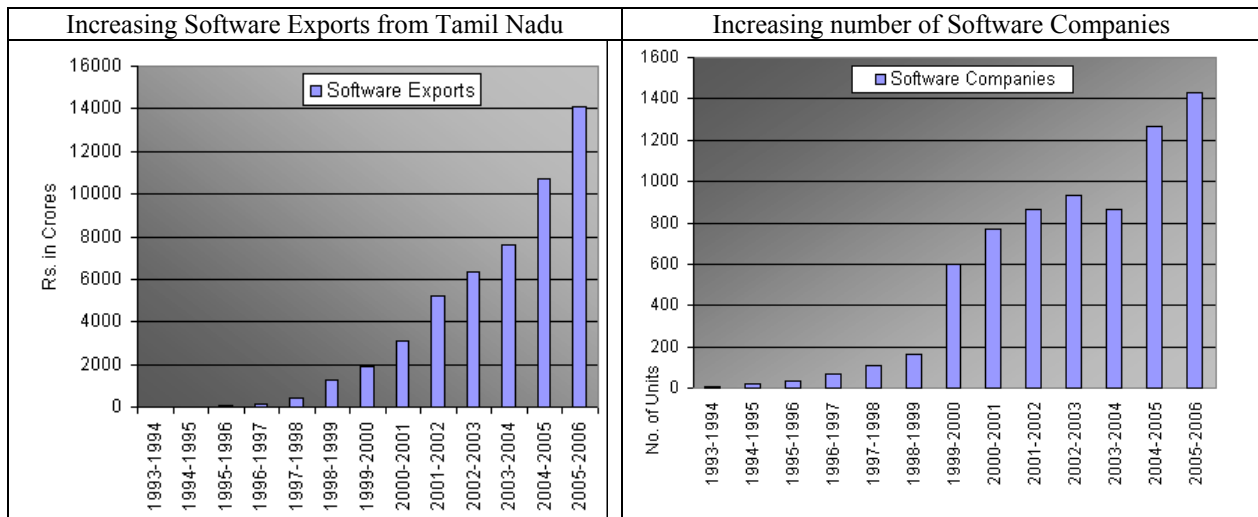
The Software exports have increased from a mere Rs. 42 Crores in 1994-95 to 2000-2001 and continues to grow at a CAGR of 95%. Tamil Nadu is among the leading states in IT sector the Software export from the State, which was Rs.14,115 Crores in 2005-2006 is expected to cross Rs.20,700 Crores in 2006-2007. The growth rate is expected to be around 46% in 2006-2007 compared to 32% in 2005-2006.

The number of Software Units in the State is growing rapidly. Upto 2005-06 the number of units registered with the STPI was 1437 units. In the last year alone (2006-07) 162 new companies have been registered. This rapid rise in the State is a firm indication that Tamil Nadu has emerged as a preferred destination for domestic as well as foreign direct investment. All the top 10 IT companies of India have operations in

Tamil Nadu. It is to be noted that large IT campuses are being built in the State. To name a few: Infosys (130 acre campus in Mahindra World City), Tata Consultancy Services (70 acre campus at Siruseri), Wipro (80 acre campus at Sholinganallur and 90 acre campus in Mahindra World City), HCL (50 acre campus at Sholinganallur), Satyam (50 acre campus at Sholinganallur), Cognizant Technology Solutions (25 acre campus at Siruseri). All these campuses are located in the suburban business district of Chennai.

The Government of Tamil Nadu is committed not only to sustain this momentum but to accelerate it so that Tamil Nadu can reap the twin benefits of economic prosperity as well as increased employment.

(Source: Information Technology Department, Policy Note 2007–2008)



Source: ELCOT

Tamil Nadu has one of the lowest power tariffs for industrial and domestic use and is one of the few states to articulate a policy for non-renewable energy generation.

It also offers state-of-the-art telecommunications infrastructure for high-speed larger volume data transfer. The world's biggest and India's first private submarine Optical Fibre Cable Project i2i network will make Chennai the 'Connectivity Gateway of India'

(Source: Website of Public Private Partnerships in India – Ministry of Finance, GoI.)

Large international Hardware manufacturers like NOKIA, Foxcon, Flextronics and Motorola have already located their facilities in Tamil Nadu. Dell Computers, Samsung, ASPOCOMP, Spelmech Semiconductors, Salcomp, Perlos, Jabil, Wintek and many more electronic hardware manufacturers have also decided to locate their manufacturing plants in Tamil Nadu. This combination of Hardware and Software is unique anywhere in the world.

(Source: Information Technology Department, Policy Note 2007–2008)

Chennai – A Booming City

The Capital of Tamil Nadu and financial capital of South India has its own advantages. The key growth drivers of the Real Estate in Chennai are the IT / ITES sector and its Socio Economic factors.

Government IT Park in Chennai

It was announced in the Assembly that a second IT Park will be established at Taramani in Chennai. Substantial progress has been made on this project. TIDCO, an undertaking of the Government of Tamil Nadu, has called for bids to establish a world class facility as a joint venture at Taramani. The estimated cost of the project is Rs.850 Crores. It is expected that work on this project will commence in the next few months and the project will be completed in early 2009. The project is likely to generate employment for around 25,000 persons.

The IT-ITES SEZ developed by ELCOT at Sholinganallur is fast taking shape with Wipro, HCL and Satyam commencing construction. The total employment likely to be generated in this campus would be in excess of 1 lakh. The IT Park at Siruseri developed by SIPCOT is also developing at a fast pace. Apart from TCS, CTS, Patni Computers and Xansa, 58 other IT-ITES companies are putting up their facilities at this IT Park.

Infrastructure Development

One of the prime requirements for the growth of the IT sector is the availability of building infrastructure. Electronics Corporation of Tamil Nadu Limited (ELCOT) has been nominated by Government as the certifying authority for issuing No Objection Certificate for IT Buildings. ELCOT has streamlined its procedures for issue of No Objection Certificate whereby the certificates are being issued within 72 hours of receipt of completed applications. ELCOT has so far issued NOC to 173 IT Buildings with built up area in excess of 55 Million Sq.ft. 18 IT specific Special Economic Zones have been approved in Tamil Nadu so far. The availability of this huge pool of building infrastructure is a great attraction for investors in the IT sector.

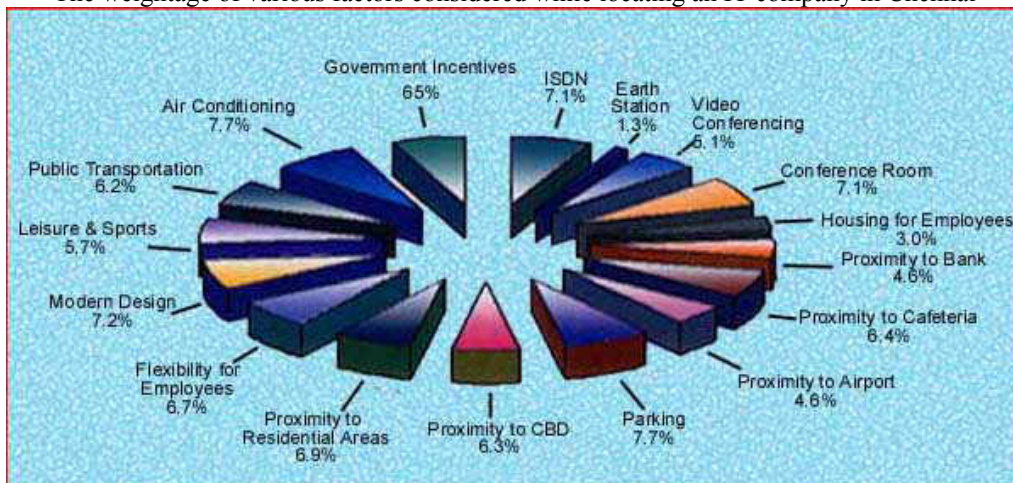
A comprehensive multi-sectoral development plan for Chennai city, Coimbatore and other Towns is being prepared to meet the challenges thrown up by the rapid increase of population on account of the phenomenal growth of the IT sector. Master plans are being formulated to provide basic amenities of power, roads, drinking water, sewerage and storm water drainage to meet the demands of the increasing population of these Towns. A Metro Rail Project and several other mass transportation projects have also been planned for improving the transportation needs of the Towns. These investments in Infrastructure will add to the attractiveness of Tamil Nadu as a preferred destination for national and international investors.

Electronics Corporation of Tamil Nadu (ELCOT)

Electronics Corporation of Tamil Nadu (ELCOT) is a wholly owned undertaking of the Government of Tamil Nadu. ELCOT was formed during 1977 and it functions as an extended arm of the Government as a channel of connectivity between the investors of IT and ITES sector, and the Government. ELCOT has completed 30 years of its existence on 21.3.2007. ELCOT has expanded its activities in the areas of Project Implementation and Information Technology Promotion.

(Source: Information Technology Department, Policy Note 2007–2008)

The weightage of various factors considered while locating an IT company in Chennai



Source: Elcot

IT companies would benefit an overall cost of 30% to 40% if their operations are located in Chennai vis-à-vis other international cities.

The Nasscom's recent *study of various cities in India has revealed the following.* (on a scale of 1 to 4)

Availability of software manpower	3.50
Data Communication availability	3.00
Education Facilities	3.20
International and Domestic Airport	3.40
Transportation within the city	3.20
Cost of living	2.80
Cost of setting up a software unit	2.95
Quality of life	3.00
Climate	2.50
Market Proximity	3.30
Overall (The highest score among the states reviewed)	3.20

In the study Chennai has emerged as a preferred IT location with the highest rating of 3.20 on a scale of 0-4

Source: ELCOT

PRIMARY SEGMENTS OF THE REAL ESTATE SECTOR

Activities in the real estate sector relevant to our business may broadly be classified into the following segments:

- (i) IT Parks;
- (ii) Residential;
- (iii) Mini Townships; and
- (iv) Serviced Apartments,

Each of these segments is discussed below.

IT Parks Real Estate Development

The recent growth of the commercial real estate sector in India has been fuelled, in large part by the increased revenues of companies in the services business, particularly in the IT and ITES sectors. Within office space construction activity, almost 70-75 per cent of the demand comes from IT/BPO/call centers. The other key demand drivers include banking and financial services, FMCG and telecom. Industry sources expect the IT and ITES sectors to continue to grow and generate additional employment. This dependency on IT/ITES is expected to continue due to India's emergence as a preferred outsourcing destination, despite China and Russia also emerging as strong contenders.

The Indian ITeS sector has thrived on the offshoring boom and has established its dominance in the global offshoring market. With India holding on to its position as the 'most favoured' offshoring destination, CRISIL Research expects export revenues of the ITeS industry to grow at a CAGR of 21 per cent to reach \$21.1 billion in 2011-12 from \$6.3 billion in 2005-06. At present, India accounts for 1.6 per cent of the global ITeS/BPO spend, which is expected to double up to 3.1 per cent by end of the forecast period. (*CRISIL Research ITES Annual Review, June 2007*).

Consequently, the growth in the sector will translate into substantially higher demand for commercial space, adding to the overall investment in construction activities.

The demand for ITeS exports is a function of the worldwide offshore BPO market, which in turn is a derivative of the world BPO spend. Given the expected increase in world BPO spend, coupled with the

sturdy growth in offshore spend and the dominance of Indian players, CRISIL Research believes that Indian ITeS exports will continue to grow at a healthy pace. (*CRISIL Research ITES Annual Review, June 2007*).

The Residential Segment

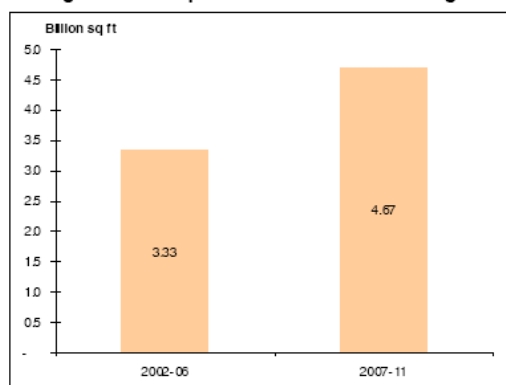
The demand for housing in India today exceeds supply due to various factors, including: a growing population, increasing urbanization, increasing affluence and disposable income as a result of a growth in employment opportunities and work force, and a general trend away from India's tradition of joint or extended family residences toward nuclear or individual family residences. Currently in India, it is easier for home purchasers to obtain financing and favourable tax incentives, which have also increased demand for housing.

According to CRISIL, the total stock of housing by 2007 was 129.4 million units. This is expected to grow at a compound annual growth rate (CAGR) of 3.37 per cent till 2011, adding, on an average, 4.6 million units annually till 2011. The current stock represents 86.08 billion sq ft floor space area (FSA). On an average, the addition to FSA is estimated to be 4.6 billion sq ft till 2011, growing at a CAGR of 4.75 per cent over the next 5 years. (*CRISIL Research Housing Annual Review, May 2007*).

Housing demand forecast	Table 1		
	2007	2011	Growth
Estimated housing stock (million units)	129.4	152.75	3.37%
Estimated housing stock (billion sq ft)	86.08	109.46	4.75%

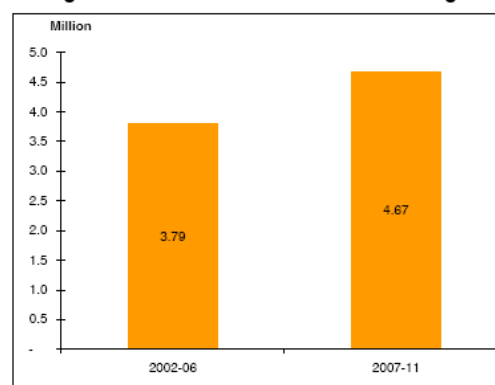
Source: CRISIL Research

Average annual sq ft addition - All India Figure 1



Source: CRISIL Research

Average annual units addition - All India Figure 2



Source: CRISIL Research

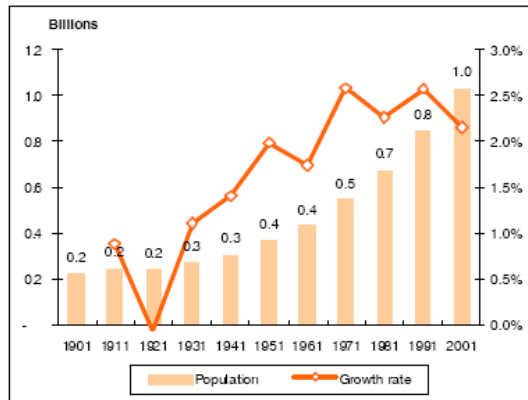
CRISIL Research has estimated the demand for permanent, non-slum houses across the country, including urban and rural demand. Increasing household formation, driven by growth in population, urbanisation and income, is primarily driving demand for housing. This demand manifests through an increase in housing stock and area of stock.

The main factors that are driving demand in the residential segment are described in more detail below:

Changing demographics and increasing affluence: India's demographics have been impacted by large increases in employment opportunities, people in the earning age bracket (25 to 44 year olds) and higher salaries. Such factors are increasing disposable incomes and driving demand for new residential and retail properties.

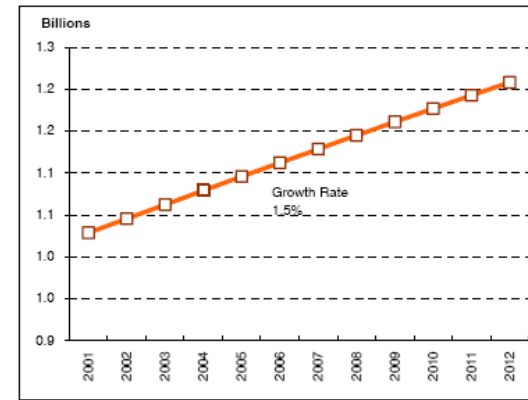
Large segment of the population economically active: India's growing population in the earning age bracket is recognized as a key driver of growth in housing demand. The size of India's main working age group, 25 to 44 year olds, has increased over the last two decades. According to CRISIL estimates, India is home to more than 1 billion people. This represented around 191 million households in 2001. India's population growth has been 2.3 per cent in the last decade. The growth rate has declined in the last couple of decades. The population growth is expected to slow further to 1.5 per cent in the next decade. (*CRISIL Research Housing Annual Review, May 2007*).

India - Population growth



Source: Census

Forecast of population growth in the next decade



Source: CRISIL Research

Shift in consumer preferences from renting to owning houses: Due to the changing demographic profile in India, there has been a steady decline in the portion of households living in rented premises. To a certain extent, this may be attributed to rising income levels. However, with fewer properties available to rent today and an increase in the rents being charged to tenants, consumers have increasingly been investing in property. Factors such as the increase in the standard of living of consumers and the greater availability of financing for consumers are expected to fuel a further decline in the number of households renting premises

Increasing Urbanization: India has witnessed a trend of increased urbanization as people migrate from rural to urban areas seeking employment opportunities. Estimated annual additions in urban areas are expected to grow at 9 per cent from 1.96 billion sq ft to around 3 billion sq ft, primarily reflecting increased urbanisation. Corresponding annual additions in units will grow at 6 per cent to reach 3.09 million units in 2007-11 from 2.31 million units in 2002-06. Estimated annual additions in rural areas have grown at 4 per cent from 1.36 billion sq ft in 2002-06 to 1.66 billion sq ft. Corresponding annual additions in units in rural areas are estimated to grow at 1 per cent to 1.59 million in 2007-11 from 1.48 million in 2002-06. (*CRISIL Research Housing Annual Review, May 2007*).

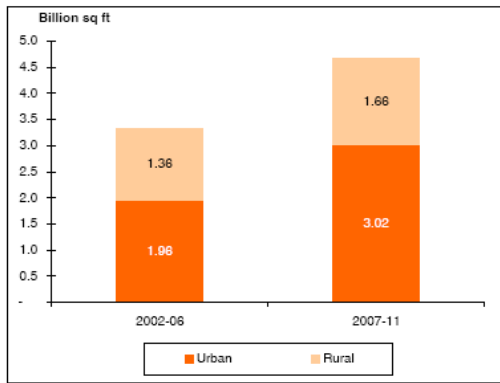
Housing demand forecast

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Estimated housing stock (billion sq ft)	86.08	109.46	4.75%

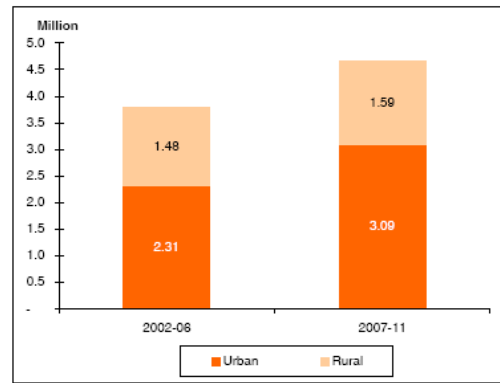
Source: CRISIL Research

Average annual sq ft addition - All India Figure 1



Source: CRISIL Research

Average annual units addition - All India Figure 2



Source: CRISIL Research

Mini Townships

Townships or Mini-Townships are self contained development, having more than basic infrastructure like School, Health Care Center, Shopping Mall, Theaters etc.

Chennai City is witnessing a change in the concept of development of large-scale real estate projects with the entry of big developers from outside and leading builders from the city planning integrated townships here. There is also a new sub vertical of mini-townships been developed, of land parcels of around 30 acres of land.

A substantial number of townships and mini-townships are being planned in Chennai in areas like Old Mahabalipuram Road, Porur, Sriperumbudur etc. There is an inexorable move towards sub-urbanization mainly along the road and rail transport corridors.

Serviced Apartments

With the increase of disposable of income in the hands of upwardly mobile Indian middle class, the propensity of spending a larger portion of their income on tours and travels are going up. This factor, coupled with the changing lifestyle of Indian population and an increase in business travel due to a growing economy, has created demand for quality hotels/resorts across this country. In addition, India is also emerging as a major destination for global tourism which in turn pushing up the demand for hotels/resorts across India. This increasing demand for hotels/resorts across India, offers yet another opportunity for real estate development.

OUR BUSINESS

Overview

Prince Foundations Limited is one of the leading real estate developers in Chennai, focusing primarily on the development of IT parks, residential complexes, mini townships and serviced apartments. Our operations span all aspects of real estate development, right from the identification and acquisition of land, to the planning, execution and marketing of our projects, executed by our fully integrated in-house development team. We believe we have established a strong brand image and a successful track record in the real estate industry due to our commitment to the development of high quality projects and exploring relatively untapped markets. Our dedicated marketing and sales team regularly interacts with our customers to enable an educated and user-friendly purchasing or leasing experience.

We were incorporated as Prince Foundations Private Limited in February 2004. Our Promoters, Mr. Ashwin Kumar Kamdar and Mr. Sharad Vasanthi have over two decades of experience in real estate development. For further details on the experience of our Promoters, please refer to the chapter titled “Our Promoter and Promoter Group” beginning on page 145 of this Draft Red Herring Prospectus. In a short span of three years, we have completed the construction and development of four projects, which include three IT parks namely; “Prince Infocity”, “Prince Infopark”, “Prince Technopark” and one residential complex namely; “Prince Greenwoods” aggregating over 1.00 million sq. ft. of saleable area. We developed these properties with an emphasis towards providing modern and high quality facilities for our clients. Some of our prominent clients who occupy these premises include Dun & Bradstreet, Optimus Global Services, Datamark Prodapt India BPO and Wisdom Infotech, apart from other multinational corporations. For further details of our completed projects, please refer to section titled ‘Completed Projects’ given below in this chapter.

Since our inception, we have concentrated our business within the Chennai region and its suburbs. Our total land reserves upon construction, lead to ~8.49 million sq. ft. of developable area, of which our share of saleable area would be ~6.20 million sq. ft., to be developed through 12 Ongoing or Planned Projects. Our 3 Ongoing Projects (“Projects that are currently under construction and development.”) include two IT parks and one residential complex, aggregating ~2.53 million sq. ft. of developable area and our share of ~1.81 million sq. ft. saleable area. Our 9 Planned projects (“properties that are in planning stage, where approvals are in the process of being obtained and construction has not yet begun”) include two mini townships, one serviced apartment, one IT park and five residential complexes, aggregating ~5.96 million sq. ft. of developable area and our share of ~4.39 million sq. ft. of saleable area.

Our total income for the financial years ended March 31, 2007, March 31, 2006 and March 31, 2005 was Rs. 669.50/- million, Rs. 487.23/- million and Rs. 0.05/- million, respectively, and our profit after tax for the financial years ended March 31, 2007, March 31, 2006 and March 31, 2005 was Rs. 211.72/- million, Rs. 112.31/- million and Rs.(2.49) million respectively.

Competitive Strengths

We believe that the following are our core competitive strengths:

Our preferred business model

We prefer to acquire land development rights by means of Joint Development Agreements rather than purchasing property on an ownership basis, thus ensuring that we do not block large amounts of our working capital in land acquisition. This minimizes our risk as regards any adverse fluctuations in property prices and also reaping the benefits of any upward movement in the property prices. Further, this business model also helps us to divide the risk between our Company and the owner of the property in the event of any adverse market scenario.

The amount of capital invested by us in this model is predominantly lesser than the amount required in the acquisition of land on an ownership basis. As per one of the terms of our Joint Development Agreement, we normally enter into a registered Power of Attorney with the land owner, granting us development and construction rights. This Power of Attorney also enables us to raise finance from banks and/or financial institutions for the saleable area of the project. This gives us the advantage of increasing our developable area by continuously expanding our land reserves for a relatively lesser amount of investment and provides a greater flexibility in decision making.

Land reserves in Chennai and its suburbs

We continually acquire land development rights by entering into Joint Development Agreements and purchase land on an ownership basis, for our projects. As on the date of filing this Draft Red Herring Prospectus, we have ~ 90.27 acres of land reserves, which upon construction would lead to ~8.49 million sq. ft. of developable area, of which our share of saleable area would be ~6.20 million sq. ft., to be developed through 12 Ongoing or Planned Projects. Our 3 Ongoing Projects include two IT parks and one residential complex, aggregating ~2.53 million sq. ft. of developable area and our share of ~1.81 million sq. ft. saleable area. Our 9 Planned projects include two mini townships, one serviced apartment, one IT park and five residential complexes, aggregating ~5.96 million sq. ft. of developable area and our share of ~4.39 million sq. ft. of saleable area. We believe that our understanding of the real estate market dynamics, arising from the collective experience of our management team, has enabled us and will continue to enable us, to seek and capitalize on land acquisition opportunities at relatively early stages of their long-term appreciation potential.

In-house project execution skills

We have a comprehensive internal system for project execution starting from project designing, site development, monitoring of the construction process to the smooth handover of the finished project with effective customer relationship management thereafter. We have an experienced, dedicated and qualified team of employees. Our team has developed relationships and has extensive experience in working with regulatory authorities, as well as managing our external suppliers and contract labourers. We conduct regular quality assessments of our projects to ensure that a high quality is maintained. We believe these systems also facilitate efficient operations and ensure consistent quality across all our projects and also enhance our ability to anticipate project requirements, complete projects within the set time limits and to develop new type of structures. We believe that the experience of our management team and its in-depth understanding of the real estate market in India will enable us to continuously deliver high end projects.

Further, we are constantly upgrading our resources and technology to be able to maintain and strengthen our efficiency in execution. We have focused on developing technological construction capability to increase the efficiency and quality of our projects. These capabilities allow us to ensure the quality of our projects, ease in maintenance and longevity of our projects.

An established brand name and a reputation for quality projects

Our Promoters have been developing their projects under the brand name of “Prince” for over two decades. Hence, we believe we have established a reputed brand name in the Chennai real estate market due to the high quality and timely execution of our projects. We have never experienced any significant quality issues nor have we ever been cited for any material deficiencies in construction of our projects. We believe customers identify “Prince”, as a brand synonymous with quality and timely delivery. As a result, we enjoy customer confidence, enhancing our ability to sell our projects swiftly. In addition, after completion of a project, we continue to focus on brand management through proactive measures to ensure brand recall among our customers.

We believe that our brand gives us a competitive advantage that allows us to achieve premium sales prices and also helps us to acquire land development rights at advantageous ratios.

Direct customer relationships

Our business approach includes maximizing the benefit to our customers and we endeavour to focus on the interest of our customers at every stage of our projects. Normally, we prefer to avoid the use of intermediaries to market our projects. We believe that our ability to identify emerging trends in customer requirements and developing projects to suit such requirements is our strength due to one-on-one interactions with our customers. Our marketing and sales team is our interface with potential clients and this provides us with an insight into the customer requirement trends in terms of type, location and price of the product and guides us to refine our project design and marketing strategy.

Experienced management

Our management team is highly experienced in the real estate sector and covers a variety of disciplines, including engineering, project execution, finance, marketing and sales. Our management has extensive experience in anticipating market trends, identifying new markets with potential sites for development and acquiring land, as well as in the design, engineering, construction, supervision and marketing of projects. We believe that our experience in construction and development gives us special expertise with respect to developing projects in and around in Chennai and its suburbs and managing legal and regulatory requirements and processes to our advantage. We believe that this experience and expertise will enable us to replicate our business model for other types of projects.

Simplified corporate structure and commitment to corporate governance

Our Company, Prince Foundations Limited does not have any subsidiaries and hence all our projects remain concentrated in a single entity. We have currently not entered into any special purpose vehicles for any of our projects. Thus, we believe that one of our key strengths is the simple and centralized corporate structure that we have established in our Company.

We are committed to employing the highest standards of corporate governance in our internal organisation and in all our business transactions and accounting practices. This ensures consistency in all our business operations and facilitates efficiency and transparency in operations resulting in a positive impact on our business.

Transparency in our business dealings with customers

We believe that we are transparent in our dealings with customers. We maintain a full record of all payments made by our customers and our accounting records are updated regularly to reflect our dealing with our customers and other third-parties. We have established a transparent and efficient system for procuring materials by establishing purchasing policies which are committed to acquiring the best quality of materials at reasonable prices.

Our Strategy

Our mission is to become a national player by specializing in IT parks, residential complexes, mini townships and serviced apartments. We aim to achieve the highest standards of professionalism, ethics and customer service and to thereby contribute to and benefit from the growth of the Indian economy.

We prefer to acquire land development rights by means of Joint Development Agreements rather than purchasing property on an ownership basis, thus ensuring that we do not block large amounts of our working capital in land acquisition. This minimizes our risk as regards any adverse fluctuations in property prices and also reaping the benefits of any upward movement in the property prices. Further, this business model also helps us to divide the risk between our Company and the owner of the property in the event of any adverse market scenario.

The amount of capital invested by us in this model is predominantly lesser than the amount required in the acquisition of land on an ownership basis. This gives us the advantage of increasing our developable area by continuously expanding our land reserves for a relatively lesser amount of investment and provides a greater flexibility in decision making.

In the past, we have consistently followed our “**Build-Lease-Capitalise**” business model for our IT parks, wherein after the construction of the IT park, we generally lease the space to IT companies for a monthly rent and eventually sell the space to financial investors capitalizing our investment based on the leasehold rights.

The key elements of our business strategy are as follows:

Continued expansion of land reserves

We believe that continuing to acquire additional land development rights by means of Joint Development Agreements or Sale Deeds and developing land in strategic locations at a competitive cost enhances our ability to develop a large number of projects. We focus our efforts on markets where we can develop large saleable areas and maximise our returns in relation to the cost and time required to develop and sell a project. We intend to enhance our land reserves by acquiring land development rights mainly through Joint Development Agreements in Chennai and its suburbs thereby providing us the advantage of dividing the risk between our Company and the owner of the property in the event of any recession in the property market. This gives us the advantage of increasing our developable area by continuously expanding our land reserves for a relatively lesser amount of investment and provides a greater flexibility in decision making.

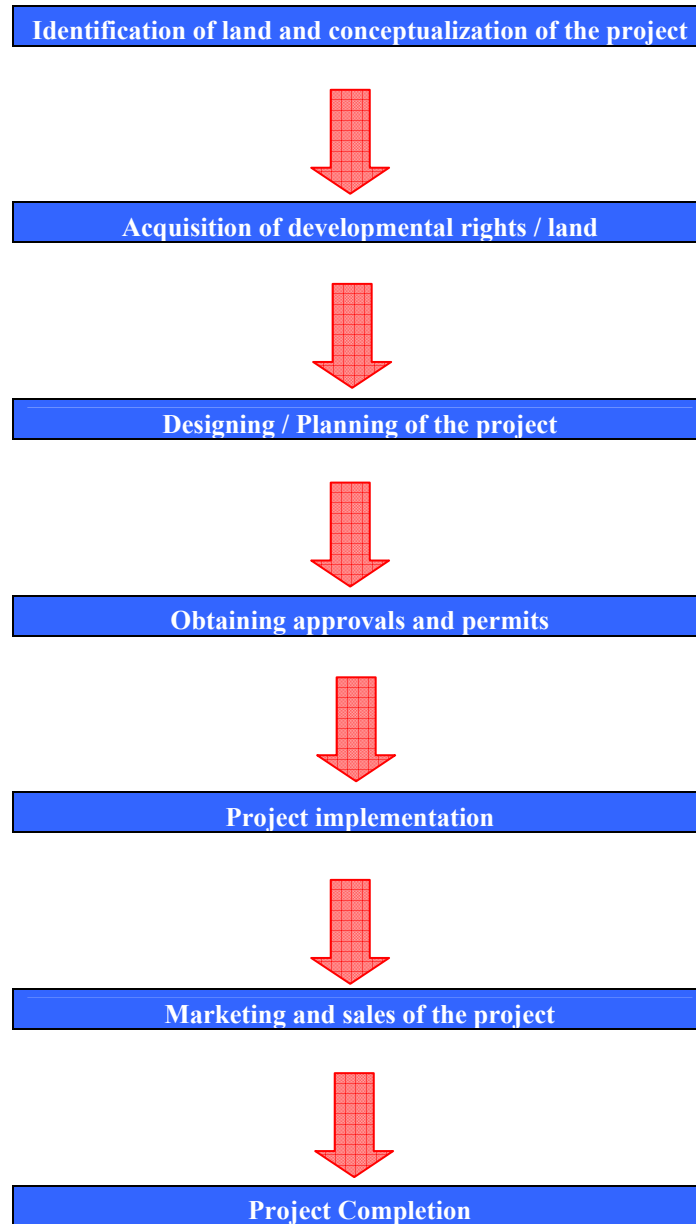
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We continue to enhance our brand and reputation by delivering value to our customers

We intend to continue to promote and expand our brand. We will do so by continuing to focus on quality and innovation in our property projects, and providing strong after-sales support and property management services. We believe that delivering value to our customers and enhancing their overall satisfaction with our products will enable us to strengthen our brand further. At the same time, we intend to continue building market recognition of the brand through marketing initiatives such as advertising campaigns and continued post sale customer interaction.

Our Project Execution Process

The following flowchart summarizes the general process we undertake from commencement to completion of a project:



Although this flowchart reflects the general sequence of project execution, a number of functions overlap in the process to ensure seamless implementation of the development and construction of a project. Depending on its size, it generally takes from 18 to 36 months to complete a project, from identification of a site to finishing construction and unit sales.

Identification of Lands and conceptualization of the project

We have a team dedicated to continuously seek developable lands at desirable locations to construct suitable projects. This multi-disciplinary team uses internally-generated demographic data, third party reports, discussions with regulatory authorities and customer feedback to identify potential sites both in Chennai and its suburbs.

Once potential lands are identified, we undertake site visits jointly with our engineering, financial and our marketing department, who in turn submit a report to our management outlining the key drivers for the project, based on which our senior management team then makes a final decision with respect to the financial feasibility and scope of each project to be undertaken by us on the proposed site.

Acquisition of development rights/land

After a decision has been made to proceed with an acquisition of development rights/land, we take the necessary steps to acquire the land. We enter into negotiations with a seller of land in order to reach a preliminary acquisition agreement, in the form of a Joint Development Agreement or a Sale deed. However, we generally do not finalize the acquisition until we have completed our due diligence on the land. Our land acquisitions generally are financed with internal cash resources.

We endeavour to obtain valid title to our lands and we will not acquire land until we are satisfied that all title defects have been rectified or are in the advanced stages of being removed. We obtain legal opinions that confirm our title to the land or development rights purchased from third parties are valid and marketable.

Designing/ Planning of the Project

Once we have acquired the land, decided upon the type of project to be developed with respect to that site and completed a preliminary agreement for the acquisition of land, our development team in conjunction with industry experts, begins the process of designing the project. The legal regimes governing land development vary across geographic regions in India.

Generally, depending upon the size and complexity of a project, it takes approximately 1 to 2 months to complete the planning and design phase.

Obtaining approvals and permits

We must seek and obtain approval for our building plans as well as our plans relating to the project site's infrastructure facilities, such as power and water. We also must obtain regulatory approval if we are converting agricultural land into non-agricultural land i.e a change of zone. We must obtain approvals from various governmental authorities relating to certain environmental and fire regulations.

After we have submitted our initial plans for approval, we at times receive comments from the relevant regulatory body which sets forth necessary changes to be made to our proposals before approval may be granted. Upon amending our proposals to reflect such changes, we receive a planning permission, which allows us to commence construction on the land in accordance with our proposal. When construction is complete, a team from the concerned regulatory body conducts an inspection of the said project, and when satisfied, issues a completion certificate.

Project implementation

We generally have been financing our projects with equity contributions from our shareholders, internally generated funds and, in some cases, bank borrowings secured by the particular project for which funds are being borrowed. Our planning and development team models the procurement process in conjunction with our finance teams in order to budget for the project and assist our sales and marketing team with pricing of the project.

We generally engage suppliers and contractor labourers with whom we have relationships. We use multiple suppliers and contractors and we believe we would have no difficulty replacing a particular supplier or contractor if necessary.

We typically staff each of our projects with an on-site project manager, a quality control officer and an inventory control officer. Our personnel retain all on-site project management and oversight roles, while construction labour is provided by a building contractor.

Marketing and sales of the project

Our marketing team is involved from the stage of assisting with the identification of lands to be acquired, project commencement and analyzing the economic viability of a project. We believe this involvement from the beginning of the process ensures that we properly identify appropriate types of development opportunities and tailor our pricing to fit the relevant markets. Different projects are targeted at different consumer sectors. In new and rapidly evolving real estate markets, this ability to analyze project economics is important to our business.

In the past, we have consistently followed our “build-lease-capitalise” business model for our IT parks, wherein after the construction of the IT park, we generally lease the space to IT companies for a monthly rent and eventually sell the space to financial investors capitalizing our investment based on the leasehold rights.

Project Completion

We transfer title to the customer by way of a registered Sale Deed/ Lease Deed upon the completion of the sale of the apartment/IT units, the delivery of which takes place after completion of the project and our receipt of a completion certificate from the relevant regulatory authorities. Upon the sale of all the apartment/IT units within a project, the day-to-day management and control of the project is relinquished to the management board or society of the owners.

Type of contracts through which we acquire Land and/or develop Land

Joint Development Agreement

A Joint Development Agreement is an agreement whereby a developer or builder enters into an agreement with the land owner to construct a super structure on the land and, in exchange, gives the land owner a percentage share in the saleable area of the super structure, thus giving the developer or builder, only development rights and does not transfer the title to the land. Such an agreement is governed by the laws of regulatory bodies such as the Chennai Metropolitan Development Authority, the Department of Town and Country Planning etc. in Chennai and its suburbs.

Sale Deed

A Sale Deed is a registered document whereby the sale of property takes place on the terms agreed by and between the parties. It is a contract by virtue of which the title to the property vests with the vendor/ owner thereof.

The effectiveness of our strategy can be seen through the success of our projects as enumerated below:

Completed Projects

We have developed properties predominantly in Chennai and its suburbs and traditionally have focused on development of IT parks. As of June 30, 2007, we had completed a total of 4 projects, aggregating ~1.05 million sq. ft. of developable area of which our share of saleable area aggregates ~0.76 million sq. ft. The following table summarises each of these projects:

IT Parks



This was the first project initiated and completed in March 2006, by our promoters after incorporation of our Company. It is strategically located at the start of the IT corridor immediately after the government promoted TIDEL park and thus enjoys excellent accessibility and visibility. It is also in close proximity to the residential micro markets of Velachery, Adyar, Besant Nagar, etc. The project offers large floor plates of ~30,000 sq. ft. which are preferred by large Indian & Multi National Corporates. A few of our key occupants include Dun & Bradstreet, Mearsk Global Service Centre and a global software company based in USA. This project has a total developable area of ~0.29 million sq. ft. of which our share of saleable area aggregates ~0.20 million sq. ft.





Another IT park by our Company in Ambattur Industrial Estate, a relatively untapped area as regards to IT parks at the time of its completion in December 2006. Situated in the periphery of Anna Nagar, Mogappair, Nolumbur, Ambattur. It offers a continuous supply of quality manpower suitable for the IT industry. Currently occupied by BPO's of leading corporates including Datamark Prodapt India and Wisdom Infotech. This project has a total developable area of ~0.29 million sq. ft. of which our share of saleable area aggregates ~0.22 million sq. ft.





Completed in June 2007, this project is located in the heart of the IT corridor in close proximity to large IT corporates such as Infosys, Wipro, Satyam, TCS etc. This project has a total developable area of ~0.19 million sq. ft. of which our share of saleable area aggregates ~0.13 million sq. ft.



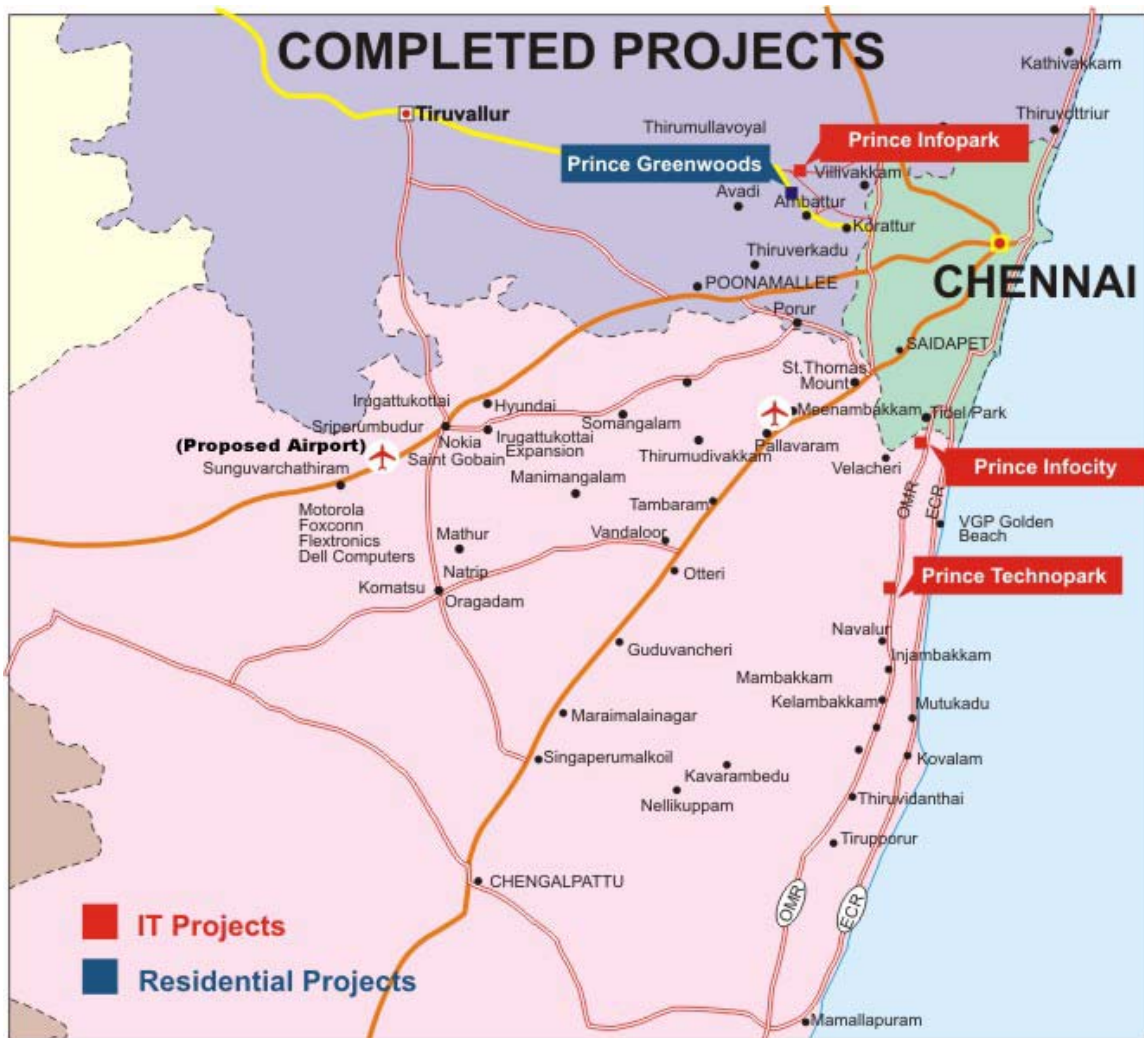
Residential Complexes



Our first residential complex, Prince Greenwoods was completed in August 2007. This project spans over ~4 acres of land and comprises of 7 blocks and 216 apartments. It is equipped with the latest amenities such as articulated gas supply, hydropneumatic water pump the first of its kind in Athipet. This project has a total developable area of ~0.28 million sq. ft. of which our share of saleable area aggregates ~0.21 million sq. ft.



The following map describes the approximate location of our completed projects in and across the suburbs of Chennai:



Land Reserves

We believe that having an adequate supply of land in strategic locations is important for us to continuously develop successful projects. We focus our acquisition efforts on lands where we can develop and construct large saleable areas.

Our land reserves consist of saleable areas which we have either acquired through Joint Development Agreements or through a registered Sale Deeds. Our land reserves currently total ~8.49 million sq. ft. of developable area of which our share of saleable area aggregates ~6.20 million sq. ft. of saleable area. We have provided details of our Ongoing and Planned Projects which include projects being undertaken on our land reserves.

We subdivide our land reserves into the following categories

Sr. No.	Land Reserves (Category wise)	Acreage (in acres)	% of total acreage	Estimated developable area (million sq.ft.)	% of developable area	Estimated saleable area (million sq.ft.)	% of saleable area
(i)	Land Owned by the Company for development						
	1. By itself	1.76	1.95%	0.14	1.65%	0.14	2.26%
	2. Through its Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
	3. Through entities other than (1) and (2) above	Nil	Nil	Nil	Nil	Nil	Nil
(ii)	Land over which the Company has sole development rights						
	1. Directly by the Company	Nil	Nil	Nil	Nil	Nil	Nil
	2. Through its Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
	3. Through entities other than (1) and (2) above	Nil	Nil	Nil	Nil	Nil	Nil
(iii)	Memorandum of Understanding/ Agreement to acquire/Letters of acceptance to which the Company and/or its subsidiaries and/or its group companies are parties of which						
	(1) Land subject to Governm						

	ent allocation on leasehold basis	Nil	Nil	Nil	Nil	Nil	Nil
	(2) Land subject to private acquisition	Nil	Nil	Nil	Nil	Nil	Nil
(A)	Sub-total (i)+(ii)+(iii)	1.76	1.95%	0.14	1.65%	0.14	2.26%
	Joint developments with partners						
(iv)	Land for which joint development agreements have been entered into by						
	1.By the Company directly	88.51	98.05%	8.35	98.35%	6.06	97.74%
	2.Through its Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
	3.Through entities other than (1) and (2) above	Nil	Nil	Nil	Nil	Nil	Nil
(v)	Proportionate interest in lands owned indirectly by the Company through joint ventures	Nil	Nil	Nil	Nil	Nil	Nil
(B)	Sub-total (iv)+(v)	88.51	98.05%	8.35	98.35%	6.06	97.74%
(C)	Grand Total (A)+(B)	90.27	100%	8.49	100%	6.43	100%

Land owned by our Company for development

Land owned by us are those for which sale deeds have been executed and registered in our favour. For details on risks associated with the land reserves, please refer the chapter, titled “Risk Factors” beginning on page 11 of this Draft Red Herring Prospectus.

Joint Development Agreements

We enter into joint development/ collaboration agreements for development of land. Our counterparts in such agreements are land owners who grant us the sole development rights to develop their land at our cost. The revenues from the developed or built-up area is shared between the parties in a mutually agreed proportion. Ordinarily, we bear the costs of development of the land. For details on associated risks, please refer the chapter, titled “Risk Factors” beginning on page 11 of this Draft Red Herring Prospectus.

Description of our Land Reserves

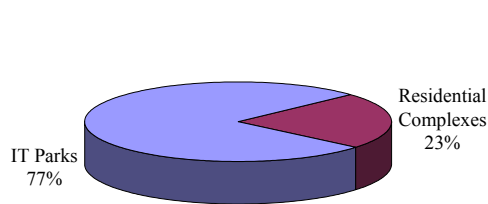
Our total land reserves are comprised of ~90.27 acres, which on development would lead to ~8.49 million sq. ft. of saleable area to be developed through 12 Ongoing or Planned Projects. Our 3 Ongoing Projects include two IT parks and one residential complex, aggregating ~17.35 acres, which on development would lead to ~2.53 million sq. ft. of saleable area. Our 9 Planned Projects include two mini townships, one serviced apartment, one IT park and five residential complexes, aggregating ~72.92 acres which on development would lead to ~5.96 million sq. ft. of saleable area. These projects are in a variety of locations and include IT parks, residential complexes, mini townships and serviced apartments.

We need to obtain certain approvals and consents from various governmental organizations before developing our projects. We have obtained various governmental approvals in relation to our Ongoing Projects as well as Planned Projects for the purpose of constructing and developing IT parks, residential complexes, mini townships and serviced apartments and the remaining governmental approvals would be obtained in the future.

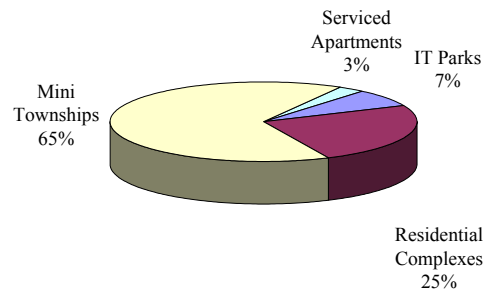
The saleable area of our Ongoing and Planned Projects is summarised in the table below:

Project Type	Ongoing Projects Developable Area (million sq. ft.)	Ongoing Projects Saleable Area (million sq. ft.)	Planned Projects Developable Area (million sq. ft.)	Planned Projects Saleable Area (million sq. ft.)	Total Developable Area (million sq. ft.)	Total Saleable Area (million sq. ft.)
IT parks	1.95	1.37	0.43	0.30	2.37	1.67
Residential complexes	0.58	0.44	1.48	1.09	2.07	1.53
Mini townships	-	-	3.88	2.88	3.88	2.88
Serviced apartments	-	-	0.17	0.12	0.17	0.12
Total	2.53	1.81	5.96	4.39	8.49	6.20

Ongoing Projects - Segments of Developable area



Planned Projects - Segments of Developable area



Our Business Segments

Our real estate development projects mainly comprise the construction and development of IT parks, residential complexes, mini townships and serviced apartments.

Information Technology Parks

An IT park is a special building wherein extra Floor Space Index is usually granted by the Electronic Corporation of Tamil Nadu. Only companies operating the IT/ ITES business are eligible to occupy space in the said building. The plot area on which such IT building is located must be a minimum of 2,000 sq. mtrs. We have developed several IT parks in Chennai and its suburbs. After construction of the IT park, we generally sell/ lease the space to IT/ITES companies. In case of a lease, we eventually sell the space to financial investors, thus retaining no ownership or management responsibilities.

The following table summarises our IT parks, all of which are either Ongoing Projects or Planned Projects.

Project	Location	Developable Area (million sq. ft.)	Saleable Area (million sq. ft.)	Total estimated cost of the project as on September 15, 2007 (in Rs. Million)	Cost incurred as on September 15, 2007 (in Rs. Million)*	Refundable/ Non-Refundable Deposit paid as on September 15, 2007
Prince Infocity II	Old Mahabalipuram Road	0.85	0.47	1279.03	123.99	60.10
Prince Techzone	Porur	1.10	0.90	1643.63	2.47	377.50
Prince Edifice	Old Mahabalipuram Road	0.43	0.30	638.05	1.84	5.00
Total		2.38	1.67	3560.71	128.30	442.60

* Composition of cost incurred comprises cost of acquisition of land identified for the project/ security deposit, together with related approval costs, building materials consumed, other direct cost, overheads and identified advances for purchase of land as certified by our auditors M/s. Sanjay Bhandari & Co. vide their certificate dated September 24, 2007.

Some of our IT parks, Ongoing Projects and Planned Projects are described in more detail below.



The project is located on the designated IT corridor of Chennai, Old Mahabalipuram Road and is comprised of ~0.85 million sq. ft. of developable area of which our share would be 0.47 million sq. ft. of saleable area. It enjoys excellent accessibility and visibility by virtue of being located on the main road. It is in the close proximity to the residential micro markets of Velacherry, Adyar, Besant Nagar etc. It offers large floor plates which are preferred by large Indian and multi national software companies.





The project is located in the emerging IT corridor of Mount Poonamallee Road where large IT SEZ's are currently being established or are in the process of being established by significant developers such as DLF and ETA. The project is in close proximity to established residential micro markets of Porur, Vadapalani, Valsarwakkam, Virugumbakkam etc. and Sri Ramachandra Medical College and Hospital, which would service the catchment population and is comprised of ~ 1.10 million sq. ft. of developable area of which our share would be ~ 0.90 million sq. ft. of saleable area. It is also in close proximity to the airport and numerous hotels which lend a business image. Some of the significant IT/ITES firms who have chosen the same location include Computer Science Corporation, IBM, Fidelity, HCL Technologies, TCS etc.





It is located on the designated IT corridor of Chennai, Old Mahabalipuram Road and is comprised of ~0.43 million sq. ft. of developable area of which our share would be ~ 0.30 million sq. ft. of saleable area. It enjoys excellent accessibility and visibility by virtue of being located on the main road with a large frontage. It is located in close proximity to IT corporates such as Infosys, Polaris, Satyam, TCS, Wipro Technologies, SIPCOT IT estate etc.



Real Estate Development

Our experience in acquiring land, combined with our focus on IT parks, residential complexes, mini townships and serviced apartments, allows us to take advantage of the growth in multiple sectors of the Indian market. Our real estate projects include several types of IT parks, residential developments, apartment complexes, mini townships and serviced apartments in Chennai and its suburbs

Residential Projects

Our residential projects require us to work closely with various regulatory bodies to ensure appropriate development of necessary infrastructure and public amenities, including roads and sewage. We generally market our residential projects to middle and high income consumers as well as to corporate customers. We usually begin sales of apartment units upon completion of ~10-15% of the construction and a substantial number of the residential units are sold prior to the completion of the project. After sales are completed, we do not retain any ownership rights or management obligations.

The following table summarises our residential projects.

Project	Location	Developable Area (million sq. ft.)	Saleable Area (million sq. ft.)	Total estimated cost of the project as on September 15, 2007 (in Rs. Million)	Cost incurred as on September 15, 2007 (in Rs. Million)*	Refundable/ Non-Refundable Deposit paid as on September 15, 2007
Prince Residenza	Sriperumbudur	0.58	0.44	697.20	31.57	10.00
Prince Chalet	Pudupakkam	0.16	0.11	192.88	0.55	5.00
Prince LeGrande	Pudupakkam	0.61	0.45	778.90	49.44	76.40
Prince Palazzo	Pudupakkam	0.27	0.22	329.31	23.29	4.15
Prince Chateau	Pudupakkam	0.30	0.23	355.66	17.35	5.05
Prince Pavillion	Semmenchery	0.14	0.080	171.64	-	10.00
Total		2.07	1.53	2525.59	131.2	110.60

* Composition of cost incurred comprises cost of acquisition of land identified for the project/ security deposit, together with related approval costs, building materials consumed, other direct cost, overheads and identified advances for purchase of land as certified by our auditors M/s. Sanjay Bhandari & Co. vide their certificate dated September 24, 2007.

Our residential Ongoing Projects and Planned Projects are described in more detail below.



Prince Residenza is a residential complex designed for elegant living with two and three bed room options, located in the hub of industrial activity. It combines convenience and the comforts of the city by providing plenty of open spaces, greenery and various water bodies, a club house and a childrens play area. It consists of 5 multi-storied blocks comprising 440 apartments in all.



Pudupakkam

“Prince Chalet”, “Prince LeGrande”, “Prince Palazzo” and “Prince Chateau” are located near each other. They are also located in just 1 km proximity to the SIPCOT IT park, an emerging IT destination promoted by the State Industrial Promotion Corporation of Tamil Nadu (SIPCOT). The SIPCOT IT park is envisaged to create employment for approximately over 80,000 people in a period of just 12 months. The accessibility to this location is expected to be enhanced on completion of the proposed road widening of Old Mahabalipuram Road. Further, all these projects have schools, colleges, hospitals, a sports academy, a beach resort etc. in the radius of ~5 to 10 kilometers. The salient features of each project are individually given below:



This project is located on the Kelambakkam - Vandalur main road, just 2 km from the Kelambakkam junction and about 7 km from the SIPCOT IT PARK. We propose to build about ~96 units of 2 bedroom and 3 bedroom apartments, primarily targeting towards higher middle income group. This project will have 2 buildings comprising a basement, stilt plus 8 floors and having amenities like swimming pool, club house, landscaped gardens, water bodies and a childrens play area. High end fixtures & fittings, wooden flooring is proposed to be used.





This project is situated in the Pudupakkam village which is a neighbourhood of SIPCOT IT PARK. We propose to build about ~ 400 units of 2 bedroom, 2.5 bedroom and 3 bedroom apartments, primarily targeting towards middle income group. This project will have 4 buildings comprising a basement, stilt plus 12 floors and having amenities like swimming pool, club house, landscaped gardens, water bodies, a childrens play area etc.





This project is situated in the Pudupakkam village which is a neighbourhood of SIPCOT IT PARK. We propose to build about ~ 144 units of 3 bedroom apartments, primarily targeting towards middle income group. This project will have 2 buildings comprising a basement, stilt plus 17 floors having amenities like swimming pool, club house, landscaped gardens, water bodies, a childrens play area etc.





This project is situated in the Pudupakkam village which is a neighbourhood of SIPCOT IT PARK. We propose to build about ~192 units comprising 2 bedroom , 2.5 bedrooms and 3 bedroom apartments, primarily targeting towards middle income group. This project will have 3 buildings comprising a basement, stilt plus 8 floors having amenities like swimming pool, club house, landscaped gardens, water bodies, a childrens play area etc.





This project is situated in the Semmenchery village which just off Old Mahabalipuram Road the IT corridor of Chennai. This project is very close to the Infosys , Cognizant and other large IT companies. We propose to build about ~94 units comprising 2 bedrooms, 2.5 bedrooms and 3 bedroom apartments, primarily targeting towards middle income group. This project will have 5 buildings comprising basement, stilt plus 4 floors having amenities like swimming pool, club house, landscaped gardens, water bodies, a childrens play area etc.

Mini Townships

A mini township is a self sustained living zone, comprising of all the basic amenities such as shopping malls, departmental stores, schools, hospitals, theatres, club houses etc. A resident of a mini township generally will have no reason to leave the township in order to meet any of his basic requirements.

The following table summarises our mini township project.

Project	Location	Developable Area (million sq. ft.)	Saleable Area (million sq. ft.)	Total estimated cost of the project as on September 15, 2007 (in Rs. Million)	Cost incurred as on September 15, 2007 (in Rs. Million)*	Refundable/ Non-Refundable Deposit paid as on September 15, 2007
Prince Boulevard	Sriperumbudur	1.80	1.42	2162.18	20.00	20.00
Prince Highland	Old Mahabalipuram Road	2.08	1.46	2496.20	-	5.00
Total		3.88	2.88	4658.38	20.00	25.00

* Composition of cost incurred comprises cost of acquisition of land identified for the project/ security deposit, together with related approval costs, building materials consumed, other direct cost, overheads and identified advances for purchase of land as certified by our auditors M/s. Sanjay Bhandari & Co. vide their certificate dated September 24. 2007.

Our mini township project, which is a Planned Project, is described in more detail below.



The project is located at Vellanthangal Village and is comprised of approximately 1.80 million sq. ft. of developable area of which our share will be 1.42 million sq. ft. of saleable area. The project is strategically located in the emerging growth vector of Western Chennai. It enjoys excellent accessibility by virtue of being connected with National Highway 45. Large integrated township developments have been planned in this location. This corridor is marked by the presence of a large number of educational institutions. Our project would be spread over ~23 acres of land strategically located opposite the Hyundai car factory in Sriperumbudur. It will comprise of 20 buildings and have a combination of high end apartments and regular apartments. The township will have various amenities such as a school, mini golf course, mini health centre, indoor and outdoor play areas, a gymnasium, swimming pool, departmental store, a mall, with multiplex theatres and a garden catering exclusively to the residents of this township to name a few.



The project is located at Polachery Village and is comprised of approximately 2.08 million sq. ft. of developable area of which our share will be 1.46 million sq. ft. of saleable area. The project is strategically located in the emerging growth sector of Southern Chennai just off the Old Mahabalipuram Road. Large integrated township developments have been planned in this location. This corridor is marked by the presence of a large number of IT companies. Our project would be spread over ~26.53 acres of land just after the SEZ of HCL Technologies. It will have a combination of high end apartments and regular apartments. The township will have various amenities such as as a school, mini golf course, mini health centre, indoor and outdoor play areas, a gymnasium, swimming pool, departmental store, a mall, with multiplex theatres and a garden catering exclusively to the residents of this township to name a few.

Serviced Apartments

A serviced apartment is primarily used by persons intending to stay for long durations. It has all the basic amenities provided by a hotel such as banquet halls, a restaurant, a bar, housekeeping, a swimming pool and a gymnasium. The apartments individually contain a well equipped kitchenette, air conditioned bed rooms, internet access etc. and, at the same time provide a homely ambience.

The following table summarises our serviced apartment project.

Project	Location	Developable Area (million sq. ft.)	Saleable Area (million sq. ft.)	Total estimated cost of the project as on September 15, 2007 (in Rs. Million)	Cost incurred as on September 15, 2007 (in Rs. Million)*	Refundable/ Non-Refundable Deposit paid as on September 15, 2007
Prince Tavern	Sriperumbudur	0.17	0.12	448.81	0.02	6.00
Total		0.17	0.12	448.81	0.02	6.00

* Composition of cost incurred comprises cost of acquisition of land identified for the project/ security deposit, together with related approval costs, building materials consumed, other direct cost, overheads and identified advances for purchase of land as certified by our auditors M/s. Sanjay Bhandari & Co. vide their certificate dated September 24, 2007.

Our serviced apartments, which is a Planned Project, is described in more detail below.



The project is located at Sriperumbudur is a four star deluxe serviced apartment and is comprised of approximately 0.17 million sq. ft. of developable area of which our share will be 0.12 million sq. ft. of saleable area and contains approximately ~120 individual apartments spread over 6 floors. The project is strategically located in close proximity to a large number of industrial units such as Nokia, Saint Gobain, Samsung, Motorola, Flextronics etc. It enjoys excellent accessibility by virtue of being connected with National Highway 45. The large influx of multinational clients has resulted in a massive demand for hospitality. These serviced apartments are more suitable options for long stay for guests.

The following map describes the approximate location of our Ongoing Projects in and across the suburbs of Chennai:



Property acquired for our personal use

We have also acquired a property for our personal use admeasuring ~0.23 acres of land, at Ormes Road, Kilpauk, by entering into a Joint Development Agreement on March 8, 2007.

Competition

The real estate development industry in India, while fragmented, is highly competitive. We face competition in Chennai and its suburbs from various regional companies, including DLF, Hiranandani, Unitech, Raheja's and Mantri Developers to name a few.

We may also in the future face competition from large foreign real estate developers now operating in, or who enter, the Indian market.

Competition is considered as part of the market study we undertake when considering whether to acquire lands for development or to proceed with further development of land we already own. In particular, we evaluate other projects in proximity to each potential site in order to determine the level of competition we would face from similar projects if we proceeded at that location. To the extent that we compete with other large developers, we believe that our reputation for quality construction is a critical competitive advantage that we need to maintain and develop.

Health and Safety

We are committed to complying with all relevant health and safety regulations applicable to our Company. We strive to minimize the risks inherent in the construction process by implementing standard safety precautions and eliminating hazards to people and the environment, to the extent possible. Our on-site project managers and engineers are responsible for ensuring that each project site meets required safety standards.

Intellectual Property

We have applied for registration of our logo "PRINCE FOUNDATIONS LIMITED" vide application number 1581217 dated July 19, 2007.

Employees

As of March 31, 2007, we employed 50 people, of whom approximately 44 hold university or more advanced degrees, including 33 engineers. Other professionals on our staff include accounting, legal, marketing and sales personnel. The balance of our employees is support staff. We anticipate that our number of employees will continue to grow commensurate with the expansion of our business.

In order to build our projects, we rely heavily upon contract construction workers supplied by third party contractors and who are not our employees nor included in our employee headcount. These workers operate under the supervision of our employees, in particular our on-site project managers and engineers. For the year ended March 31, 2007, we had on average between 250 and 300 contract workers active on our projects. These workers' wages are paid by the third party contractors who engage them and we provide insurance coverage for these workers as part of insurance on our construction sites.

We believe our relations with our employees are good and we have never experienced any labour unrest or conflicts.

Insurance

Our operations are subject to hazards inherent in the construction and real estate industry, including accidents, collapsing structures, erosion, exposure to dangerous materials, such as certain solvents and risks related to machinery noise and manual handling activities.

We carry general insurance for our Registered Office and for certain of our projects under development. These policies are with The Oriental Insurance Company Limited. The insurance coverage we carry varies from project to project, but generally includes, among other things, losses related to earthquake, fire, acts of terrorism, flood, accident and general liability insurance. Under our “Contractors All Risk” liability policy, we are insured against legal liability to pay damages for third party civil claims arising from bodily injury or property damage caused by an accident during project construction. We have not made any major claims under our insurance policies.

Registered Office

Our Registered Office is located at Prince Apartments, No. 59, Ormes Road, Kilpauk, Chennai – 600010.

Our Property

Freehold Property held by our Company

Sr. No.	Description of Property/ Area	Nature of Interest	Purpose	Consideration
1.	Plot No. 80, Lakshmana Nagar, Palavakkam, Tambaram Taluk, Kancheepuram District bearing survey no. 124/2 Area: 0.02 acres	Sale Deed dated April 10, 2007 between Mr. K.M. Thangachan (the "Vendor") and Prince Foundations Private Limited (the "Purchaser")	Not yet planned	Rs. 9,93,600/-
2.	Survey No. 124/1 situated at No.142, Palavakkam, Kancheepuram District, Tambaram Taluk Area: 0.16 acres	Sale Deed dated April 10, 2007 between Mr. M. Perumalsamy, Mr. M. Anbusamy (the "Vendors") and Prince Foundations Private Limited (the "Purchaser")	Not yet planned	Rs. 83,80,800/-
3.	Survey No. 140/1, situated at No. 41, Pudupakkam, Chengalpattu Taluk, Kancheepuram District. Area: 1.02 acres	Sale Deed dated November 8, 2006 between Mrs. Sajida Sultana, Mrs. Razia Sultana, Mrs. Zakia Sultana (the "Vendors") and Prince Foundations Private Limited (the "Purchaser")	Prince Palazzo	Rs.2,04,50,000/-
4.	Survey No. 90/3 situated at No.41 Pudupakkam, Chengalpet, Kancheepuram District. Area: 0.75 acres	Sale Deed dated December 20, 2006 between Mr. M. Soundarajan, Mr. M. Sambandamoorthy, Mr. M. Raghupathy, Mrs. S. Hemavathy, Mrs. P. Poonguzali (the "Vendors") and Prince Foundations Private Limited (the "Purchaser")	Prince Chateau	Rs.1,57,50,000/-
5.	Property on Lease-Door No. 94 to 114 (old No. 60/61 and 50/51), Purasawalkam High Road, Purasawalkam Division, Chennai-600010 comprised in R.S. No. 3102/1 with a proportionate undivided share of 1575/32000 on 0.38 acres Property purchased- Flat no. B-404 on the fourth floor in the building known as Prince Garden, B Block, Purasawalkam High Road, Purasawalkam Division, Chennai-600010 admeasuring 1,575 sq. ft	Deed of Lease and Sale of Superstructure dated June 26, 2007 between Gurukul Lutheran Theological College and Research Institute (the "Vendor/Lessee") and Prince Foundations Private Limited (the "Purchaser/ Lessor")	Office purposes	Total consideration of Rs. 28,00,000/- together with leasehold right of land for a period of 99 years commencing from June 1, 2004

Leasehold Property held by our Company

Sr. No.	Description of Property/ Area	Nature of Interest	Purpose	Term	Lease Rentals
1.	<p>Ground floor and First floor Unit No. GD and 1D of the building, “Price Apartments”, situated at Door No. 59, Ormes Road, Kilpauk, Chennai-600 010</p> <p>Area: Ground floor – 1200 sq. ft. and First floor – 1575 sq. ft.</p>	<p>Lease Deed dated June 01, 2004 executed between Mr. Kantilal A. Kamdar, Mrs. Meena Kamdar, Mr. Bharatkumar Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam, Mrs. Nirmala Ramanlal, Mrs. Shiela Hareesh and Mrs. Dipti Sharad (the “Lessors”) and our Prince Foundations Private Limited (the “Lessee”)</p>	Lease of office premises.	5 years from the date of agreement.	Rs.54,000/-per month.

REGULATIONS AND POLICIES

Our Company is engaged in the business of developing real estate projects including IT parks, residential complexes, mini townships and serviced apartments. Since our business involves the acquisition of land and development, we are governed by a number of central and state legislations regulating substantive and procedural aspects of the acquisition of transfer of land. For the purpose of executing our projects, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state and/or local governing bodies such as the Chennai Metropolitan Development Authority, the Directorate of Town and Country Planning, the Electronics Corporation of Tamil Nadu Limited etc. For details of such approvals please refer to the chapter titled “Government Approvals” beginning on page 210 of this Draft Red Herring Prospectus.

Additionally, our projects require, at various stages, the sanction of the concerned authorities under the relevant central and state legislations and local bye-laws. While the real estate development industry remains largely unregulated, we are subject to land acquisition, town planning and social security laws. The following is an overview of the important rules and regulations, which are relevant to our business as a real estate developer.

CENTRAL LAWS

Laws regulating transfer of property

Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 (“**T.P. Act**”). The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 (“**Registration Act**”) has been enacted with the object of providing public notice of the execution of documents affecting transfer of interest in immovable property. The purpose of the Registration Act is the conservation of evidence, assurances, title and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered. The amount charged as fees for registration is not uniform and each state has the authority to fix these amounts.

The Indian Stamp Act, 1899

Stamp duty needs to be paid on all documents specified under the Stamp Act and at the rates specified in the Schedules thereunder. The rate of stamp duty varies from state to state. The stamp duty is payable on instruments at the rates specified in Schedule I of the said Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

The Easements Act, 1882

The law relating to easements is governed by the Easements Act, 1882 (“**Easements Act**”). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or the occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the dominant owner, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

Laws relating to employment

The employment of construction workers is regulated by a wide variety of generally applicable labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Payment of Wages Act, 1936.

Environment Regulations

We are subject to Indian laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during our manufacturing processes. The principal environmental regulations applicable to industries in India are the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986.

The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the Water Pollution Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

Industrial parks

The GoI has notified the Industrial Park Scheme (the “**Scheme**”) on April 1, 2002 in relation to the establishment of industrial parks. Proposals to establish industrial parks which meet the criteria set out in the Scheme are accorded automatic government approval by the SIA. Proposals not meeting such parameters require the prior sanction of the ‘Empowered Committee’ set up in the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, GoI.

Objectives of industrial parks

Any project, being an industrial park, is required to aim at setting up (a) an industrial model town for development of industrial infrastructure for carrying out integrated manufacturing activities, including research and development by providing plots or sheds and common facilities within its precincts, (b) an industrial park for development of infrastructural facilities or built-up space with common facilities in any area allotted or earmarked for the purposes of specified industrial uses, or (c) a growth centre under the growth centre scheme of the GoI.

Tax exemptions

Under the Scheme, a developer who has established an industrial park before March 31, 2009 is granted tax exemptions for a period of ten years in the form of deduction of 100% of business profits earned from the development, operation and maintenance of the industrial park. The tax benefits under the I.T. Act can be availed only after the numbers of units indicated in the application to the GoI, are located in the industrial park.

STATE LAWS:

Urban Development Laws

State legislations provide for the planned development of urban areas and the establishment of regional and local development authorities charged with the responsibility of planning and development of urban areas within their jurisdiction. Real estate projects have to be planned and developed in conformity with the norms established in these laws and regulations made thereunder and require sanctions from the government departments and developmental authorities at various stages. Where projects are undertaken on lands which form part of the approved layout plans and/or fall within municipal limits of a town, generally the building plans of the projects have to be approved from concerned municipal or developmental authority. Building plans are required to be approved for each building within the project area. Clearances with respect to other aspects of development such as fire, civil aviation and pollution control are required from appropriate authorities, depending on the nature, size and height of the projects. The approvals granted by the authorities generally prescribe a time limit for commencement of the projects. These time limits are renewable upon payment of a prescribed fee. The regulations provide for obtaining a completion/occupancy certificate upon completion of the project.

Agricultural Development Laws

The acquisition of land is regulated by state land reform laws which prescribe limits up to which an entity may acquire agricultural land. Any transfer of land which results in the aggregate land holdings of the acquirer in the state to exceed this ceiling is void, and the surplus land is deemed, from the date of the transfer, to have been vested in the state government free of all encumbrances. When local authorities declare certain agricultural areas as earmarked for townships, lands are acquired by different entities. After obtaining a conversion certificate from the appropriate authority with respect to a change in use of the land from agricultural to non-agricultural for development into townships, commercial complexes etc. such ceilings are not applicable. While granting licences for development of townships, the authorities generally levy development/external development charges for provision of peripheral services. Such licences require approvals of layout plans for development and building plans for construction activities. The licenses are transferable on permission of the appropriate authority. Similar to urban development laws, approvals of the layout plans and building plans, if applicable, need to be obtained.

Laws specific to the state of Tamil Nadu

Chennai Metropolitan Development Authority (“CMDA”)

The CMDA is a town planning authority constituted under the Tamil Nadu Town and Country Planning Act, 1971. It regulates all physical developments within Chennai Metropolitan Area on planned lines. For this purpose the CMDA has prepared a master plan, which designates the land use permissible in every part of the Chennai metropolitan area. The Chennai metropolitan area consists of 306 villages in 10 panchayat unions, besides 28 town panchayats, 8 municipalities and 1 cantonment. The CMDA prepares development plans for spatial development of Chennai metropolitan area by a public consultation process. The CMDA has laid down development control rules for the Chennai metropolitan area in relation to the construction of information technology parks, ordinary buildings, multi storey buildings and other buildings being constructed for commercial purposes as well as for residential and industrial layouts. These rules prescribe the extent of plot size, plot frontage, floor space index, plot coverage, height and set back lines for all the varieties of buildings named above. The permissible measurements for different buildings are laid down in detail under these rules.

Directorate of Town and Country Planning (“DTCP”)

The DTCP is a Town and Country Planning authority constituted under the Tamil Nadu Town and Country Planning Act, 1971. It extends to the whole of the state of Tamil Nadu except the places declared to be cantonments under Section 3 of the Cantonment Act, 1924. It shall come into force on such date as the Government may, by notification, appoint and at different dates may be appointed for different areas and for different portions of this Act. The DTCP has laid down rules for the state of Tamil Nadu in relation to the construction of information technology parks, ordinary buildings, multi storey buildings and other special buildings being constructed for commercial purposes as well as for residential and industrial layouts. These rules prescribe the extent of plot size, plot frontage, floor space index, plot coverage, height and set back lines for all the varieties of buildings named above. The permissible measurements for different buildings are laid down in detail under these rules.

Electronic Corporation of Tamil Nadu (“ELCOT”)

ELCOT is a governing body constituted as the certifying authority for the purpose of development of IT parks and availing exemption from Floor Space Index (“FSI”) upto 3.75 and other norms from the CMDA/DTCP. This has been set as per G.O. Ms. No. 13 Information Technology Department dated August 16, 2002. The ELCOT issues a “No Objection Certificate” to the developer granting extra FSI for the proposed IT park to be developed if the land area is above 2,000 sq. mtrs. On a 60 feet road with a minimum frontage of 80 feet, by submitting the plans and drawings of the proposed building. This is the first initiative taken by the developer for the proposed development which is subsequently forwarded to the CMDA/DTCP for its planning permission.

REGULATIONS REGARDING FOREIGN INVESTMENT

Real estate sector

The Government of India has permitted FDI of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects (“Real Estate Sector”), subject to certain conditions contained in Press Note No.2 (2005 Series) (“Press Note 2”). A short summary of the conditions is as follows:

- (a) Minimum area to be developed is 10 hectares in the case of serviced housing plots and 50,000 square metres in the case of construction development projects. Where the development is a combination project, the minimum area can be either 10 hectares or 50,000 square metres.
- (b) Minimum capitalization of US\$10 million for wholly owned subsidiary and US\$5 million for a joint venture has been specified and it is required to be brought in within six months of commencement of business of the company.

- (c) Further, the investment is not permitted to be repatriated within three years of completion of minimum capitalization except with prior approval from FIPB.
- (d) At least 50% of the project is required to be developed within five years of obtaining all statutory clearances and the responsibility for obtaining it is cast on the foreign investor. Further, the sale of undeveloped plots is prohibited.
- (e) Compliance with rules, regulations and bye-laws of state government, municipal and local body has been mandated and the investor is given the responsibility for obtaining all necessary approvals.

We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.

Industrial parks

The GoI has permitted foreign direct investment of up to 100% FDI for setting up of Industrial Parks in India under the automatic route

HISTORY AND CORPORATE STRUCTURE

Our Company was incorporated on February 27, 2004 as “Prince Foundations Private Limited” *vide* Certificate of Incorporation No. U45201TN2004PTC052638 issued by the Registrar of Companies, Tamil Nadu with the objective of developing large-scale real estate projects including residential and retail projects such as integrated IT parks, townships and serviced apartments.

Our Company was converted into a public limited company *vide* an Extra-Ordinary General Meeting held on March 07, 2007. Consequently, a fresh Certificate of Incorporation dated April 23, 2007 was issued to our Company by the Registrar of Companies, Tamil Nadu.

Since our incorporation in 2004, we have completed the development and construction of three projects covering approximately 1.08 million sq. ft. of saleable area in the state of Tamil Nadu.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
February, 2004	Incorporation of our Company
March, 2006	Completion of our first IT Park “Prince Infocity I”
December, 2006	Completion of our second IT Park “Prince Infopark”
April, 2007	Conversion of our Company from a private company to a public company
June, 2007	Completion of our next IT Park “Prince Technopark”
August, 2007	Completion of our first residential project “Prince Greenwoods”

Our Main Objects

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

1. To carry on the business of developers, builders, contractors and purchase, sell, acquire, develop, construct, repair, alter, modify any immovable property and take or give away on lease or in exchange or in any other lawful manner any area, land, building, structures and to turn the same into account, develop and dispose or maintain the same and to build townships, markets or other buildings residential and commercial or conveniences thereon and to equip the same or part thereof with all or any amenities, or conveniences, drainage facility, electric, telephone, television installations and to deal with the same in any manner. To buy, sell, develop, construct, repair, alter, modify any immovable property and to take or give away on lease.
2. To construct, erect, build, repair, remodel, demolish, improve, grades, curve pave, macadamize, cement and maintain building structures, houses, apartments, hospitals, schools, places of worship, highways, roads, paths, streets, sideways, courts, alleys, pavements and to do other similar construction, leveling or paving work and for these purposes to purchase, take on lease or otherwise acquire and hold any lands and prepare layout thereon or buildings of any tenure or description wherever situated or rights or interests therein or connected therewith.
3. To carry on the business of contractors and subcontractors for and on behalf of large industries, state, Central and Quasi Government departments and agencies, public and private sector undertakings and such other organizations mainly engaged in civil Engineering Electrical and Common projects.
4. To carry on the business as dealer/distributor of architectural fittings, architectural panels, doors, windows staircase fittings, sand, steel timber, cement, and all other building materials, domestic or industrial furniture, grills, gates, or any other fabricated material, used in construction or buildings. These may be made from steel, anodised or unanodised aluminium, wood, sponge, plastic, rubber, or other material.

Amendments to the Memorandum of Association

Sr. No.	Date	Particulars
1	September 30, 2004	The authorised share capital of our Company was increased from Rs. 20,00,000/- to Rs. 1,50,00,000/-.
2	March 05, 2007	The authorised share capital of our Company was increased from Rs. 1,50,00,000/- to Rs. 45,00,00,000/-.
3	March 07, 2007	Change of the name of our Company pursuant to change in the status of our Company from private to public. The approval was received from the Registrar of Companies for the change of name on April 23, 2007.

Change in the Registered Office

Sr. No.	Date	Particulars
1.	December 01, 2004	Our Registered Office was shifted from New No.9, Old No. 11, C. P. Ramaswamy Road, Alwarpet, Chennai - 600018 to Prince Apartments, No. 59, Ormes Road, Kilpauk, Chennai – 600010.

Our Subsidiaries

Our Company does not have any subsidiary.

Shareholders Agreement

There are no subsisting shareholders' agreements among our shareholders in relation to our Company, to which our Company is a party or otherwise has notice of the same.

Other Agreements

As on the date of filing this Draft Red Herring Prospectus with SEBI, we are not a party to any material contract:

- (i) not being a contract entered into in the ordinary course of our business carried on or intended to be carried on by us; or
- (ii) which was entered into more than two years before the date of filing of this Draft Red Herring Prospectus with SEBI

Strategic Partners

Our Company does not have any strategic partners.

Financial Partners

Our Company does not have any financial partners.

OUR MANAGEMENT

Board of Directors

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

Sr. No.	Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (in years)	Details of other Directorships
1.	<p>Mr. Ashwin Kumar Kamdar Chairman & Managing Director S/o Mr. Kantilal Kamdar Old No. 2, New No. 3, Sylvan Lodge Colony, 1st Cross Street, Kilpauk, Chennai – 600010</p> <p><i>Business</i></p> <p>Term: Upto March 1, 2012</p> <p>DIN: 01288366</p>	Indian	54	<p>(1) RYC Properties Limited (2) Rajyog Constructions Limited</p>
2.	<p>Mr. Sharad Vasanji Whole-time Director S/o Mr. Vijpal Vasanji Old No. 4, New No. 9, Taylors Road, Kilpauk, Chennai- 600 010.</p> <p><i>Businessman</i></p> <p>Term: Upto April 29, 2012</p> <p>DIN:00474126</p>	Indian	55	<p>(1) RYC Properties Limited (2) RYC Maintenance Services Private Limited (3) Tulip Technologies Private Limited (4) Sterling Springs Private Limited (5) Cura Pharmaceuticals Private Limited</p>
3.	<p>Mr. Rajkumar Kamdar Whole-time Director S/o Mr. Ashwin Kumar Kamdar Old No. 2, New No. 3, Sylvan Lodge Colony, 1st Cross Street, Kilpauk, Chennai – 600010</p> <p><i>Business</i></p> <p>Term: Upto April 29, 2012</p> <p>DIN:01246580</p>	Indian	26	<p>(1) RYC Maintenance Services Private Limited (2) Cura Pharmaceuticals Private Limited</p>

Sr. No.	Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (in years)	Details of other Directorships
4.	<p>Mr. Asit Mehta Executive Director S/o Mr. Dinukumar Mehta New No. 13, Old No. 6, Dr. Guruswamy Road, Chetpet, Chennai-600 031.</p> <p><i>Business</i></p> <p>Term: Liable to retire by rotation</p> <p>DIN:01431317</p>	Indian	30	None
5.	<p>Mrs. Meena Kamdar Non-Executive Director W/o Mr. Ashwin Kumar Kamdar Old No. 2, New No. 3, Sylvan Lodge Colony, 1st Cross Street, Kilpauk, Chennai – 600010.</p> <p><i>Business</i></p> <p>Term: Liable to retire by rotation</p> <p>DIN: 01668794</p>	Indian	53	None
6.	<p>Mr. Jitinder Singh Chopra Independent Director S/o Mr. Harikishan Singh Chopra No. 43, Ranjit Road, Kotturpuram, Chennai-600085.</p> <p><i>Business</i></p> <p>Term: Liable to retire by rotation</p> <p>DIN: 01193817</p>	Indian	70	(1) Lucas Indian Service Limited

Sr. No.	Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (in years)	Details of other Directorships
7.	<p>Mr. Navratan Dugar Independent Director S/o Mr. Mohan Mull 406, Olympus, Prestige Acropolis, No.20 Hosur Road, Bangalore- 560029.</p> <p><i>Service</i></p> <p>Term: Liable to retire by rotation</p> <p>DIN: 00197281</p>	Indian	63	(1) TT Limited
8.	<p>Mr. N. Gomathinayagam Independent Director S/o Mr. Natarajan Flat No. 1-D, Temple Rock, No. 44A, New Avadi Road, Kilpauk, Chennai-600010</p> <p><i>Retired Bank Executive</i></p> <p>Term: Liable to retire by rotation</p> <p>DIN:00058605</p>	Indian	71	(1) Ucal Fuel Systems Limited. (2) Roots Industries Limited (3) G.M. Pens (International) Private Limited.
9.	<p>Mr. Rajnikant Turakhia Independent Director S/o Jagjivandas Turakhia 20, 1st Cross Street, CIT Nagar, Mylapore, Chennai-600004</p> <p><i>Business</i></p> <p>Term: Liable to retire by rotation</p> <p>DIN: 01165840</p>	Indian	67	(1) Vision Care India Private Limited.
10.	<p>Mr. R. Subramanian Independent Director S/o Mr. N. K. Ramakrishnan. 85, Pantheon Road, 20-Srirangam Avenue, Egmore, Chennai-600008</p> <p><i>Advocate</i></p> <p>Term: Liable to retire by rotation</p> <p>DIN: 00478466</p>	Indian	52	(1) Shastra Management & Finance Control Limited. (2)Magnetic Auto Control Private Limited (3)Magnetic Ventures Private Limited

Brief Biography of our Directors

Mr. Ashwin Kumar Kamdar, aged about 54 years, is a well known business man in south India. He started a business in plastic at a very young age of 14 years. He has been in various business including import and export of metals. In 1982, he was given the largest exporter award in South India for his stainless steel utensils business. He has been in the business of construction since 1988. He has a significant experience in marketing and his uniqueness lies in identifying vision projects and selecting the right land for construction and development. The proof of this lies in Prince having established itself as one of the early entrants and having pioneered projects on Old Mahabalipuram Road, Athipet and Sriperumbudur where very few builders in Chennai have ventured into. He also has an excellent track record of completing projects on time and within the stipulated budget whilst maintaining its quality.

Mr. Sharad Vasanji, aged 55 years, is a qualified mechanical engineer from Guindy Engineering College. After completing his Engineering degree, he also successfully completed the Master of Science degree from Columbia University. He started his career as a Managing Partner in M/s. Hareeshar & Co; manufacturers and exporters of stainless steel (hospital and kitchenware) from 1978 to 1988. From 1988 to 2004; he was a director with Rajyog Constructions Limited and was responsible for managing the technicalities of the infrastructure projects. Post 2004, he joined Prince Foundations Limited as a Director and was completely responsible for the concept, design, implementation and management of housing/commercial and IT projects in association with the architects. He is also in charge of our Company's operations on a day-to-day basis.

Mr. Rajkumar Kamdar is 26 years of age. At a very young age he has successfully shouldered huge responsibilities and assisted his father, Mr. Ashwin Kumar Kamdar, in the incorporation and the successful running of our Company. He mainly handles the portfolio of construction projects, purchase of materials and office automation. Overall he has about 3 years of experience in the construction industry.

Mr. Asit Mehta, aged 30 years, is a commerce graduate. He has extensive experience in sales and marketing, and was involved in the jewellery retail business for over 10 years. For the last one year, he has been associated with our Company as a Director and is responsible for the sales and marketing portfolio of our Company. He has to his credit the successful launch of one of our residential projects – “Prince Greenwoods”.

Mrs. Meena Kamdar is around 53 years of age. She is a non-executive Director of our Company who is also one of the subscribers to our memorandum. She has provided immense support and guidance to our promoters right from the inception of our Company and she continues to be a source of inspiration for our employees and Key Managerial Personnel.

Mr. Jitinder Singh Chopra is of 70 years of age. He graduated from St. Stephen's college Delhi and went on to do his engineering from Sheffield University UK. He further did a full-time advance electrical engineering course from the Manchester College of Science and Technology. He joined Joseph Lucas, UK as a development engineer and within six months he joined Lucas – TVS in 1962. He was awarded “Marketing Man of the Year” Gold Medal from the Institute of Marketing and Management in 1975. In 1987 he was promoted as a General Manager. Subsequently in 1991 he was made the Vice President and in 1995 he was promoted as the President.

Mr. Navratan Dugar is of 63 years of age. He did his Masters in Commerce from the Loyala College, Chennai and has completed his Masters in Business Administration from the Indian Institute of Management, Kolkata and an advanced management programme from the Harvard Business School in Boston, United States of America. He started his career with a Chemoleum Limited as a Commercial Manager and Company Secretary and then moved on as Manager Finance in Mysore Sales International Limited, a Government Trading Organisation. He headed

the Marketing and Sales function of TTK Group. He was featured in the “Professional Profile Column” of the “Business India” magazine under the title “TTK Star Performer”. He moved on to Herbertsons Limited as Regional Manager-South and within two years, rose to the position of President of the Balaji Group-an associate of United Breweries Group. Currently, he is the Executive Vice President-Procurement, Projects, Manufacturing and Quality Control of the United Breweries Group, Spirits Division.

Mr. N.Gomathinayagam is of 71 years of age. He is one of the senior most Directors in our Company. He did his graduation in B.Com (Hons) graduate from Madras University and went on to complete C.A.I.I.B. He joined the State Bank of India and retired as Deputy Managing Director.

Mr. Rajnikant Turakhia is of 67 years of age. He is a founder of Vision Care India Private Limited and a leading businessman of Chennai. He has also established Turakhia Group which owns a chain of optical showrooms in India. Apart from that he is a consultant to International companies like Johnson and Johnson, and Bausch and Lomb India P Ltd. He has been elected as President of Indian Optometric Association for two consecutive times.

Mr. R.Subramanian is of 52 years of age. He became a member of the State Bar Council on June 13, 1979. Subsequently he joined a leading Senior Advocate and gained experience in the various facets of law by conducting cases before Financial Authorities, Tribunals and the High Court. Five years hence he started independent practice and is presently appearing and conducting cases in courts and tribunals through out the country and the Hon’ble Supreme Court. Presently he is considered a leading lawyer of Chennai for property related matters.

Borrowing Powers of the Directors

Pursuant to a resolution passed by the Shareholders in accordance with the provisions of Section 293 (1) (d) of the Companies Act, 1956, at the Extra-Ordinary General Meeting held on May 24, 2007, our Board has been authorized to borrow sums of money for the purposes of the Company on such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies borrowed together with the monies already borrowed by the Company shall not exceed at any time, a sum of Rs. 10,000/- million.

Details of appointment and compensation of our Directors

Sr. No.	Name of Director	Date of Resolution	Details of Remuneration	Term
1.	Mr. Ashwin Kumar Kamdar	By a resolution of the Board of Directors of our Company dated March 2, 2007	Rs. 1,125,000/- per month plus perquisites and allowances	Appointed as Chairman & Managing Director for a period of 5 years with effect from March 2, 2007
2.	Mr. Sharad VasANJI	By a resolution of the Board of Directors of our Company dated April 30, 2007	Rs. 750,000/- per month plus perquisites and allowances	Appointed as Whole-time Director for a period of 5 years with effect from April 30, 2007
3.	Mr. Rajkumar Kamdar	By a resolution of the Board of Directors of our Company dated April 30, 2007	Rs. 375,000/- per month plus perquisites and allowances	Appointed as Whole-time Director for a period of 5 years with effect from April 30, 2007
4.	Mr. Asit Mehta	By a resolution of the Board of Directors of our Company dated March 1, 2007	Rs. 250,000/- per month plus perquisites and allowances	Appointed as Executive Director liable to retire by rotation

5.	Mrs. Meena Kamdar	By a resolution of the Board of Directors of our Company dated June 29, 2007	No remuneration except sitting fees	Appointed as Director liable to retire by rotation
6.	Mr. Jitinder Singh Chopra	By a resolution of the Board of Directors of our Company dated June 29, 2007	No remuneration except sitting fees	Appointed as Director liable to retire by rotation
7.	Mr. Navratan Dugar	By a resolution of the Board of Directors of our Company dated June 29, 2007	No remuneration except sitting fees	Appointed as Director liable to retire by rotation
8.	Mr. N. Gomathinayagam	By a resolution of the Board of Directors of our Company dated June 29, 2007	No remuneration except sitting fees	Appointed as Director liable to retire by rotation
9.	Mr. Rajnikant Turakhia	By a resolution of the Board of Directors of our Company dated June 29, 2007	No remuneration except sitting fees	Appointed as Director liable to retire by rotation
10.	Mr. R. Subramanian	By a resolution of the Board of Directors of our Company dated June 29, 2007	No remuneration except sitting fees	Appointed as Director liable to retire by rotation

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable) of the Listing Agreement, especially in relation to broad basing of our Board and the constitution of committees. Our Company undertakes to take the necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our Board has 10 Directors, of which, the Chairman of the Board is an executive Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, we have 5 executive Directors and 5 non-executive Directors.

Audit Committee

The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

This Committee consists of the following:

Name of Director	Designation in the Committee	Designation in the Company
Mr. N. Gomathinayagam	Chairman	Independent Director
Mr. Navratan Dugar	Member	Independent Director
Mr. Ashwin Kumar Kamdar	Member	Chairman & Managing Director

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

1. To oversee the financial reporting process and disclosures of financial information;
2. To review the quarterly/ half yearly and annual financial statements before submission to the Board of Directors with special emphasis on accounting policies, compliance of accounting standards and other legal requirements relating to financial statements;
3. To review the findings of the internal investigation and periodic audit reports;
4. To hold discussions with the external auditors about the scope of audit;

5. To recommend appointment/removal of statutory auditors and fixing their remuneration;
6. To review all issues which are required to be reviewed by the audit committee pursuant to the Listing Agreement with the Stock Exchanges and the Companies Act, 1956 with the management and the internal and external auditors;
7. To review with the management the financial statements with reference to any related party transactions;
8. To review the observations of internal and statutory auditors in relation to all areas of operation of the Company, including internal control systems;
9. To examine all taxation matters, including related legal cases;
10. To review with the management the financial statements of the Subsidiary Companies; and
11. Any other terms of reference as may be included from time to time in Clause 49 of the Listing Agreement.

Remuneration Committee

The Remuneration Committee is responsible for determining the Company's remuneration policy, having regard to performance standards and existing industry practice. Under the existing policies of our Company, the Remuneration Committee *inter alia* determines the remuneration payable to our Directors and other Key Management Personnel in our Company.

Apart from discharging the above -mentioned functions, the Remuneration Committee also discharges the following functions:

1. Framing policies and compensation including salaries and salary adjustments, incentives, bonuses, promotion, benefits, stock options and performance targets of the top executives;
2. Remuneration of Directors; and
3. Strategies for attracting and retaining employees and employee development programme.

This Committee consists of the following:

Name of Director	Designation in the Committee	Designation in the Company
Mr. Jitinder Singh Chopra	Chairman	Independent Director
Mr. R. Subramanian	Member	Independent Director
Mr. Rajnikant Turakhia	Member	Independent Director

Investor Grievance and Share Transfer Committee

This Committee is responsible for the redressal of shareholder grievances and for giving effect of share transfer.

This Committee consists of the following:

Name of Director	Designation in the Committee	Designation in the Company
Mr. R. Subramanian	Chairman	Independent Director
Mr. Sharad VasANJI	Member	Whole-time Director
Mr. Rajkumar Kamdar	Member	Whole-time Director

The terms of reference of the Investor Grievance and Share Transfer Committee are as follows:

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non-receipt of balance sheet etc in particular;
2. Review of the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent; and
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee.

This Committee is also responsible for approval of transfer of Equity and preference shares including power to delegate the same to registrar and transfer agents.

Shareholding of our Directors

Except as provided below, our Directors do not hold any Equity Shares in our Company as of August 31, 2007:

Sr. No.	Names of our Directors	No. of Equity Shares	%age of Pre-Issue Shareholding	%age of Post-Issue Shareholding (assuming Green Shoe Option exercised in full)	%age of Post-Issue Shareholding (assuming Green Shoe Option not exercised)
1.	Mr. Ashwin Kumar Kamdar	10,290,000	32.67%	27.28	27.68
2.	Mr. Sharad VasANJI	2,100,000	6.67%	5.57	5.65
3.	Mr. Rajkumar Kamdar	3,150,000	10.00%	8.35	8.48
4.	Mr. Asit Mehta	3,150,000	10.00%	8.35	8.48
5.	Mrs. Meena Kamdar	4,410,000	14.00%	11.69	11.87
	Total	23,100,000	73.34%	61.23%	62.15%

Interest of Promoters, Directors and significant Shareholders

All the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof, as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association and to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company.

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

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

Interest as to Property:

(1) Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Asit Mehta, one of our Directors, and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah, for the purpose of developing residential apartments/units/ flats and/or commercial building(s) constructed on the property. The said property is a part of our project Prince LeGrande.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated October 11, 2006 entered into between our Company and Mr. Asit Mehta and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah. (“Owners”)</p> <p>Power of Attorney dated October 11, 2006 given by Mr. Asit Mehta and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah, in favour of our Company <i>inter alia</i> for the following:</p> <p>a) To negotiate for the sale of 70% of the property and to receive the advance and full sale price for the same;</p> <p>b) Execution of the documents of sale or otherwise disposition of the property in favour of prospective purchasers;</p> <p>c) To sign other documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for conducting and concluding the registration of the documents;</p> <p>d) To obtain all necessary permits, sanctions and exemptions from the concerned authorities in relation to the property; and</p> <p>e) To raise finance by giving security of 70% of the property.</p>	<p>Property bearing registered survey numbers 95/2, 94/2B, 95/3A2, 94/8B, 94/9A, 95/3A1B, 94/2A2, 95/4A2, 94/8A, 95/4A3, 95/5A2 admeasuring 2.96 acres, situated in village No. 41, Pudupakkam Village, Kancheepuram District.</p>	<p>Our Company shall provide the Owners, 30% of the built up area of the building (s) to be constructed on the property, of which Mr. Asit Mehta’s share will be ~2.17 %</p> <p>Our Company has paid a security deposit of Rs. 6,400,000/- out of which Rs. 400,000/- has been paid to Mr. Asit Mehta, to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owners.</p>

(2) Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Sharad VasANJI, one of our Promoter Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI, for the purpose of constructing a mini township on the property. The said property is a part of our project Prince Highland.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated August 30, 2007 entered into between our Company and Mr. Sharad VasANJI, one of our Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI. (“Owners’)</p> <p>Power of Attorney dated September 3, 2007 given by Mr. Sharad VasANJI, one of our Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI, in favour of our Company <i>inter alia</i> for the following:</p> <p>a) To sign documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for submission of documents to the Chennai Metropolitan Development Authority and other appropriate authorities;</p> <p>d) To sign all plans, affidavits, applications, letters, indemnities before the competent authorities of the Government Departments or Municipal Bodies etc. for obtaining all necessary, sanctions in relation to the property; and</p> <p>e) To do all acts and things as may be necessary and reasonably required .</p>	<p>Property bearing registered survey numbers 132/11, 130/1A, 132/6, 38, 39/8, 30/8, 39/1, 39/2, 25/3, 25/5B1, 30/4, 30/5, 122/2C, 122/3, 131/2, 36/6, 131/1, 130/2, 130/3, 130/1C, 130/1F, 130/1-I, 130/1-O, 130/1P, 130/1E, 130/1S, 130/1R, 132/6, 132/7, 132/8, 132/10, 134/17, 134/20, 134/21, 130/1-Q, 130/1H, 130/1G, 132/9, 130/1K, 130/1L, 130/1D, 130/1S, 24/1, 24/3, 30/1, 25/5B2, 29/3, 27/2B, 27/3B, 30/11, 37/3, 33/6, 29/4, 29/5, 30/9, 23/1B1, 23/4, 23/5, 23/6, 23/3, 25/5A, 25/4, 130/14J2, 33/3B, 22/2, 30/6, 30/7, 32/2, 32/3A, 33/2, 33/4, 33/5A, 33/5B, 33/7, 30/3, 23/1A, 23/2, 24/2, 29/1, 29/2, 130/1N, 130/1M, 34/3, 34/4, 35/1, 30/10, 130/4, 112, 32/1, 33/1, 36/7, 36/3, 37/4B, 36/1, 36/2, 39/5, 39/6, 35/2B, 37/4A, 37/4C, 39/4, 39/7, 35/2A, 130/5, 130/14D, 131/4, 39/3B1, 39/3B2, 39/3A, 44 and 28 admeasuring 26.53 acres at No. 30, Polachery Village, Chengalpattu Taluk, Kancheepuram District.</p>	<p>Our Company shall provide the Owners, 30% of the super built up area of the building (s) to be constructed on the property, of which Mr. Sharad VasANJI’s share will be ~21 %, Mrs. Dipti Sharad’s share will be ~8.7 % and Mrs. Sheila Hareesh’s share will be ~37.3% .</p> <p>Our Company has agreed to pay a security deposit of Rs. 50,000,000/- wherein Rs. 5,000,000/- has been paid at the time of signing of the Joint Development Agreement and the balance shall be paid after obtaining the necessary sanctions and approvals from the relevant authorities. Out of the total security deposit, Rs. 10,500,000/- will be paid to Mr. Sharad VasANJI, Rs. 4,350,000/- will be paid to Mrs. Dipti Sharad and Rs.18,650,000/- will be paid to Mrs. Sheila Hareesh, to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owners.</p>

(3) Our Company has entered into a Lease Deed in relation to our Registered Office with Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others namely; Mr. Kantilal Kamdar, Mr. Bharatkumar Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam and Mrs. Nirmala Ramanlal.

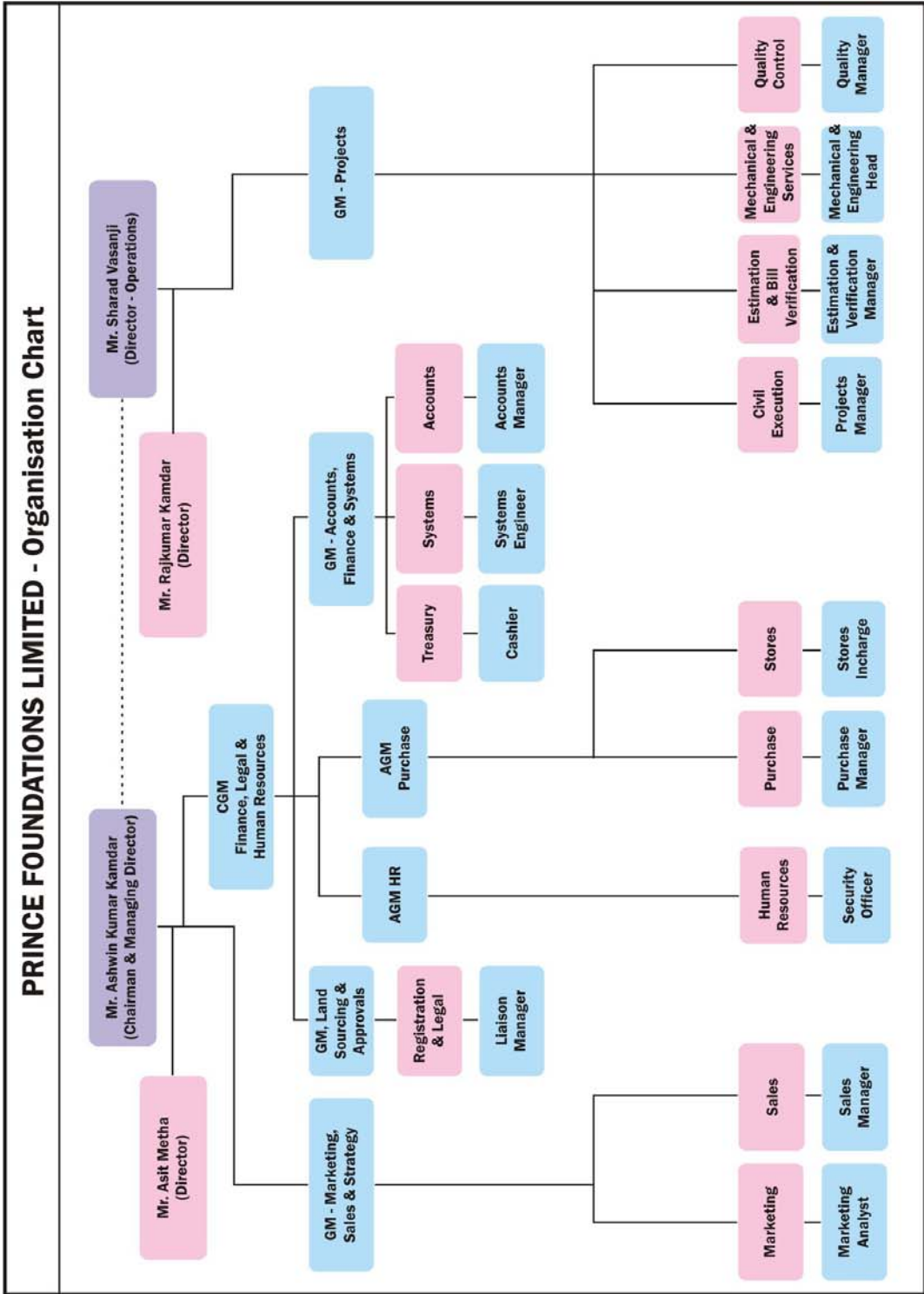
Sr. No.	Details of Agreement, if any	Description of Premises	Term	Consideration/ Rent
1.	Lease Deed dated June 1, 2004 entered into between our Company and Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others namely; Mr. Kantilal Kamdar, Mr. Bharatkumar Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam and Mrs. Nirmala Ramanlal. ("Owners')	Ground floor and First floor Unit No. GD and 1D of the building, "Price Apartments", situated at Door No. 59, Ormes Road, Kilpauk, Chennai-600 010.	5 years from the date of agreement.	Rs.54,000/-per month. Of the above, Mrs. Meena Kamdar will receive Rs. 6,750/- per month as rent, Mrs. Sheila Hareesh will receive Rs. 6,750/- per month as rent and Mrs. Dipti Sharad will receive Rs. 6,750/- per month as rent.

Further, Mr. R. Subramanian, a Director of our Company and an independent advocate, is deemed to be interested to the extent of the fees payable to him which amounts to Rs. 1.31/- million for the year ended March 31, 2007, for providing legal opinions to our Company from time to time. However, no sum has been paid or agreed to be paid to him in cash or shares or otherwise, by any person to induce, or to qualify Mr. R. Subramanian as Director of our Company, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus, in which the Directors are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Changes in our Board of Directors during the Last Three Years

Sr. No.	Name of the Director	Date of Change	Reason
1.	Mr. Asit Mehta	April 14, 2006	Appointed as Managing Director.
2.	Mrs. Meena Kamdar	March 2, 2007	Resignation as Director.
3.	Mr. Asit Mehta	March 2, 2007	Resignation as Managing Director and Appointment as Executive Director.
4.	Mr. Ashwin Kumar Kamdar	March 2, 2007	Appointed as Chairman & Managing Director.
5.	Mr. Sharad VasANJI	April 30, 2007	Change in designation from Director to Whole-time Director.
6.	Mr. Rajkumar Kamdar	April 30, 2007	Change in designation from Director to Whole-time Director.
7.	Mrs. Meena Kamdar	June 29, 2007	Appointed as an Additional Non-Executive Director
8.	Mr. Jitinder Singh Chopra	June 29, 2007	Appointed as an Additional Independent Director
9.	Mr. Navratan Dugar	June 29, 2007	Appointed as an Additional Independent Director
10.	Mr. Mr. N. Gomathinayagam	June 29, 2007	Appointed as an Additional Independent Director
11.	Mr. Rajnikant Turakhia	June 29, 2007	Appointed as an Additional Independent Director
12.	Mr. R. Subramanian	June 29, 2007	Appointed as an Additional Independent Director



Our Key Managerial Personnel

The Key Managerial Personnel of our Company other than our Directors are as follows:

Name	Age (Years)	Designation	Date of Joining	Qualifications	Prior Experience	Annual Remuneration (Rs. In Mn.)
Mr. B. Kalyanaraman	53	Chief General Manager - Finance, Legal and Human Resources	February 27, 2004	B.Sc, CAIIB	1. Rajyog Constructions Limited 2. Bharat Overseas Bank Limited 3. Deccansugar and Abkhari & Company Limited.	1.8/-
Mr. N. G. Subramanya Babu	43	General Manager-Projects	June 1, 2006	M.Sc	1. BG Shirke Construction Technologies Limited	0.43/-
Mr. Raajes V.	37	General Manager-Marketing and Corporate Strategy	February 7, 2007	B.Com	1. Vanguard ads Private Limited 2. Ace Publicities 3. Apex Megaraphix 4. Elan Diamond Tools Limited	0.60/-
Mr. V.K. Vasudevan	37	General Manager-Finance	May 28, 2007	ACA	1. HCL Technologies Ltd 2. ICICI Bank 3. ICICI Securities	0.90/-
Mr. Devesh Bhuva	30	General Manager-Land Sourcing & Approvals	June 1, 2007	B.Com, PGDSM (Sales & Marketing)	1. Bhumi Realtors 2. Harish Enterprises	0.90/-
Mrs. Kalpana Ramamurthy	25	Company Secretary and Compliance Officer	June 29, 2007	ACS, B.Com	1. Integrated Software Private Limited 2. Sun Direct TV Private Limited 3. Vibromech Engineers and Services Limited	0.30/-

The Key Managerial Personnel whose names appear above are permanent employees and are on the rolls of our Company. None of the above mentioned Key Managerial Personnel are related to each other. None of the Key Managerial Personnel are appointed pursuant to any arrangement or understanding with major shareholder, customer or supplier.

Remuneration of Key Managerial Personnel

The remuneration of Key Managerial Personnel for the year 2006-2007 is as follows:

Sr. No.	Name of the Key Managerial Personnel	Total remuneration (Rs. In million)
1.	Mr. B. Kalyanaraman	0.49
2.	Mr. N. G. Subramanya Babu	0.50
3.	Mr. Raajes V.	0.10
4.	Mr. V.K. Vasudevan	Since he joined after March 07, no remuneration was paid to him during the year ended March 31, 2007
5.	Mr. Devesh Bhuva	Since he joined after March 07, no remuneration was paid to him during the year ended March 31, 2007
6.	Mrs. Kalpana Ramamurthy	Since she joined after March 07, no remuneration was paid to her during the year ended March 31, 2007

Shareholding of our Key Managerial Personnel

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

Bonus or Profit Sharing Plan of the Key Managerial Personnel

Our Company does not have a performance linked bonus or a profit sharing plan for the Key Management Personnel.

Interests of Key Managerial Personnel

Except as given below, 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.

Mr. Raajes V. is a director and shareholder on the board of Cura Pharmaceuticals Private Limited, one of our Group Companies. He currently holds 50 shares in Cura Pharmaceuticals Private Limited being 1.02 % of the paid up capital of our company.

Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Devesh Bhuva, one of our Key Managerial Personnel for the purpose of residential apartments/units/ flats and/or commercial building(s) constructed on the property. The said property is a part of our project Prince Chateau.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated May 28, 2007 entered into between our Company and Mr. Devesh Bhuva. ("Owner")</p> <p>Power of Attorney dated May 29, 2007 given by Mr. Devesh Bhuva, in favour of our Company <i>inter alia</i> for the following:</p> <p>a) To negotiate for the sale of 70% of the property and to receive the advance and full sale price for the same;</p> <p>b) Execution of the documents of sale or otherwise disposition of the property in favour of prospective purchasers;</p> <p>c) To sign other documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for conducting and concluding the registration of the documents;</p> <p>d) To obtain all necessary permits, sanctions and exemptions from the concerned authorities in relation to the property; and</p> <p>e) To raise finance by giving security of 70% of the property.</p>	<p>Property bearing registered survey number 90/3A2 admeasuring 19 cents, situated in village No. 41, Pudupakkam Village, Kancheepuram District.</p>	<p>Our Company shall provide the Owner, 30% of the built up area of the building (s) to be constructed on the property.</p> <p>Our Company has paid a security deposit of Rs. 550,000/- to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owner.</p>

None of our Key Managerial Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Changes in our Key Managerial Personnel during the Last Three Years

Name of the Key Managerial Personnel	Date of Joining	Reason for change
Mr. N. G. Subramanya Babu	June 1, 2006	Appointed
Mr. Raajes V.	February 7, 2007	Appointed
Mr. V.K. Vasudevan	May 28, 2007	Appointed
Mr. Devesh Bhuva	June 1, 2007	Appointed
Mrs. Kalpana Ramamurthy	June 29, 2007	Appointed

Disclosures regarding the Employee Stock Option Scheme

At present, we do not have any stock option scheme or stock purchase scheme for the employees of our Company.

Payment or Benefit to officers of our Company

Except Statutory benefits upon termination of their employment in our Company, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

OUR PROMOTER AND PROMOTER GROUP

Our Promoters

Our Promoters are Mr. Ashwin Kumar Kamdar and Mr. Sharad Vasanji.

The details of our Promoters are as follows:

	<p>Mr. Ashwin Kumar Kamdar, Chairman & Managing Director Mr. Ashwin Kumar Kamdar, aged 54 years, a resident Indian national, is a Promoter of our Company.</p> <p>Mr. Ashwin Kumar Kamdar, aged about 54 years, is a well known business man in south India. He started a business in plastic at a very young age of 14 years. He has been in various business including import and export of metals. In 1982, he was given the largest exporter award in South India for his stainless steel utensils business. He has been in the business of construction since 1988. He has a significant experience in marketing and his uniqueness lies in identifying vision projects and selecting the right land for construction and development. The proof of this lies in Prince having established itself as one of the early entrants and having pioneered projects on Old Mahabalipuram Road, Athipet and Sriperumbudur where very few builders in Chennai have ventured into. He also has an excellent track record of completing projects on time and within the stipulated budget whilst maintaining its quality.</p> <p>PAN: AAEP4629B Passport Number: E4199474 Driving License No: R/TN/001/006775/2003 Voter ID: BDZ1663897</p>
	<p>Mr. Sharad Vasanji, Whole-time Director Mr. Sharad Vasanji, aged 55 years, a resident Indian national, is a Promoter of our Company.</p> <p>He is a qualified mechanical engineer from Guindy Engineering College. After completing his Engineering degree, he also successfully completed the Master of Science degree from Columbia University. He started his career as a Managing Partner in M/s. Hareeshar & Co; manufacturers and exporters of stainless steel (hospital and kitchenware) from 1978 to 1988. From 1988 to 2004; he was a director with Rajyog Constructions Limited and was responsible for managing the technicalities of the infrastructure project. Post 2004, he joined Prince Foundations Limited as a Director and was completely responsible for the concept, design, implementation and management of housing/commercial and IT projects in association with the architects. He is also in charge of our Company's operations on a day-to-day basis</p> <p>PAN: ASGPS3275H Passport Number: F6362807 Driving License No: R/TN/001/015231/2004 Voter ID: TN/02/008/0048199</p>

We confirm that the Permanent Account Number, Bank Account details and Passport Number of our Promoters, have been submitted to the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited, on which our Company proposes to list its Equity Shares at the time of filing of this Draft Red Herring Prospectus.

Further, our Promoters have not been identified as willful defaulters by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by our Promoters in the past or any such proceedings are pending against our Promoters.

Interests of Promoters and Common Pursuits.

The aforementioned Promoters are interested to the extent of their shareholding in our Company. Further, our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them.

Further, our individual Promoters are also directors on the boards of or members of certain Promoter Group entities and they may be deemed to be interested to the extent of payments made by our Company, if any, to these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, please refer to the chapter titled “Related Party Transactions” beginning on page 158 of this Draft Red Herring Prospectus.

Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Sharad VasANJI, one of our Promoter Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI, for the purpose of constructing a mini township on the property. The said property is a part of our project Prince Highland. For further details please refer to the chapter titled “Our Management” beginning on page 130 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Payment of benefit to Promoters of our Company

Except as stated in the chapter titled “Related Party Transactions” beginning on page 150 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

Related party transactions

For details on our related party transactions, please refer to the chapter titled “Related Party Transactions” beginning on page 150 of this Draft Red Herring Prospectus.

Currency of Presentation

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “million” or “Mn.” or “Mns.”, means “One thousand thousand” or “Ten Lacs”. In this Draft Red herring Prospectus, any discrepancies in any table between of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, unless the context otherwise requires, all references to “Rupees” / “Rs.” is the legal currency of the Republic of India.

Dividend Policy

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

OUR PROMOTER GROUP

In terms of 6.8.3.2 Explanation II of the SEBI (DIP) Guidelines, the following persons form part of our Promoter Group.

I In case Promoter is an individual

a. Natural persons part of promoter group (due to relationship with the promoters)

Relationship with Promoters	Promoters	
	Mr. Ashwin Kumar Kamdar	Mr. Sharad Vasanji
Father	Mr. Kantilal Kamdar	Mr. Vasanji Vijpal
Mother	Mrs. Pravina Kamdar	Mrs. Luxmi Vijpal
Brother	Mr. Bharat Kumar Kamdar	Mr. Hareesh Vasanji
Sister	Mrs. Malathi Jayesh	---
Spouse	Mrs. Meena Kamdar	Mrs. Dipti Sharad
Children	Mr. Rajkumar Kamdar Mrs. Nirali Mehta Ms. Chaitali Kamdar	Ms. Disha Sharad Ms. Aditi Sharad

b. Companies, Firms, HUFs, Proprietary Concerns, Trusts and Co-ownerships which form a part of our Promoter Group

Relationship with Promoters	Promoters	
	Mr. Ashwin Kumar Kamdar	Mr. Sharad Vasanji
Any company in which 10% or more of the share capital is held by the promoter or a firm or HUF in which the promoter or any one or more of his immediate relatives is a member	<ol style="list-style-type: none"> 1. Rajyog Constructions Limited 2. RYC Maintenance Services Private Limited 3. RYC Properties Limited 4. Cura Pharmaceuticals Private Limited 	<ol style="list-style-type: none"> 1. RYC Maintenance Services Private Limited 2. RYC Properties Limited 3. Atlas Metals Processors Private Limited 4. Thermo Housewares Private Limited 5. Venture Metal Products Private Limited 6. Tulip Technologies Private Limited 7. Cura Pharmaceuticals Private Limited 8. Sterling Springs Private Limited 9. Vijpal Khishi Charitable Trust
Any company in which a company (mentioned above) holds 10% of the total holding	Nil	Nil
Any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total holding	<ol style="list-style-type: none"> 1. M/s. Prince Property Management Services 2. M/s. Rajvaibhav Constructions 3. M/s. Zenith International 4. Ashwin Kumar Kamdar HUF 5. International Warehousing Corporation 	<ol style="list-style-type: none"> 1. Prince Property Management Services 2. M/s. Hareeshar & Co. 3. Gemini Metal Works 4. Gemini Warehouse 5. Gemini Industrial Estate 6. Yogesh Warehousing Corporation 7. International Warehousing Corporation 8. Sharad Vasanji HUF 9. Hareesh Vasanji HUF 10. Vijpal Vasanji HUF (Main) 11. Vijpal Vasanji HUF

II In case promoter is a company

We do not have any corporate entity as our Promoter.

RELATED PARTY TRANSACTIONS

(I) List of Related Parties:

- Enterprises over which our Directors constituting part of our Promoter Group, viz. Ashwin Kumar Kamdar, Sharad VasANJI, Rajkumar Kamdar exercise significant influence by virtue of their being a Director / Shareholder / partner / owner /co-owner / Karta in the entity.

Sr. No	Name of the Enterprise	Description
1	RYC Properties Limited	Public Limited Company
2	Rajyog Constructions Limited	Public Limited Company
3	RYC Maintenance Services Private Limited	Private Limited Company
4	Tulip Technologies Private Limited	Private Limited Company
5	Sterling Springs Private Limited	Private Limited Company
6	Cura Pharmaceuticals Private Limited	Private Limited Company
7	Prince Property Management Services	Partnership Firm
8	RajVaibhav Constructions	Partnership Firm
9	Raj Vaibhav Investments	Partnership Firm
10	Zenith International	Proprietary concern
11	Gemini Warehouse	Co Ownership
12	Gemini Industrial Estate	Co Ownership
13	International Warehousing Corporation	Co Ownership
14	Ashwin Kumar Kamdar HUF	HUF
15	Sharad VasANJI HUF	HUF

- Enterprises promoted by relatives of our promoters, over which our Directors constituting part of our Promoter Group, viz. Ashwin Kumar Kamdar, Sharad VasANJI, Rajkumar Kamdar exercise indirect influence by virtue of their being a relative of the Director / Shareholder / owner / co-owner /co parcener of those entities.
-

Sr. No	Name of the Enterprise	Description
1	Atlas Metals Processors Private Limited	Private Limited Company
2	Thermo Housewares Private Limited	Private Limited Company
3	Venture Metal Products Private Limited	Private Limited Company
4	Hareeshar & Co.	Proprietary concern
5	Gemini Metal Works	Proprietary concern
6	Yogesh Warehousing Corporation	Co Ownership
7	Hareesh VasANJI HUF	HUF
8	Vijpal VasANJI HUF Main	HUF
9	Vijpal VasANJI HUF	HUF
10	Vijpal Khishi Charitable trust	Trust

Relatives of Key Managerial Personnel (only Directors)

NAME		DESIGNATION	RELATIVES
a)	Mr. Ashwin Kumar Kamdar	Appointed as Managing Director w.e.f. 02.03.2007	<ul style="list-style-type: none"> • Mr. Kantilal Kamdar – Father • Mrs. Meena Kamdar – Wife • Mr. Bharat Kumar Kamdar – Brother • Mrs. Malathi Jayesh – Sister • Mrs. Smitha Kamdar – Brother's Wife • Ms. Chaitali Kamdar – Daughter
b)	Mr. Asit Mehta	Executive Director (Resigned from Managing Directorship w.e.f. 01.03.2007)	<ul style="list-style-type: none"> • Mr. Ashwin Kumar Kamdar – Father- in- law
c)	Mr. Rajkumar Kamdar	Whole-time Director	<ul style="list-style-type: none"> • Ms. Tanvi Kamdar – Wife • Mr. Ashwin Kumar Kamdar – Father • Mrs. Meena Kamdar – Mother
d)	Mr. Sharad Vasanji	Whole-time Director	<ul style="list-style-type: none"> • Mrs. Dipti Sharad – Wife • Ms. Aditi Sharad – Daughter • Ms. Disha Sharad – Daughter • Mr. Vasanji Vijpal – Father • Mrs. Luxmi Vasanji – Mother • Mr. Hareesh Vasanji – Brother • Mrs. Sheila Hareesh – Brother's Wife • Ms. Apeksha Hareesh – Brother's Daughter • Mr. Yogesh Hareesh – Brother's Son
e)	Mrs. Meena Kamdar	Non-Executive Director	<ul style="list-style-type: none"> • Mr. Ashwin Kumar Kamdar – Husband • Mr. Rajkumar Kamdar – Son

Key Managerial Personnel

Sr. No.	Name of the Key Managerial Personnel	Remarks / Joining Date	Rs. in. Million		
			For the Period ended		
			2005	2006	2007
Remuneration					
1.	Mr. B. Kalyanaraman	February 27, 2004	0.07	0.38	0.49
2.	Mr. N. G. Subramanya Babu	June 1, 2006	Nil	Nil	0.50
3.	Mr. Raajes V.	February 7, 2007	Nil	Nil	0.10
4.	Mr. V.K. Vasudevan	May 28, 2007	Nil	Nil	Nil
5.	Mr. Devesh Bhuva	June 1, 2007	Nil	Nil	Nil
6.	Mrs. Kalpana Ramamurthy	June 29, 2007	Nil	Nil	Nil

II. Transaction carried out with Key Management Personnel and other related parties:

(Rs. In Mns.)

Name of related party	Nature of Transaction	For the year ending March 31,		
		2005	2006	2007
Ashwin Kumar Kamdar	Loan taken	6.06	0.00	2.10
	Interest paid	0.00	0.67	0.17
Meena Kamdar	Loan taken	0.36	1.36	4.80
	Interest paid	0.00	0.00	0.27
	Managerial Remuneration	0.00	1.80	1.80
	Rent paid	0.00	0.81	0.81
Rajkumar Kamdar	Loan taken	0.65	-0.34	6.11
	Managerial Remuneration	0.00	1.80	1.80
Sharad Vasanji	Loan taken	2.50	0.00	6.00
	Managerial Remuneration	0.00	2.40	2.40
Asit Mehta	Managerial Remuneration	0.00	0.00	0.60
	JDA Security Deposit	0.00	0.00	0.40
Ashwin Kumar Kamdar (HUF)	Loan taken	0.20	0.00	0.00
	Interest paid	0.00	0.02	0.00
Dipti Sharad	Loan taken	1.00	2.50	4.00
	Rent paid	0.00	0.81	0.81
Luxmi Vasanji	Loan taken	1.50	3.00	3.00
	Interest paid	0.12	0.00	0.18
Sheila Hareesh	Loan taken	1.50	0.00	3.50
	Rent paid	0.00	0.81	0.81
Vasanji Vijpal	Loan taken	4.00	4.00	2.00
	Interest paid	0.00	0.36	0.24
Tanvi R Kamdar	Loan taken	0.00	0.00	7.50
Chaitali A Kamdar	Loan taken	0.20	0.00	0.00
	Interest paid	0.00	0.02	0.00
Aditi Sharad	Loan taken	0.00	0.00	1.00
Apeksha Sharad	Loan taken	0.00	0.00	1.00
Disha Sharad	Loan taken	0.00	0.00	1.00
Yogesh Hareesh	Loan taken	0.00	0.00	1.00
RYC Maintenance Services Private Ltd	Labour and materials sold	0.00	0.00	0.56
RYC Properties Ltd	Materials purchased	0.00	0.00	7.22
RYC Properties Ltd	Loan taken	0.00	5.00	0.00
Rajyog Constructions Limited	Loan taken	0.00	8.13	0.00
Rajyog Constructions Limited	Loan repaid	0.00	0.00	3.13
Smitha Kamdar	Rent paid	0.00	0.81	0.81
Kantilal Kamdar	Rent paid	0.00	0.81	0.81
Bharat Kumar Kamdar	Rent paid	0.00	0.81	0.81
Mr. B. Kalyanaraman	Remuneration	0.07	0.38	0.49
Mr. N. G. Subramanya Babu	Remuneration	Nil	Nil	0.50
Mr. Raajes V.	Remuneration	Nil	Nil	0.10
Mr. V.K. Vasudevan	Remuneration	Nil	Nil	Nil
Mr. Devesh Bhuvu	Remuneration	Nil	Nil	Nil
Mrs. Kalpana Ramamurthy	Remuneration	Nil	Nil	Nil
Mr. R. Subramanian	Legal consultancy fees	Nil	Nil	1.31
	Total	18.09	35.96	69.04

Mr. Raajes V. is a director and shareholder on the board of Cura Pharmaceuticals Private Limited, one of our Group Companies. He currently holds 50 shares in Cura Pharmaceuticals Private Limited being 1.02 % of the paid up capital of the company.

Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Devesh Bhuva, one of our Key Managerial Personnel for the purpose of residential apartments/units/ flats and/or commercial building(s) constructed on the property. The said property is a part of our project Prince Chateau.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated May 28, 2007 entered into between our Company and Mr. Devesh Bhuva. ("Owner")</p> <p>Power of Attorney dated May 29, 2007 given by Mr. Devesh Bhuva, in favour of our Company <i>inter alia</i> for the following:</p> <p>a) To negotiate for the sale of 70% of the property and to receive the advance and full sale price for the same;</p> <p>b) Execution of the documents of sale or otherwise disposition of the property in favour of prospective purchasers;</p> <p>c) To sign other documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for conducting and concluding the registration of the documents;</p> <p>d) To obtain all necessary permits, sanctions and exemptions from the concerned authorities in relation to the property; and</p> <p>e) To raise finance by giving security of 70% of the property.</p>	<p>Property bearing registered survey number 90/3A2 admeasuring 19 cents, situated in village No. 41, Pudupakkam Village, Kancheepuram District.</p>	<p>Our Company shall provide the Owner, 30% of the built up area of the building (s) to be constructed on the property.</p> <p>Our Company has paid a security deposit of Rs. 550,000/- to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owner.</p>

(1) Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Asit Mehta, one of our Directors, and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah, for the purpose of developing residential apartments/units/ flats and/or commercial building(s) constructed on the property. The said property is a part of our project Prince LeGrande.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated October 11, 2006 entered into between our Company and Mr. Asit Mehta and seven others namely; Mr. Bhupesh Kumar Jain,</p>	<p>Property bearing registered survey numbers 95/2, 94/2B, 95/3A2, 94/8B, 94/9A, 95/3A1B,</p>	<p>Our Company shall provide the Owners, 30% of the built up area of the building (s) to be</p>

<p>Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah. (“Owners”)</p> <p>Power of Attorney dated October 11, 2006 given by Mr. Asit Mehta and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah, in favour of our Company <i>inter alia</i> for the following:</p> <p>a) To negotiate for the sale of 70% of the property and to receive the advance and full sale price for the same;</p> <p>b) Execution of the documents of sale or otherwise disposition of the property in favour of prospective purchasers;</p> <p>c) To sign other documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for conducting and concluding the registration of the documents;</p> <p>d) To obtain all necessary permits, sanctions and exemptions from the concerned authorities in relation to the property; and</p> <p>e) To raise finance by giving security of 70% of the property.</p>	<p>94/2A2, 95/4A2, 94/8A, 95/4A3, 95/5A2 admeasuring 2.96 acres, situated in village No. 41, Pudupakkam Village, Kancheepuram District.</p>	<p>constructed on the property, of which Mr. Asit Mehta’s share will be ~2.17 %</p> <p>Our Company has paid a security deposit of Rs. 6,400,000/- out of which Rs. 400,000/- has been paid to Mr. Asit Mehta, to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owners.</p>
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(2) Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Sharad VasANJI, one of our Promoter Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI, for the purpose of constructing a mini township on the property. The said property is a part of our project Prince Highland.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated August 30, 2007 entered into between our Company and Mr. Sharad VasANJI, one of our Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI. (“Owners”)</p> <p>Power of Attorney dated September 3, 2007 given by Mr. Sharad VasANJI, one of our Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI, in favour of our Company <i>inter alia</i> for the following:</p>	<p>Property bearing registered survey numbers 132/11, 130/1A, 132/6, 38, 39/8, 30/8, 39/1, 39/2, 25/3, 25/5B1, 30/4, 30/5, 122/2C, 122/3, 131/2, 36/6, 131/1, 130/2, 130/3, 130/1C, 130/1F, 130/1-I, 130/1-O, 130/1P, 130/1E, 130/1S, 130/1R, 132/6, 132/7, 132/8, 132/10, 134/17, 134/20, 134/21, 130/1-Q, 130/1H, 130/1G,</p>	<p>Our Company shall provide the Owners, 30% of the super built up area of the building (s) to be constructed on the property, of which Mr. Sharad VasANJI’s share will be ~21 %, Mrs. Dipti Sharad’s share will be ~8.7 % and Mrs. Sheila Hareesh’s share will be ~37.3% .</p>

<p>a) To sign documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for submission of documents to the Chennai Metropolitan Development Authority and other appropriate authorities;</p> <p>d) To sign all plans, affidavits, applications, letters, indemnities before the competent authorities of the Government Departments or Municipal Bodies etc. for obtaining all necessary, sanctions in relation to the property; and</p> <p>e) To do all acts and things as may be necessary and reasonably required .</p>	<p>132/9, 130/1K, 130/1L, 130/1D, 130/1S, 24/1, 24/3, 30/1, 25/5B2, 29/3, 27/2B, 27/3B, 30/11, 37/3, 33/6, 29/4, 29/5, 30/9, 23/1B1, 23/4, 23/5, 23/6, 23/3, 25/5A, 25/4, 130/14J2, 33/3B, 22/2, 30/6, 30/7, 32/2, 32/3A, 33/2, 33/4, 33/5A, 33/5B, 33/7, 30/3, 23/1A, 23/2, 24/2, 29/1, 29/2, 130/1N, 130/1M, 34/3, 34/4, 35/1, 30/10, 130/4, 112, 32/1, 33/1, 36/7, 36/3, 37/4B, 36/1, 36/2, 39/5, 39/6, 35/2B, 37/4A, 37/4C, 39/4, 39/7, 35/2A, 130/5, 130/14D, 131/4, 39/3B1, 39/3B2, 39/3A, 44 and 28 admeasuring 26.53 acres at No. 30, Polachery Village, Chengalpattu Taluk, Kancheepuram District.</p>	<p>Our Company has agreed to pay a security deposit of Rs. 50,000,000/- wherein Rs. 5,000,000/- has been paid at the time of signing of the Joint Development Agreement and the balance shall be paid after obtaining the necessary sanctions and approvals from the relevant authorities. Out of the total security deposit, Rs. 10,500,000/- will be paid to Mr. Sharad Vasanji, Rs. 4,350,000/- will be paid to Mrs. Dipti Sharad and Rs.18,650,000/- will be paid to Mrs. Sheila Hareesh, to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owners.</p>
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(3) Our Company has entered into a Lease Deed in relation to our Registered Office with Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others namely; Mr. Kantilal Kamdar, Mr. Bharatkumar Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam and Mrs. Nirmala Ramanlal.

Sr. No.	Details of Agreement, if any	Description of Premises	Term	Consideration/ Rent
1.	Lease Deed dated June 1, 2004 entered into between our Company and Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others namely; Mr. Kantilal Kamdar, Mr. Bharatkumar Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam and Mrs. Nirmala Ramanlal. (“Owners”)	Ground floor and First floor Unit No. GD and 1D of the building, “Price Apartments”, situated at Door No. 59, Ormes Road, Kilpauk, Chennai-600 010.	5 years from the date of agreement.	Rs.54,000/-per month. Of the above, Mrs. Meena Kamdar will receive Rs. 6,750/- per month as rent, Mrs. Sheila Hareesh will receive Rs. 6,750/- per month as rent and Mrs. Dipti Sharad will receive Rs. 6,750/- per month as rent.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, cash flows, capital expenditure, capital requirements and overall financial condition. Our Company has no stated dividend policy

The dividend paid by our Company in the last three financial years is as provided herein:

Sr. No.	Particulars	March 31, 2005	March 31, 2006	March 31, 2007
1.	Face Value per share	10	10	10
2.	Dividend (Rs. million)	Nil	Nil	Nil
3.	Dividend per Equity Share (Rs.)	Nil	Nil	Nil
4.	Dividend rate (% to paid up capital)	Nil	Nil	Nil

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

The Board of Directors
Prince Foundations Limited,
Prince Apartments,
#59, Ormes Road,
Kilpauk, Chennai-600010

Dear Sirs,

We have examined the financial information of Prince Foundations Limited (formerly Prince Foundations Private Limited) (the ‘Company’) annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus (the ‘DRHP’). This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Offering(‘IPO’) for the issue Equity shares {‘the Issue’}. This financial information has been prepared in accordance with the requirements of:

- i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the ‘Act’);
- ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the ‘SEBI Guidelines’) issued by the Securities and Exchange Board of India (‘SEBI’) in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;
- iii) The Guidance Note on the Reports in Company Prospectuses and the Guidance Note on Audit Report/Certificates on financial information in the Offer Document issued by the Institute of Chartered Accountants of India (‘ICAI’); and
- iv) In accordance with the terms of our letter of engagement with the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its Public Offer of equity shares.

A. *Financial Information as per Audited Financial Statements:*

We have examined the attached ‘Restated Summary Statement of Assets and Liabilities of the Company as at 31, March 2005, 2006 and 2007 (Annexure I), and the attached restated Summary Statement of Profit and Loss Accounts for the period ended 31, March 2005, 2006 and 2007 (Annexure II), together referred to as ‘Restated Summary Statements’. These Restated Summary Statements have been extracted from the Financial Statements for these periods audited by us and have been approved by the Board of Directors for the respective period/year.

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

1. The accounting policies have been consistently applied by the Company (as disclosed in Annexure XXIII) and are consistent with those used in the previous year.
2. There are no qualifications to the auditors’ report which require any adjustments to the Restated Summary Statements.
3. There are no extra-ordinary items, which need to be disclosed separately in the Restated Summary Statements.

B. Other Financial Information:

We have examined the following financial information in respect of the period ended 31, March 2005, 2006 and 2007 of the company proposed to be included in the DRHP, as approved by the Board of Directors and annexed to this report:

• Statement of Cash Flows	– Annexure III;
• Statement of Share Capital	– Annexure IV;
• Statement of Reserves And Surplus	– Annexure V;
• Statement of Secured Loans	– Annexure VI;
• Statement of Unsecured Loans	– Annexure VII;
• Statement of Inventories	– Annexure VIII;
• Statement of Debtors	– Annexure IX;
• Statement of Loans and Advances	– Annexure X;
• Statement of Cash and Bank Balances	– Annexure XI;
• Statement of Current Liabilities and Provisions	– Annexure XII;
• Statement of Project Revenue	– Annexure XIII;
• Statement of Cost of Construction of Projects	– Annexure XIV;
• Statement of Employee Costs	– Annexure XV;
• Statement of Administrative & Other Overhead	– Annexure XVI;
• Statement of Finance Charges	– Annexure XVII;
• Statement of Dividend Paid	– Annexure XVIII;
• Capitalization Statement	– Annexure XIX;
• Summary of Accounting Ratios	– Annexure XX;
• Related Party Disclosures	– Annexure XXI;
• Statement of Tax Shelters	– Annexure XXII;
• Statement of Contingent Liabilities	– Annexure XXIII;
• Statement of Significant Accounting Policies	– Annexure XXIV;
• Statement of Notes on Accounts	– Annexure XXV

In our opinion, the ‘Financial Information as per Audited Financial Statements’ and ‘Other Financial Information’ mentioned above read together with the significant accounting policies and notes stated in Annexure XIV & XV to this report and after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines of SEBI.

The sufficiency of the procedures, as set forth in the above paragraphs, is the sole responsibility of the Company and we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

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

For SANJAY BHANDARI & CO

Chartered Accountants
(PARTNER)
Date: August 22, 2007
Place: Chennai

ANNEXURE – I

(Rs. In Mn.)

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES			
Particulars	As at March 31,		
	2005	2006	2007
FIXED ASSETS			
Gross Block	3.43	17.57	38.52
Less: Depreciation	(0.26)	(1.46)	(6.07)
Net Block	3.17	16.11	32.45
Net Block after Revaluation Reserve	3.17	16.11	32.45
Total	3.17	16.11	32.45
Deferred Tax Assets	-	1.61	-
Current Assets, Loans and Advances			
Inventories	99.51	114.30	266.84
Sundry Debtors	(14.90)	7.00	2.01
Cash & Bank Balances	8.00	6.59	0.67
Loans & Advances	50.14	139.53	698.50
	142.75	269.03	968.01
Liabilities and Provisions			
Secured Loans	68.59	1.46	127.67
Unsecured Loans	51.35	36.31	53.01
	119.94	37.77	180.68
Current Liabilities & Provisions			
Current Liabilities	13.28	110.79	448.73
Provisions	0.23	11.80	38.89
Deferred Tax Liability	-	-	0.54
	13.50	122.59	488.16
Net Worth			
Represented by :			
Share Holder's Funds			
Share Capital	15.00	15.00	15.00
Reserves & Surplus(Excl.Reval.Reserve)	(2.49)	109.82	321.54
	12.51	124.82	336.54
Miscellaneous Expenditure(to the extent not written off or adjusted)	0.04	0.03	4.92
Net Worth	12.47	124.79	331.63

ANNEXURE – II

(Rs. In Mn.)

RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES			
Particulars	For the period ending March 31,		
	2005	2006	2007
Income			
Project Revenue	-	476.92	645.00
Other Income	0.05	10.31	24.50
Total Income	0.05	487.23	669.50
Expenditure			
Cost of Construction	-	328.11	362.17
Employee Costs	0.36	10.30	19.45
Administration Expenses	1.15	8.10	12.55
Sales Promotion Overheads	0.00	8.64	13.32
Finance Charges	0.74	9.79	15.26
Depreciation	0.26	1.21	4.62
Expenses Before Adjustments	2.52	366.15	427.37
Net Profit before Tax	(2.47)	121.08	242.14
Provision for Taxation - Current	0.02	10.19	27.86
Provision for Taxation - FBT	-	0.19	0.40
Provision for Taxation - Deferred	-	(1.61)	2.16
Total Provision for Taxation	0.02	8.77	30.41
Net Profit after Tax	(2.49)	112.31	211.72
Balance Carried to Balance Sheet	(2.49)	112.31	211.72

ANNEXURE – III

(Rs. In Mn.)

STATEMENT OF CASH FLOWS AS RESTATED			
Particulars	For the period ending March 31,		
	2005	2006	2007
Cash flow from Operating Activities :			
Net Profit before tax	(2.47)	121.08	242.14
Add/(Less) Adjustments			
Depreciation	0.26	1.21	4.62
Finance Charges	-	9.23	13.19
Miscellaneous Expenditure	(0.04)	0.01	(4.89)
Operating profit before WC changes	(2.25)	131.53	255.06
Adjustments for:			
Inventories	(99.51)	(14.79)	(152.54)
Sundry Debtors	14.90	(21.92)	5.01
Loans & Advances	(50.14)	(45.39)	(524.87)
Current Liabilities	13.28	97.51	337.94
Provision for Expenses	0.21	1.21	(0.98)
	(121.26)	16.62	(335.43)
Cash generated from Operations	(123.51)	148.14	(80.38)
Taxes Paid			
Advance Tax Paid	-	(44.00)	(33.70)
Fringe Benefit Tax	-	-	(0.59)
Income Tax Paid	-	(0.02)	(0.00)
	-	(44.02)	(34.29)
Net Cash from Operating activities : (A)	(123.51)	104.13	(114.67)
Cash flow from Investing Activities :			
Purchase of Fixed Assets	(3.43)	(14.64)	(20.95)
Proceeds from sale of Fixed Assets	-	0.49	-
Net Cash used in Investing activities : (B)	(3.43)	(14.15)	(20.95)
Cash flow from Financing Activities : (C)			
Proceeds from Issue of Share Capital	15.00	-	-
Proceeds from Long Term Loan	123.39	95.20	233.28
Proceeds from Short Term Loan	-	-	101.14
Repayment of Long Term Loan	(3.45)	(177.36)	(191.53)
Finance Charges	-	(9.23)	(13.19)
Net Cash from Financing activities	134.94	(91.39)	129.70
Net Inc / (Dec) in cash & cash equiv (A+B+C)	8.00	(1.41)	(5.92)
Cash & cash equiv (Opening Balance)	-	8.00	6.59
Cash & cash equiv (Closing Balance)	8.00	6.59	0.67

ANNEXURE – IV

(Rs. In Mn.)

STATEMENT OF SHARE CAPITAL AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Authorised			
45,000,000 (increased from 1,500,000 to 45,000,000 during the year 2006-07) Equity Shares of Rs. 10/- each	15.00	15.00	450.00
TOTAL	15.00	15.00	450.00
Issued, Subscribed and Paid up			
1,500,000 Equity Shares of Rs.10/- each	15.00	15.00	15.00
TOTAL	15.00	15.00	15.00

ANNEXURE – V

(Rs. In Mn.)

DETAILS OF RESERVES AND SURPLUS AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Profit & Loss Account	(2.49)	109.82	321.54
TOTAL	(2.49)	109.82	321.54

ANNEXURE – VI

(Rs. In Mn.)

STATEMENT OF SECURED LOAN AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
A. TERM LOAN:			
FROM BANKS:			
Indian Overseas Bank	68.00	-	126.47
B. VEHICLE LOAN:			
From Banks	0.59	1.46	1.20
TOTAL	68.59	1.46	127.67

ANNEXURE – VII

(Rs. In Mn.)

STATEMENT OF UNSECURED LOAN AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
LOANS AND ADVANCES FROM:			
Directors and Their Relatives	17.97	10.52	43.01
Corporate Bodies	-	13.11	10.00
Others	33.38	12.68	-
TOTAL	51.35	36.31	53.01

ANNEXURE – VIII

(Rs. in Mn.)

STATEMENT OF INVENTORIES AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Land (acquired at cost)	-	-	39.47
Cost of Projects in Progress(valued at cost)	99.51	114.30	225.30
Raw Materials	-	-	2.07
TOTAL	99.51	114.30	266.84

ANNEXURE – IX

(Rs. In Mn.)

STATEMENT OF DEBTORS AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
A. Debts over six months:			
Unsecured & considered good	-	0.44	1.29
	-	0.44	1.29
B.Others:			
Unsecured & considered good	(14.90)	6.56	0.72
	(14.90)	6.56	0.72
TOTAL	(14.90)	7.00	2.01

ANNEXURE – X

(Rs. in Mn.)

STATEMENT OF LOANS AND ADVANCES AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
ADVANCES TO:			
Labourers	1.08	0.97	7.58
Suppliers	11.95	16.29	17.10
Staff	0.03	0.13	0.23
Site Imprest Account	0.03	0.06	0.08
Project Advances	34.08	22.86	571.18
Taxes	0.01	44.73	81.24
TOTAL	47.17	85.05	677.40

ANNEXURE – XI

(Rs. in Mn.)

STATEMENT OF CASH AND BANK BALANCES AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Cash in Hand	1.38	0.22	0.70
	1.38	0.22	0.70
Bank Balances with Scheduled Banks in			
- Current Account	3.93	6.90	(0.28)
- Overdraft Account	2.69	(0.52)	0.24
	6.62	6.37	(0.04)
TOTAL	8.00	6.59	0.67

ANNEXURE – XII

(Rs. in Mn.)

STATEMENT OF CURRENT LIABILITIES AND PROVISIONS AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Current Liabilities:			
Sundry Creditors	12.22	41.58	23.37
Advances Received	0.93	66.12	414.45
Other Liabilities	0.13	3.09	10.91
	13.28	110.79	448.73
Provisions:			
For Expenses	0.21	1.42	0.44
For Taxes	0.02	10.38	38.45
	0.23	11.80	38.89
TOTAL	13.50	122.59	487.62

ANNEXURE – XIII

(Rs. in Mn.)

STATEMENT OF PROJECT REVENUE AND OTHER INCOME AS RESTATED			
Particulars	For the period ending March 31,		
	2005	2006	2007
Project Revenue:			
Revenue from sale of constructed properties and plots			
a) Sale of Residential Properties	-	-	250.63
b) Sale of Commercial Properties	-	476.92	394.38
	-	476.92	645.00
Other Income:			
Income from:			
a) Brokerage and Commission	-	0.65	-
b) Interest	0.05	2.03	1.46
c) Rent	-	0.39	7.24
d) Miscellaneous Income	-	7.24	15.80
	0.05	10.31	24.50
TOTAL	0.05	487.23	669.50

ANNEXURE – XIV

(Rs. in Mn.)

STATEMENT OF COST OF CONSTRUCTION OF PROJECTS AS RESTATED			
Particulars	For the period ending March 31,		
	2005	2006	2007
Opening Projects in Progress	-	99.51	114.30
Add:			
Cost of Construction Inputs	67.17	212.06	320.56
Labour Costs	8.76	74.31	90.81
Cost of Construction Consumables	2.20	2.78	2.85
Other Direct Cost	21.37	53.76	61.02
Less: Closing Projects in Progress	(99.51)	(114.30)	(227.37)
TOTAL	-	328.11	362.17

ANNEXURE – XV

(Rs. in Mn.)

STATEMENT OF EMPLOYEE COSTS AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Employee Remuneration & Benefits			
Employer's EPF & EDLI Contributions	0.03	0.24	0.55
Salaries, Allowances & Bonus	0.30	3.35	11.69
Employee Welfare Expenses	0.03	0.71	0.61
Director's Remuneration	-	6.00	6.60
TOTAL	0.36	10.30	19.45

ANNEXURE – XVI

(Rs. in Mn.)

STATEMENT OF ADMINISTRATIVE & OTHER OVERHEAD AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Sales Promotion Overheads			
- Commission & Brokerage	-	7.88	8.92
- Business Promotion & Publicities	0.00	0.76	4.40
	0.00	8.64	13.32
Administrative and other Overhead			
- Rates & Taxes	0.44	1.94	3.65
- Printing & Stationary	0.03	0.17	0.43
- Repairs & Maintenances	0.02	0.17	0.79
- Travelling & Conveyances	0.00	0.59	0.39
- Office Expenses	0.11	0.32	0.63
- Postage & Couriers	0.00	0.01	0.03
- Electricity Charges	-	-	0.36
- Rent	0.41	1.52	2.63
- Legal & Professional Charges	-	0.62	0.02
- Auditor's Remuneration	0.03	0.29	0.45
- Security Charges	0.01	1.39	1.59
- Telephone & Internet Charges	0.07	0.57	0.96
- Books & Subscriptions	0.00	0.01	0.01
- Donation	-	0.01	0.13
- Miscellaneous Expenses	0.04	0.50	0.50
	1.15	8.10	12.55
TOTAL	1.15	16.74	25.88

ANNEXURE – XVII

(Rs. in Mn.)

STATEMENT OF FINANCE CHARGES AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Interest Paid to:			
- Bank	0.74	6.65	13.82
- Others	-	3.14	1.44
TOTAL	0.74	9.79	15.26

ANNEXURE – XVIII

(Rs. in Mn.)

STATEMENT SHOWING RATES AND AMOUNT OF DIVIDEND PAID AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Number of Equity Shares	1,500,000	1,500,000	45,000,000
Face Value (Rs)	10.00	10.00	10.00
Paid up Value (Rs)	10.00	10.00	10.00
Rate of Dividend (%)	NIL	NIL	NIL
Dividend Amount (Rs.Millions)	NIL	NIL	NIL
Tax on Dividend(Rs.Millions)	NIL	NIL	NIL

ANNEXURE – XIX

(Rs. in Mn.)

CAPITALISATION STATEMENT AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Loan Funds :			
Short term Loan	-	-	101.14
Long term Loan	119.94	37.77	79.53
Total Loan	119.94	37.77	180.68
Share Holders Funds			
- Equity Share Capital	15.00	15.00	15.00
- Reserves & Surplus	(2.49)	109.82	321.54
Less : Miscellaneous Expenditure	(0.04)	(0.03)	(4.92)
Not written off			
TOTAL NET WORTH (Excl. Reval. Reserve)	12.47	124.79	331.63
Long term Debt / Equity Ratio	9.62	0.30	0.24
Total Debt/ Equity Ratio	9.62	0.30	0.54

* Share Capital and Reserves and Surplus Post Issue can be calculated only on the conclusion of the Issue Process.

ANNEXURE – XX

(Rs. in Mn.)

SUMMARY OF ACCOUNTING RATIOS AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Basic & Diluted EPS(Rs.)	(0.17)	7.49	14.11
Return on Net worth (%)	(19.94)	90.00	63.84
Net Asset Value Per Share(Rs)	0.83	8.32	22.11
Weighted average number of equity shares out-standing duing the year used for computing Basic and Diluted EPS	1,500,000	1,500,000	1,500,000
Total Number of shares outstanding at the end of the year.	1,500,000	1,500,000	1,500,000

EPS has been computed in accordance with AS-20

Notes:

1. Earnings per Share(Rs.) = $\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted Average number of equity shares outstanding during the year}}$
2. Return on Net Worth(%) = $\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Net Worth as restated, at the end of the period}}$
3. Net Asset Value per Equity share(Rs.) = $\frac{\text{Net Worth as restated, at the end of the period}}{\text{Number of equity shares outstanding, at the end of the period}}$
4. All the ratios have been calculated excluding revaluation Reserve.
5. The "Accounting and the other ratios" are based on the Restated Accounts.

ANNEXURE – XXI

RELATED PARTY DISCLOSURES:

(II) List of Related Parties:

- Enterprises over which our Directors constituting part of our Promoter Group, viz. Ashwin Kumar Kamdar, Sharad VasANJI, Rajkumar Kamdar exercise significant influence by virtue of their being a Director / Shareholder / partner / owner /co-owner / Karta in the entity.

Sr. No	Name of the Enterprise	Description
1	RYC Properties Limited	Public Limited Company
2	Rajyog Constructions Limited	Public Limited Company
3	RYC Maintenance Services Private Limited	Private Limited Company
4	Tulip Technologies Private Limited	Private Limited Company
5	Sterling Springs Private Limited	Private Limited Company
6	Cura Pharmaceuticals Private Limited	Private Limited Company
7	Prince Property Management Services	Partnership Firm
8	RajVaibhav Constructions	Partnership Firm
9	Raj Vaibhav Investments	Partnership Firm
10	Zenith International	Proprietary concern
11	Gemini Warehouse	Co Ownership
12	Gemini Industrial Estate	Co Ownership
13	International Warehousing Corporation	Co Ownership
14	Ashwin Kumar Kamdar HUF	HUF
15	Sharad VasANJI HUF	HUF

- Enterprises promoted by relatives of our promoters, over which our Directors constituting part of our Promoter Group, viz. Ashwin Kumar Kamdar, Sharad VasANJI, Rajkumar Kamdar exercise indirect influence by virtue of their being a relative of the Director / Shareholder / owner / co-owner /co parcener of those entities.
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Sr. No	Name of the Enterprise	Description
1	Atlas Metals Processors Private Limited	Private Limited Company
2	Thermo Housewares Private Limited	Private Limited Company
3	Venture Metal Products Private Limited	Private Limited Company
4	Hareeshar & Co.	Proprietary concern
5	Gemini Metal Works	Proprietary concern
6	Yogesh Warehousing Corporation	Co Ownership
7	Hareesh VasANJI HUF	HUF
8	Vijpal VasANJI HUF Main	HUF
9	Vijpal VasANJI HUF	HUF
10	Vijpal Khishi Charitable trust	Trust

Relatives of Key Managerial Personnel (only Directors)

NAME		DESIGNATION	RELATIVES
a)	Mr. Ashwin Kumar Kamdar	Appointed as Managing Director w.e.f. 02.03.2007	<ul style="list-style-type: none"> • Mr. Kantilal Kamdar – Father • Mrs. Meena Kamdar – Wife • Mr. Bharat Kumar Kamdar – Brother • Mrs. Malathi Jayesh – Sister • Mrs. Smitha Kamdar – Brother's Wife • Ms. Chaitali Kamdar – Daughter
b)	Mr. Asit Mehta	Executive Director (Resigned from Managing Directorship w.e.f. 01.03.2007)	<ul style="list-style-type: none"> • Mr. Ashwin Kumar Kamdar – Father- in- law
c)	Mr. Rajkumar Kamdar	Whole-time Director	<ul style="list-style-type: none"> • Ms. Tanvi Kamdar – Wife • Mr. Ashwin Kumar Kamdar – Father • Mrs. Meena Kamdar – Mother
d)	Mr. Sharad VasANJI	Whole-time Director	<ul style="list-style-type: none"> • Mrs. Dipti Sharad – Wife • Ms. Aditi Sharad – Daughter • Ms. Disha Sharad – Daughter • Mr. VasANJI Vijpal – Father • Mrs. Luxmi VasANJI – Mother • Mr. Hareesh VasANJI – Brother • Mrs. Sheila Hareesh – Brother's Wife • Ms. Apeksha Hareesh – Brother's Daughter • Mr. Yogesh Hareesh – Brother's Son
e)	Mrs. Meena Kamdar	Non-Executive Director	<ul style="list-style-type: none"> • Mr. Ashwin Kumar Kamdar – Husband • Mr. Rajkumar Kamdar – Son

Key Managerial Personnel

Sr. No.	Name of the Key Managerial Personnel	Remarks / Joining Date	Rs. in. Million		
			For the Period ended		
			2005	2006	2007
Remuneration					
1.	Mr. B. Kalyanaraman	February 27, 2004	0.35	0.38	0.49
2.	Mr. N. G. Subramanya Babu	June 1, 2006	Nil	Nil	0.50
3.	Mr. Raajes V.	February 7, 2007	Nil	Nil	0.10
4.	Mr. V.K. Vasudevan	May 28, 2007	Nil	Nil	Nil
5.	Mr. Devesh Bhuva	June 1, 2007	Nil	Nil	Nil
6.	Mrs. Kalpana Ramamurthy	June 29, 2007	Nil	Nil	Nil

II. Transaction carried out with Key Management Personnel and other related parties:

(Rs. In Mns.)

Name of related party	Nature of Transaction	For the year ending March 31,		
		2005	2006	2007
Ashwin Kumar Kamdar	Loan taken	6.06	0.00	2.10
	Interest paid	0.00	0.67	0.17
Meena Kamdar	Loan taken	0.36	1.36	4.80
	Interest paid	0.00	0.00	0.27
	Managerial Remuneration	0.00	1.80	1.80
	Rent paid	0.00	0.81	0.81
Rajkumar Kamdar	Loan taken	0.65	-0.34	6.11
	Managerial Remuneration	0.00	1.80	1.80
Sharad Vasanji	Loan taken	2.50	0.00	6.00
	Managerial Remuneration	0.00	2.40	2.40
Asit Mehta	Managerial Remuneration	0.00	0.00	0.60
	JDA Security Deposit	0.00	0.00	0.40
Ashwin Kumar Kamdar (HUF)	Loan taken	0.20	0.00	0.00
	Interest paid	0.00	0.02	0.00
Dipti Sharad	Loan taken	1.00	2.50	4.00
	Rent paid	0.00	0.81	0.81
Luxmi Vasanji	Loan taken	1.50	3.00	3.00
	Interest paid	0.12	0.00	0.18
Sheila Hareesh	Loan taken	1.50	0.00	3.50
	Rent paid	0.00	0.81	0.81
Vasanji Vijpal	Loan taken	4.00	4.00	2.00
	Interest paid	0.00	0.36	0.24
Tanvi R Kamdar	Loan taken	0.00	0.00	7.50
Chaitali A Kamdar	Loan taken	0.20	0.00	0.00
	Interest paid	0.00	0.02	0.00
Aditi Sharad	Loan taken	0.00	0.00	1.00
Apeksha Sharad	Loan taken	0.00	0.00	1.00
Disha Sharad	Loan taken	0.00	0.00	1.00
Yogesh Hareesh	Loan taken	0.00	0.00	1.00
RYC Maintenance Services Private Ltd	Labour and materials sold	0.00	0.00	0.56
RYC Properties Ltd	Materials purchased	0.00	0.00	7.22
RYC Properties Ltd	Loan taken	0.00	5.00	0.00
Rajyog Constructions Limited	Loan taken	0.00	8.13	0.00
Rajyog Constructions Limited	Loan repaid	0.00	0.00	3.13
Smitha Kamdar	Rent paid	0.00	0.81	0.81
Kantilal Kamdar	Rent paid	0.00	0.81	0.81
Bharat Kumar Kamdar	Rent paid	0.00	0.81	0.81
Mr. B. Kalyanaraman	Remuneration	0.35	0.38	0.49
Mr. N. G. Subramanya Babu	Remuneration	Nil	Nil	0.50
Mr. Raajes V.	Remuneration	Nil	Nil	0.10
Mr. V.K. Vasudevan	Remuneration	Nil	Nil	Nil
Mr. Devesh Bhuvu	Remuneration	Nil	Nil	Nil
Mrs. Kalpana Ramamurthy	Remuneration	Nil	Nil	Nil
Mr. R. Subramanian	Legal consultancy fees	Nil	Nil	1.31
	Total	18.09	35.96	69.04

Mr. Raajes V. is a director and shareholder on the board of Cura Pharmaceuticals Private Limited, one of our Group Companies. He currently holds 50 shares in Cura Pharmaceuticals Private Limited being 1.02 % of the paid up capital of the company.

Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Devesh Bhuva, one of our Key Managerial Personnel for the purpose of residential apartments/units/ flats and/or commercial building(s) constructed on the property. The said property is a part of our project Prince Chateau.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated May 28, 2007 entered into between our Company and Mr. Devesh Bhuva. ("Owner")</p> <p>Power of Attorney dated May 29, 2007 given by Mr. Devesh Bhuva, in favour of our Company <i>inter alia</i> for the following:</p> <p>a) To negotiate for the sale of 70% of the property and to receive the advance and full sale price for the same;</p> <p>b) Execution of the documents of sale or otherwise disposition of the property in favour of prospective purchasers;</p> <p>c) To sign other documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for conducting and concluding the registration of the documents;</p> <p>d) To obtain all necessary permits, sanctions and exemptions from the concerned authorities in relation to the property; and</p> <p>e) To raise finance by giving security of 70% of the property.</p>	<p>Property bearing registered survey number 90/3A2 admeasuring 19 cents, situated in village No. 41, Pudupakkam Village, Kancheepuram District.</p>	<p>Our Company shall provide the Owner, 30% of the built up area of the building (s) to be constructed on the property.</p> <p>Our Company has paid a security deposit of Rs. 550,000/- to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owner.</p>

(1) Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Asit Mehta, one of our Directors, and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah, for the purpose of developing residential apartments/units/ flats and/or commercial building(s) constructed on the property. The said property is a part of our project Prince LeGrande.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated October 11, 2006 entered into between our Company and Mr. Asit Mehta and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs.</p>	<p>Property bearing registered survey numbers 95/2, 94/2B, 95/3A2, 94/8B, 94/9A, 95/3A1B, 94/2A2, 95/4A2, 94/8A,</p>	<p>Our Company shall provide the Owners, 30% of the built up area of the building (s) to be constructed on the</p>

<p>Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah. (“Owners”)</p> <p>Power of Attorney dated October 11, 2006 given by Mr. Asit Mehta and seven others namely; Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Amit N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah, in favour of our Company <i>inter alia</i> for the following:</p> <p>a) To negotiate for the sale of 70% of the property and to receive the advance and full sale price for the same;</p> <p>b) Execution of the documents of sale or otherwise disposition of the property in favour of prospective purchasers;</p> <p>c) To sign other documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for conducting and concluding the registration of the documents;</p> <p>d) To obtain all necessary permits, sanctions and exemptions from the concerned authorities in relation to the property; and</p> <p>e) To raise finance by giving security of 70% of the property.</p>	<p>95/4A3, 95/5A2 admeasuring 2.96 acres, situated in village No. 41, Pudupakkam Village, Kancheepuram District.</p>	<p>property, of which Mr. Asit Mehta’s share will be ~2.17 %</p> <p>Our Company has paid a security deposit of Rs. 6,400,000/- out of which Rs. 400,000/- has been paid to Mr. Asit Mehta, to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owners.</p>
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(2) Our Company has entered into a Joint Development Agreement in relation to a property, with Mr. Sharad VasANJI, one of our Promoter Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI, for the purpose of constructing a mini township on the property. The said property is a part of our project Prince Highland.

Sr. No.	Details of Agreement, if any	Description of Premises	Consideration/ Rent
1.	<p>Joint Development Agreement dated August 30, 2007 entered into between our Company and Mr. Sharad VasANJI, one of our Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI. (“Owners”)</p> <p>Power of Attorney dated September 3, 2007 given by Mr. Sharad VasANJI, one of our Directors, Mrs. Dipti Sharad and Mrs Sheila Hareesh, our Shareholders and Mr. Hareesh VasANJI, in favour of our Company <i>inter alia</i> for the following:</p>	<p>Property bearing registered survey numbers 132/11, 130/1A, 132/6, 38, 39/8, 30/8, 39/1, 39/2, 25/3, 25/5B1, 30/4, 30/5, 122/2C, 122/3, 131/2, 36/6, 131/1, 130/2, 130/3, 130/1C, 130/1F, 130/1-I, 130/1-O, 130/1P, 130/1E, 130/1S, 130/1R, 132/6, 132/7, 132/8, 132/10, 134/17, 134/20, 134/21, 130/1-Q, 130/1H, 130/1G, 132/9, 130/1K, 130/1L,</p>	<p>Our Company shall provide the Owners, 30% of the super built up area of the building (s) to be constructed on the property, of which Mr. Sharad VasANJI’s share will be ~21 %, Mrs. Dipti Sharad’s share will be ~8.7 % and Mrs. Sheila Hareesh’s share will be ~37.3% .</p> <p>Our Company has</p>

	<p>a) To sign documents such as Patta Transfer Forms and do all such acts, deeds and things as may be necessary for submission of documents to the Chennai Metropolitan Development Authority and other appropriate authorities;</p> <p>d) To sign all plans, affidavits, applications, letters, indemnities before the competent authorities of the Government Departments or Municipal Bodies etc. for obtaining all necessary, sanctions in relation to the property; and</p> <p>e) To do all acts and things as may be necessary and reasonably required .</p>	<p>130/1D, 130/1S, 24/1, 24/3, 30/1, 25/5B2, 29/3, 27/2B, 27/3B, 30/11, 37/3, 33/6, 29/4, 29/5, 30/9, 23/1B1, 23/4, 23/5, 23/6, 23/3, 25/5A, 25/4, 130/14J2, 33/3B, 22/2, 30/6, 30/7, 32/2, 32/3A, 33/2, 33/4, 33/5A, 33/5B, 33/7, 30/3, 23/1A, 23/2, 24/2, 29/1, 29/2, 130/1N, 130/1M, 34/3, 34/4, 35/1, 30/10, 130/4, 112, 32/1, 33/1, 36/7, 36/3, 37/4B, 36/1, 36/2, 39/5, 39/6, 35/2B, 37/4A, 37/4C, 39/4, 39/7, 35/2A, 130/5, 130/14D, 131/4, 39/3B1, 39/3B2, 39/3A, 44 and 28 admeasuring 26.53 acres at No. 30, Polachery Village, Chengalpattu Taluk, Kancheepuram District.</p>	<p>agreed to pay a security deposit of Rs. 50,000,000/- wherein Rs. 5,000,000/- has been paid at the time of signing of the Joint Development Agreement and the balance shall be paid after obtaining the necessary sanctions and approvals from the relevant authorities. Out of the total security deposit, Rs. 10,500,000/- will be paid to Mr. Sharad Vasanji, Rs. 4,350,000/- will be paid to Mrs. Dipti Sharad and Rs.18,650,000/- will be paid to Mrs. Sheila Hareesh, to be refundable without interest on our Company handing over 30% of the built up area of the building (s) to be constructed on the property to the Owners.</p>
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(3) Our Company has entered into a Lease Deed in relation to our Registered Office with Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others namely; Mr. Kantilal Kamdar, Mr. Bharatkumar Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam and Mrs. Nirmala Ramanlal.

Sr. No.	Details of Agreement, if any	Description of Premises	Term	Consideration/ Rent
1.	Lease Deed dated June 1, 2004 entered into between our Company and Mrs. Meena Kamdar, one of our Directors, Mrs Sheila Hareesh and Mrs. Dipti Sharad, our Shareholders and five others namely; Mr. Kantilal Kamdar, Mr. Bharatkumar Kamdar, Mrs. Smita Kamdar, Mr. Ramanlal Vikam and Mrs. Nirmala Ramanlal. (“Owners”)	Ground floor and First floor Unit No. GD and 1D of the building, “Price Apartments”, situated at Door No. 59, Ormes Road, Kilpauk, Chennai-600 010.	5 years from the date of agreement.	Rs.54,000/-per month. Of the above, Mrs. Meena Kamdar will receive Rs. 6,750/- per month as rent, Mrs. Sheila Hareesh will receive Rs. 6,750/- per month as rent and Mrs. Dipti Sharad will receive Rs. 6,750/- per month as rent.

ANNEXURE – XXII

(Rs. in Mn.)

STATEMENT OF TAX SHELTERS AS RESTATED			
Financial Year	2004-05	2005-06	2006-07
Profit / (Loss) as per books of account	(2.47)	121.08	242.14
Tax rates- Normal (including surcharge)	0.37	0.34	0.34
Tax rates- MAT (including surcharge)	0.08	0.08	0.11
Notional Tax Payable (A)	(0.90)	40.75	81.50
Permanent Differences			
Donations	-	(0.01)	(0.13)
Profit taxable under other heads	(0.05)	-	-
Deduction U/s 80IA	-	126.04	215.39
Total of B	(0.05)	126.03	215.39
Timing Difference between IT And Book Depreciation	0.16	0.60	0.85
Other Adjustments	-	(5.55)	5.55
Total of C	0.16	(4.95)	6.40
Net Adjustment(B+C)=D	0.11	121.08	221.79
Tax (Saving)/Increase there on (E)	0.04	40.75	74.65
Tax on Business Profits(A-E)	(0.94)	-	6.85
Tax on Other Heads of Income	0.02	-	-
Bought forward Losses	-	(2.47)	-
Tax effect due to bought forward losses (F)	-	(0.83)	-
Net Tax for the year /period	(0.96)	(0.83)	6.85
Tax payable as per MAT	0.02	10.19	27.17
Interest u/s 234C of Income Tax Act,1961	-	0.04	0.69
Provision Created for Income Tax	0.02	10.19	27.86

ANNEXURE-XXIII

(Rs. In Mns.)

STATEMENT OF CONTINGENT LIABILITIES NOT PROVIDED FOR, AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Claims not acknowledged by the Company relating to the Service Tax	0.00	0.00	16.39
Bank Guarantee	6.42	17.83	26.93
Total	6.42	17.83	43.33

Notes:

- i) During May 2007 Service Tax Department had conducted audit of accounts pertaining to service tax dues till date and have made an Order raising a demand of Rs. 1,63,94,253/- as payable. However, the entire demand has been disputed by the company. Hence, the sum of Rs. 1,63,94,253/- stands as contingent liabilities not provided for in the books of accounts.
- ii) The Company has executed following Bank Guarantees:

BG Ref: & BG valid upto	Date of Guarantee	Guarantor	Beneficiary	Guarantee Amount	Margin money deposited by the Company	Collateral security offered
023/04 26.11.2009	26.11.2004	Corporation Bank, Chennai -10	CMDA	2,748,000	15%	85%
024/04 26.11.2009	26.11.2004	Corporation Bank, Chennai -10	CMDA	3,670,000	15%	85%
153/05 30.06.2007	02.11.2005	IOB, Chennai - 4	KLA Tencor Softwares P Ltd	11,407,757	100% cash margin	-
127/06 23.08.20011	23.08.2006	IOB, Chennai - 4	CMDA	2,807,000	100% cash margin	-
128/06 23.08.2011	23.08.2006	IOB, Chennai - 4	CMDA	6,302,000	100% cash margin	-
Total				26,934,757		

ANNEXURE – XXIV

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1] Basis of Preparation of Financial Statements:

The financial statements have been prepared and presented under the historical cost convention and on the mercantile basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI'), the relevant provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by the Securities and Exchange Board of India. The financial statements are presented in Indian rupees.

2] Accounting Estimates :

The preparation of financial statements in conformity with the generally accepted accounting principles {GAAP} requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any difference between the actual result and estimates are recognized in the period in which the results are known / materialised. Any revision to accounting estimates is recognized prospectively in current and future periods.

3] Fixed Assets and Depreciation :

Fixed Assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition for its intended use, less accumulated depreciation. The Company provided depreciation on fixed assets on the written down value basis, at the rates prescribed by Schedule XIV to the Companies Act, 1956. Assets costing individually Rs. 5,000/- or less are depreciated fully in the year of purchase.

4] Inventories :

Inventories of raw material are valued at cost or net realisable value which ever is lower. Project works in progress are valued at cost or net realizable value whichever is lower. The cost of project work in progress includes all Direct and Indirect cost incurred on the incomplete project. Administrative expenses which are related to individual projects are allocated to such project and are absorbed as and when the respective project is completed. All unallocated expenses at Head Office are absorbed in the respective year in which they are incurred.

5] Revenue Recognition:

Revenues from projects are recognized on the “Percentage of completion method” of accounting in accordance with accounting standard (AS 9) for Revenue Recognition issued by ICAI. The revenue on construction is recognized on percentage completion method. The revenue from land is recognized on the registration basis.

6] Deferred Tax:

Deferred tax is being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at end of the financial year.

7] Preliminary Expenses:

Preliminary Expenses are amortised over a period of 5 years.

8] Contingent Liabilities:

Contingent liabilities in respect of statutory dues disputed and contested by the Company, the liability is not provided and only disclosed.

ANNEXURE – XXV

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

- 1] There have been no changes in significant accounting policies.
- 2] The relevant period, in case of
- (i) Period ending March 2005 is period from 27.02.2004 (date of incorporation) to March 31, 2005 being the first year of the Company's Accounts.
 - (ii) Period ending March 31, 2006 is period from April 1, 2005 to March 31, 2006.
 - (iii) Period ending March 31, 2007 is period from April 1, 2006 to March 31, 2007.

3] Deferred Tax:

Deferred tax has been provided in the accounts for the year on various items as detailed in Schedule 15A to the Balance Sheet.

4] Statutory & Other Dues:

There are no dues to small-scale industrial undertaking to which the company owes any sum, which is outstanding for more than 30 days. There are also no dues either by way of principal amount or interest remaining unpaid to any suppliers under the "Micro, Small & Medium Enterprises Development Act, 2006" which came into force with effect from 02.10.2006.

5] Provisions:

The company has applied for approval of the Ambattur STP as Industrial Park for claim of deduction u/s 80-IA of the Income Tax Act, 1961. The application is pending before the Department of Industrial Policy & Promotion, Ministry of Commerce, New Delhi. In respect of Residential Project at Athipet, the company is eligible for deduction u/s 80-IB of the Income Tax Act, 1961. However, tax liability arises in view of Section 115JB of the said Act. Accordingly, MAT liability has been provided for in the accounts.

A provision for expenses to the tune of Rs.83,62,336/- has been made in respect of the Ambattur Software Park (based on the expenses incurred till the date of drawing up the Financial Statements). As the entire revenue on this project has been recognized in this fiscal year, the above sum of Rs.83,62,336 has been provided for in the accounts for this fiscal year.

6] Segment Reporting Policies:

The main business of the company is Real Estate Development and Construction of Residential & Commercial complexes and all other activities revolve around the main business. As such there are no separate reportable segments as specified in accounting standards (AS 17) on segment reporting.

7] Contingent Liabilities:

During May 2007 Service Tax Department had conducted audit of accounts pertaining to service tax dues till date and have made an Order raising a demand of Rs. 1,63,94,253/- as payable. However, the entire demand has been disputed by the company. Hence, the sum of Rs. 1,63,94,253/- stands as contingent liabilities not provided for in the books of accounts.

OUR PROMOTER GROUP ENTITIES

Companies

1. RYC Properties Limited

RYC Properties Limited (“RPL”) was incorporated on September 23, 1994. It has its registered office at 59, Ormes Road, Kilpauk, Chennai-600 010.

Main object of RPL

The main object of RPL is to buy, sell, develop, construct, repair, alter, modify any immovable property and to take or give away on lease.

Shareholding Pattern

The share holding pattern of RPL as on August 31, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1	Mr. Sharad Vasanji	81,000	32.91%
2	Mrs. Meena Kamdar	45,100	18.33%
3	Mrs. Smita Kamdar	45,000	18.29%
4	Mr. Bharat Kumar Kamdar	33,100	13.45%
5	Mr. Ashwin Kumar Kamdar	23,100	9.39%
6	Mr. Rajkumar Kamdar	10,000	4.06%
7	Mr. Ramanlal Vikam	2,600	1.06%
8	Mr. Kantilal Kamdar	2,100	0.85%
9	Mrs. Pravina Kamdar	2,000	0.81%
10	Ms. Ami Kamdar	1,000	0.41%
11	Ms. Chaitali Kamdar	1,000	0.41%
12	Mr. Vasanji Vijpal	100	0.04%
	Total	246,100	100.00%

Board of Directors

The Board of Directors of RPL as of August 31, 2007 is as follows:

1. Mr. Ashwin Kumar Kamdar;
2. Mr. Sharad Vasanji; and
3. Mr. Bharat Kumar Kamdar

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Paid up Equity Share Capital	2.46	2.46	2.46
Reserve and Surplus (excluding Revaluation Reserve)	4.31	7.49	9.27
Sales and other income	74.27	72.09	49.20
Profit/ (loss) after tax	2.72	3.17	1.79
Earning per share (EPS) Rs.	11.08	12.88	7.25
Net asset value (NAV) Rs.	27.49	40.40	47.68

*Audited

The equity shares of RPL are not listed on any stock exchange. Further, RPL is not a sick company within the meaning of the SICA and is not under winding up.

2. RYC Maintenance Services Private Limited

RYC Maintenance Services Private Limited (“**RMSPL**”) was incorporated on May 12, 2005. It has its registered office at 59, Ormes Road, Kilpauk, Chennai-600 010.

Main objects of RMSPL:

The main objects of RMSPL are:

1. To provide repair and maintenance services for all kinds of buildings whether individual buildings or collective apartments like flats, twin houses, whether promoted within India or outside India, whether promoted by Indian promoters, foreign promoters or Government Houses occupied by individuals, commercial organizations or Government Offices.
2. To make alterations whether in the building or in the surrounding area of such buildings.

Shareholding Pattern

The share holding pattern of RMSPL as on August 31, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1	Mr. Sharad Vasanji	5,000	50.00%
2	Mr. Bharat Kumar Kamdar	5,000	50.00%
	Total	10,000	100.00%

Board of Directors

The Board of Directors of RMSPL as of August 31, 2007 is as follows:

1. Mr. Sharad Vasanji; and
2. Mr. Rajkumar Kamdar

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004	For the year ending March 31, 2005	For the year ending March 31, 2006*
Paid up Equity Share Capital	-	-	0.1
Reserve and Surplus (excluding Revaluation Reserve)	-	-	1.03
Sales and other income	-	-	9.56
Profit/ (loss) after tax	-	-	1.01
Earning per share (EPS) Rs.	-	-	101.55
Net asset value (NAV) Rs.	-	-	1.11

*Audited

The equity shares of RMSPL are not listed on any stock exchange. Further, RMSPL is not a sick company within the meaning of the SICA and is not under winding up.

3. Rajyog Constructions Limited

Rajyog Constructions Limited (“RCL”) was incorporated on May 27, 1987 as Rajyog Constructions Private Limited. Subsequently it was converted into a public limited company vide fresh certificate of incorporation consequent on conversion under section 44 of the Companies Act, 1956 dated July 14, 1992. It has its registered office at 59, Ormes Road, Kilpauk, Chennai – 600 010.

Main object of RCL:

The main object of RCL is to buy, sell, develop, construct, repair, alter, modify any immovable property and to take or give away on lease.

Shareholding Pattern

The share holding pattern of RCL as on August 31, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1	Mr. Ashwin Kumar Kamdar	150,000	25.00%
2	Mrs. Smita Kamdar	137,399	22.90%
3	Mr. Rajkumar Kamdar	90,000	15.00%
4	Mr. Vaibhav Kamdar	90000	15.00%
5	Mr. Bharat Kumar Kamdar	72,601	12.10%
6	Mrs. Meena Kamdar	57,500	9.58%
7	Mrs. Nirali Mehta	2500	0.42%
	Total	600,000	100.00%

Board of Directors

The Board of Directors of RCL as of August 31, 2007 is as follows:

1. Mr. Ashwin Kumar Kamdar
2. Mr. Bharat Kumar Kamdar; and
3. Mr. Kantilal Kamdar

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Paid up Equity Share Capital	6.00	6.00	6.00
Reserve and Surplus (excluding Revaluation Reserve)	21.67	21.80	21.85
Sales and other income	4.06	1.16	0.77
Profit/ (loss) after tax	0.22	0.13	0.05
Earning per share (EPS) Rs.	0.37	0.21	0.09
Net asset value (NAV) Rs.	46.12	46.33	46.42

*Audited

The equity shares of RCL are not listed on any stock exchange. Further, RCL is not a sick company within the meaning of the SICA and is not under winding up.

4. Atlas Metal Processors Private Limited

Atlas Metal Processors Private Limited (“AMPPL”) was incorporated on February 06, 1995. It has its registered office at Old Mahabalipuram Road, Nehru Street, Karapakkam, Chennai – 600 119.

Main object of AMPPL

The main object of AMPPL is to set up, establish and carry on the business of manufactures, processors, producers, buyers, sellers, importers, exports and dealers in all kinds of metals.

Shareholding Pattern

The share holding pattern of AMPPL as on June 30, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1.	Mr. Hareesh VasANJI	16,02,000	50%
2.	Mr. Kingston Victor	16,02,000	50%
	Total	32,04,000	100%

Board of Directors

The Board of Directors of AMPPL as of June 30, 2007 is as follows:

1. Mr. Hareesh VasANJI; and
2. Mr. Kingston Victor

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Paid up Equity Share Capital	1.60	3.20	3.20
Reserve and Surplus (excluding Revaluation Reserve)	13.99	16.64	22.32
Sales and other income	148.13	178.01	52.26
Profit/ (loss) after tax	3.69	2.65	5.68
Earning per share (EPS) Rs.	23.06	8.26	17.70
Net asset value (NAV) Rs.	97.25	61.94	79.67

*Audited

The equity shares of AMPPL are not listed on any stock exchange. Further, AMPPL is not a sick company within the meaning of the SICA and is not under winding up.

5. Venture Metal Products Private Limited

Venture Metal Products Private Limited (“VMPPL”) was incorporated on December 22, 2003. It has its registered office at Karapakkam Village, Old Mahabalipuram Road, Chennai – 600 119.

Main objects of VMPPL

The main objects of VMPPL are as follows:

1. To carry on the business of manufactures, purchasers, sellers, exporters, dealers, distributors, agencies and representations of both domestic and overseas manufactures in the field of stainless steel industries;
2. To carry the business of dealers in hand manufacturers and exporters of all kinds of kitchen wares made out of stainless steel including the sanitary items used in the domestic front, hotels, restaurants and in other buildings;
3. To carry on the business of manufacturers, importers, exporters, sellers, buyers and dealers, whether wholesalers or retailers of all kinds of stainless steel utensils in the international markets; and
4. To carry on the business as manufacturers, dealers/distributor and exporters of all kinds of stainless steel equipments, articles used in the hospitals, nursing homes, clinics generally and other special instruments and other equipments used in the operation theaters.

Shareholding Pattern

The share holding pattern of VMPPL as on June 30, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1.	Mr. Hareesh VasANJI	20,08,875	27.50%
2.	Mr. Kingston Victor	20,08,875	27.50%
3.	Mr. Peter Edwin Owen	16,43,625	22.50%
4.	Mr. Simon Peter Owen	16,43,625	22.50%
	Total	73,05,000	100%

Board of Directors

The Board of Directors of VMPPL as of June 30, 2007 is as follows:

1. Mr. Hareesh VasANJI;
2. Mr. Kingston Victor ;
3. Mr. Peter Edwin Owen; and
4. Mr. Simon Peter Owen

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Paid up Equity Share Capital	1.00	2.62	7.31
Reserve and Surplus (excluding Revaluation Reserve)	(0.08)	1.96	12.13
Sales and other income	0.92	78.02	122.82
Profit/ (loss) after tax	(0.08)	2.04	5.78
Earning per share (EPS) Rs.	(0.80)	7.79	7.91
Net asset value (NAV) Rs.	9.20	17.50	26.60

*Audited

The equity shares of VMPPL are not listed on any stock exchange. Further, VMPPL is not a sick company within the meaning of the SICA and is not under winding up.

6. Thermo Housewares Private Limited

Thermo Housewares Private Limited (“**THPL**”) was incorporated on October 17, 2006. It has its registered office at No.1, Paiyanoor, Old Mahabalipuram Road, Mahabalipuram – 603 104.

Main objects of THPL

The main object of THPL is to set up, establish and carry on the business of manufacturers, processors, producers, buyers, sellers, exporters and dealers in all kinds of thermo house wares, utensils, industrial spares and other allied metal components.

Shareholding Pattern

The share holding pattern of THPL as on June 30, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1.	Mr. Hareesh VasANJI	1,00,000	50%
2.	Mr. Kingston Victor	1,00,000	50%
	Total	2,00,000	100%

Board of Directors

The Board of Directors of THPL as of June 30, 2007 is as follows:

1. Mr. Hareesh VasANJI; and
2. Mr. Kingston Victor

Financial performance

Since THPL has been incorporated on October 17, 2006, its financial performance for the last 3 years cannot be reflected.

The equity shares of THPL are not listed on any stock exchange. Further, THPL is not a sick company within the meaning of the SICA and is not under winding up.

7. Tulip Technologies Private Limited

Tulip Technologies Private Limited (“TTPL”) was incorporated on May 12, 2004. It has its registered office at No.4, Taylors Road, Kilpauk, Chennai – 600 010

Main object of TTPL

The main objects of TTPL are:

1. To buy, sell, exchange, import or export or otherwise deal in all kinds of Computer Hardware, Computer Software, Computer Accessories, Computer Consumables, Computer Connected Services, Printers, communication devices and equipments and scanners both in India or elsewhere in the world
2. To provide maintenance, servicing and upgradation of home computers, micro computers, mini computers, main frame computers, installations, peripherals and other Add-on-cards and Input/Output devices for all or any of the above.
3. To carry on the business as Information Technology Enabled Service Providers including but not limited to service such as Data conversion, Electronic Typesetting, archiving and developers of Software for various computer applications used in Micro Computers, Mini Computers and Mainframe Computer installations, including Networking and Communication environments and to install Management Information System and Electronic Data Processing Technics and to engage in general research and development in the areas related to or involving foregoing.
4. To provide wide range of Computer Related Services such as Data processing, Hiring / Leasing of Computer equipments, Desktop Publishing (DTP), Computer Aided Design (CAD), Computer Aided Modelling (CAM) Computer Graphics and Presentation Graphics, Computer communication including Telex, interfaces and Fax services.

Shareholding Pattern

The share holding pattern of TTPL as on August 31, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1	Mr. Sharad Vasanji	500	50.00%
2	Mrs. Dipti Sharad	500	50.00%
	Total	1,000	100.00%

Board of Directors

The Board of Directors of TTPL as of August 31, 2007 is as follows:

1. Mr. Sharad Vasanji; and
2. Mrs. Dipti Sharad

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004	For the year ending March 31, 2005	For the year ending March 31, 2006
Paid up Equity Share Capital	0.10	0.10	0.10
Reserve and Surplus (excluding Revaluation Reserve)	-	-	-
Sales and other income	-	-	-
Profit/ (loss) after tax	-	-	-
Earning per share (EPS) Rs.	-	-	-
Net asset value (NAV) Rs.	-	7.98	6.11

TTPL does not carry out any business activities.

The equity shares of TTPL are not listed on any stock exchange. Further, TTPL is not a sick company within the meaning of the SICA and is not under winding up.

8. Sterling Springs Private Limited

Sterling Springs Private Limited (“SSPL”) was incorporated on September 29, 1989. It has its registered office at No. 12-C, Arcot Road, Porur, Chennai.

SSPL has filed an application with the Registrar of Companies under section 560(1) of the Companies Act, to strike off the name of the Company from the Register of Companies as it is not carrying on any business. SSPL has already received 3 letters dated June 28, 2007, August 10, 2007 and September 17, 2007, wherein after the expiry of three months, unless cause is shown to the contrary, the name of SSPL will be struck off from the Register and the said company will be dissolved.

9. Cura Pharmaceuticals Private Limited

Cura Pharmaceuticals Private Limited (“CPPL”) was incorporated on July 26, 2004. It has its registered office at 4, Taylors Road, Kilpauk, Chennai - 600 0 10.

Main objects of CPPL

The main objects of CPPL are as follows:

1. To carry on the business of manufacturers, Traders, importers, exporters of all kinds of medicines and medical preparations, Medical equipment and drugs of all kinds like Allopathic, Ayurvedic, Homeopathic and Siddha.
2. To carry on the business as traders of wholesale and retail chemists and druggists.
3. To carry on the trading of all types of gauze – non woven swabs and first aid kit boxes containing pressure bandages, plaster, wound washers, breathing masks, triangular bandages, medical gloves, cold packs, scissors, forceps, safety pins and all other items that are required in a first aid kits.
4. To carry on the business of trading, importing and exporting of the items forming part of a first aid kit inclusive of items not manufactured by the Company like latex gloves.
5. To carry on the Business manufacture, trading, importing and exporting of all kinds of plastic and stainless steel medical products, like needles.
6. To carry on the business of import and export of all other kinds of disposable medical products.

Shareholding Pattern

The share holding pattern of CPPL as on August 31, 2007 is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage of Shareholding
1	Mr. Sharad VasANJI	1200	24.49%
2	Mr. Ashwin Kumar Kamdar	1200	24.49%
3	Mr. Blom Lars Conny	1200	24.49%
4	Mrs. Mangalika Jayatilake	1200	24.49%
5	Mr. R. Suresh Babu	50	1.02%
6	Mr. Raajes V.	50	1.02%
	Total	4900	100.00%

Board of Directors

The Board of Directors of CPPL as of August 31, 2007 is as follows:

1. Mr. Sharad VasANJI
2. Mr. Rajkumar Kamdar
3. Mr. Blom Lars Conny
4. Mrs. Mangalika Jayatilake
5. Mr. R. Suresh Babu
6. Mr. Raajes V.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004	For the year ending March 31, 2005	For the year ending March 31, 2006
Paid up Equity Share Capital	0.49	0.49	0.49
Reserve and Surplus (excluding Revaluation Reserve)	-	-	-
Sales and other income	-	-	-
Profit/ (loss) after tax	-	-	-
Earning per share (EPS) Rs.	-	-	-
Net asset value (NAV) Rs.	-	-	-

CPPL has not prepared a profit and loss account for the last three financial years as it does not carry out any business activities.

The equity shares of CPPL are not listed on any stock exchange. Further, CPPL is not a sick company within the meaning of the SICA and is not under winding up.

Partnership Firms

10. M/s. Prince Property Management Services

M/s Prince Property Management Services ("PPMS"), a partnership firm was constituted vide partnership dated May 17, 2006. It has its principal place of business at 59, Ormes Road, Kilpauk, Chennai-600 010. It carries on the business of providing repairs, maintenance and upkeep services of individual buildings and collective flats used for commercial or residential purposes.

Partners as on August 31, 2007

The partners of PPMS are as follows:

Sr. No.	Name of Partners	Profit /Loss sharing ratio
1	Mr. Rajkumar Kamdar	60.00%
2	Mr. Sharad Vasanji	40.00%
	Total	100.00%

Financial Performance

Since PPMS has been incorporated on May 17, 2006, its financial performance for the last 3 years cannot be reflected.

11. M/s. Rajvaibhav Constructions

M/s Rajvaibhav Constructions (“RVC”), a partnership firm was constituted vide partnership dated August 24, 2005. It has its principal place of business at No. 76, E.V.K. Sampath Road, Veperiy, Chennai-600 007. It carries on the building contractors, builders, dealers in building materials, development of real estate and allied business.

Partners as on August 31, 2007

The partners of and their Profit and Loss sharing ratio is RVC are as follows:

Sr. No.	Name of Partners	Profit /Loss sharing ratio
1	Mr. Rajkumar Kamdar	50.00%
2	Mr. Bharat Kumar Kamdar	50.00%
	Total	100.00%

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Partnership Capital	-	-	0.01
Total Income	-	-	-
Net Profit/ (loss)	-	-	-

*Unaudited. All expenses are carried forward to stock and hence no income is recognized.

12. M/s. Raj Vaibhav Investment

M/s Raj Vaibhav Investment (“RVI”), a partnership firm was constituted vide partnership dated May 26, 1989. It has its principal place of business at No. 7, Umpherson Street, Chennai 600 108. It carries on the business of dealing in real estate, taking of properties on lease and sub letting, commission agent or any other allied business.

Partners as on August 31, 2007

The partners of and their Profit and Loss sharing ratio is RVC are as follows:

Sr. No.	Name of Partners	Profit /Loss sharing ratio
1	Mr. Ashwin Kumar Kamdar	50.00%
2	Mr. Bharat Kumar Kamdar	50.00%
	Total	100.00%

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Partnership Capital	1.27	1.22	1.22
Total Income	-	-	-
Net Profit/ (loss)	-	-	-

*Audited. RVI does not carry out any business activities.

RVI has not prepared a profit and loss account for the last three financial years as it does not carry out any business activities.

Proprietary Concerns

13. M/s. Hareeshar & Co.

M/s Hareeshar & Co. ("HAC"), is a proprietary concern of Mr. Sharad Vasanji and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021. It carries on the business of import, export and manufacture of stainless steel kitchenware.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Proprietor's Capital	(0.81)	(0.74)	(0.66)
Total Income	0.20	0.20	0.17
Net Profit/ (loss)	0.12	0.07	0.08

*Unaudited.

14. M/s. Gemini Metal Works

M/s Gemini Metal Works ("GMW"), is a proprietary concern of Mr. Hareesh Vasanji and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021. It carries on the business of import, export and manufacture of stainless steel kitchenware.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004*	For the year ending March 31, 2005*	For the year ending March 31, 2006*
Proprietor's Capital	1.67	1.13	1.46
Total Income	2.17	2.37	1.83
Net Profit/ (loss)	0.39	0.38	0.39

*Unaudited.

15. M/s. Zenith International

M/s Zenith International ("ZI"), is a proprietary concern of Mr. Ashwin Kumar Kamdar and having its address at 7, Umpherson Street, Chennai – 600 001. It carries on the business of It carries on the business of import, export and manufacture of stainless steel kitchenware.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
Proprietor's Capital	0.29	0.29	0.29
Total Income	-	-	-
Net Profit/ (loss)	-	-	-

*Unaudited. ZI does not carry on any business activities.

Co-ownership

16. M/s. Gemini Warehouse

M/s Gemini Warehouse ("GW"), is a co-ownership among Vijpal Vasanti HUF, Sharad Vasanti HUF, Hareesh Vasanti HUF, Mrs. Luxmi Vasanti, Mrs. Dipti Sharad, Mrs. Sheila Hareesh and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021. It is a venture promoted by the relatives of the promoters wherein property is given on lease and 'Income from House Property' is received and divided among the co-owners.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
Co-owners Account	1.54	1.75	1.63
Total Income	1.84	1.50	1.07
Net Profit/ (loss)	1.28	0.95	0.47

*Unaudited.

17. M/s. Yogesh Warehousing Corporation

M/s Yogesh Warehousing Corporation (“YWC”), is a co-ownership among Mrs. Dipti Sharad, Mrs. Sheila Hareesh, Mr. Yogesh Hareesh, Ms. Disha Sharad, Ms. Apeksha Hareesh and Ms. Aditi Sharad having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021. It is a venture promoted by the relatives of the promoters wherein property is given on lease and ‘Income from House Property’ is received and divided among the co-owners.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
Co-owners Account	0.25	0.32	0.31
Total Income	0.29	1.07	1.20
Net Profit/ (loss)	0.16	0.93	1.07

*Unaudited.

18. M/s. International Warehousing Corporation

M/s International Warehousing Corporation (“IWC”), is a co-ownership among Mr. Ashwin Kumar Kamdar HUF, Mr. Bharat Kumar Kamdar, Ramamlal Vikam HUF and VasANJI Vijjal HUF, and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021. It is a venture promoted by the relatives of the promoters wherein property is given on lease and ‘Income from House Property’ is received and divided among the co-owners.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
Co-owners Account	-	0.51	0.50
Total Income	-	0.07	0.04
Net Profit/ (loss)	-	0.07	0.04

*Audited.

19. M/s. Gemini Industrial Estate

M/s Gemini Industrial Estate (“GIE”), is a co-ownership between Mr. Vijpal Vasanji, Mr. Sharad Vasanji and Mr. Hareesh Vasanji and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021. It is a venture promoted by the promoter and his relatives wherein property is given on lease.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
Co-owners Account	0.14	0.32	0.40
Total Income	0.44	0.44	0.44
Net Profit/ (loss)	0.13	0.11	0.08

*Unaudited.

Hindu Undivided Family

20. Ashwin Kumar K. Kamdar HUF

Ashwin Kumar K. Kamdar HUF (“AKK”), is an HUF with Mr. Ashwin Kumar Kamdar as its Karta and having its address at Shop No. 15 & 16, 2nd Floor, Prince Plaza, 46, Pantheon Road, Egmore, Chennai 600 008.

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
HUF Capital Account	8.46	8.63	8.93
Total Income	0.40	0.33	0.38
Net Profit/ (loss)	0.38	0.30	0.35

*Unaudited.

21. Sharad Vasanji HUF

Sharad Vasanji HUF (“SV”), is an HUF with Mr. Sharad Vasanji as its Karta and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
HUF Capital Account	2.43	1.99	1.86
Total Income	0.49	0.33	0.22
Net Profit/ (loss)	0.49	0.33	0.22

*Unaudited.

22. Hareesh VasANJI HUF

Hareesh VasANJI HUF (“HV”), is an HUF with Mr. Hareesh VasANJI as its Karta and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
HUF Capital Account	3.66	3.80	3.24
Total Income	0.57	0.34	0.27
Net Profit/ (loss)	0.57	0.34	0.27

*Unaudited.

23. VasANJI Vijpal HUF (Main)

VasANJI Vijpal HUF (Main) (“VVM”), is an HUF with Mr. VasANJI Vijpal as its Karta and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
HUF Capital Account	1.57	1.67	1.84
Total Income	0.42	0.26	0.31
Net Profit/ (loss)	0.40	0.24	0.26

*Unaudited.

24. VasANJI Vijpal HUF

VasANJI Vijpal HUF (“VV”), is an HUF with Mr. VasANJI Vijpal as its Karta and having its address at No. 28, Theyagappa Chetty Street, Chennai – 600 021

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
HUF Capital Account	4.65	4.79	4.09
Total Income	1.32	0.27	0.20
Net Profit/ (loss)	1.32	0.26	0.20

*Unaudited.

Charitable Trust

25. Vijpal Khishi Charitable Trust

Vijpal Khishi Charitable Trust (“VKCT”), is a trust formed by the promoter and his relatives having its address at No. 4, Taylors Road, Kilpauk, Chennai – 600 010. Its trustees are Mr. VasANJI Vijpal, Mr. Sharad VasANJI and Mr. Hareesh VasANJI

Financial Performance

Rs. in millions, except share data

Particulars	For the year ending March 31, 2004 *	For the year ending March 31, 2005 *	For the year ending March 31, 2006 *
Trust Corpus	5.50	6.34	5.91
Total Income	1.12	0.06	0.53
Excess of Income over Expenditure	0.83	(0.43)	(0.29)

*Audited.

Past Ventures of our Promoters

Companies with which our Promoters have disassociated themselves in the last three years are as provided below:

1. Mr. Ashwin Kumar Kamdar has closed down his proprietary concern, M/s. Ashwin International in the year 2007, as there was no business activity;
2. Mr. Ashwin Kumar Kamdar has closed down his proprietary concern, M/s. Rajyog Investment in the year 2007, as there was no business activity;
3. Mr. Sharad VasANJI has closed down his proprietary concern, M/s. Sterling Engineering Services in the year 2007, as there was no business activity;
4. Mr. Sharad VasANJI has closed down his proprietary concern, M/s. King & Co. in the year 2007, as there was no business activity;
5. Mr. Ashwin Kumar Kamdar and Mr. Sharad VasANJI have closed down their proprietary concern, M/s. International Construction Company in the year 2007, as there was no business activity.

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

The following discussion of our financial condition and results of operations are based on standalone financial statements for the years ended March 31, 2005, 2006 and 2007 including the notes thereto and reports thereon, prepared in accordance with Indian GAAP and the Companies Act, 1956.

Overview

Prince Foundations Limited is one of the leading real estate developers in Chennai, focusing primarily on the development of IT parks, residential complexes, mini townships and serviced apartments. Our operations span all aspects of real estate development, right from the identification and acquisition of land, to the planning, execution and marketing of our projects, executed by our fully integrated in-house development team. We believe we have established a strong brand image and a successful track record in the real estate industry due to our commitment to the development of high quality projects and exploring relatively untapped markets. Our dedicated marketing and sales team regularly interacts with our customers to enable an educated and user-friendly purchasing or leasing experience.

We were incorporated as Prince Foundations Private Limited in February 2004. Our Promoters, Mr. Ashwin Kumar Kamdar and Mr. Sharad Vasanji have over two decades of experience in real estate development. For further details on the experience of our Promoters, please refer to the chapter titled "Our Promoter and Promoter Group" beginning on page 145 of this Draft Red Herring Prospectus. In a short span of three years, we have completed the construction and development of four projects, which include three IT parks namely; "Prince Infocity", "Prince Infopark", "Prince Technopark" and one residential complex namely; "Prince Greenwoods" aggregating over 1.00 million sq. ft. of saleable area. We developed these properties with an emphasis towards providing modern and high quality facilities for our clients. Some of our prominent clients who occupy these premises include Dun & Bradstreet, Optimus Global Services, Datamark Prodapt India BPO and Wisdom Infotech and other multi national corporations, to name a few. For further details of our completed projects, please refer to section titled 'Completed Projects' given below in this chapter.

Since our inception, we have concentrated our business within the Chennai region and its suburbs. Our total land reserves upon construction, would lead to ~8.49 million sq. ft. of developable area, of which our share of saleable area would be ~6.20 million sq. ft., to be developed through 12 Ongoing or Planned Projects. Our 3 Ongoing Projects ("Projects that are currently under construction and development.") include two IT parks and one residential complex, aggregating ~2.53 million sq. ft. of developable area and our share of ~1.81 million sq. ft. saleable area. Our 9 Planned projects ("properties that are in planning stage, where approvals are in the process of being obtained and construction has not yet begun") include two mini townships, one serviced apartment, one IT park and five residential complexes, aggregating ~5.96 million sq. ft. of developable area and our share of ~4.39 million sq. ft. of saleable area.

Our total income for the financial years ended March 31, 2007, March 31, 2006 and March 31, 2005 was Rs. 669.50/- million, Rs. 487.23/- million and Rs. 0.05/- million, respectively, and our profit after tax for the said years was Rs. 211.72/- million, Rs. 112.31/- million and Rs. (2.49)/- million respectively.

Significant developments subsequent to the last financial year:

1. Our Company issued bonus shares to its members in the ratio of twenty equity shares for every one equity share held by the members and such new shares were fully paid up and rank *pari passu* with the existing equity shares. A total of 30 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 315.00 million. This bonus issue was authorized through a special resolution of the Shareholders passed August 20, 2007. For further details, please refer to the chapter titled "Capital Structure" beginning on page 48 of this Draft Red Herring Prospectus.

2. Our Company has entered into some Joint Development Agreements after March 31, 2007 namely;
 - Dated August 06, 2007 with M/s. Varisht Investors and Zeal Reators Pvt. Ltd., dated September 3, 2007 with Mr. Vijay Vakharia for our project 'Prince Boulevard'
 - Dated September 10, 2007 with SMT Property Developers Private Limited for our project 'Prince Pavillion'
 - Dated August 29, 2007 with Mr. Dave Jayaselvan and Dynaspade Integrated Systems Private Limited for our some part of our project "Prince LeGrande"
 - Dated April 26, 2007 with Neutral Developers Private Limited for our project 'Prince Tavern'
 - Dated May 16, 2007 with M/s. K B Developers for our project 'Prince Techzone'
 - Dated May 28, 2007 with Devesh Bhuvra (our Key Managerial Personnel) for some part of our project 'Prince Chateau'
 - Dated August 30, 2007 with Mr. Sharad VasANJI and others for our project 'Prince Highland'
3. During May 2007 Service Tax Department had conducted audit of accounts pertaining to service tax dues till date and have made an Order raising a demand of Rs. 16.39 million as payable. However, the entire demand has been disputed by the company. Hence, the said sum stands as a contingent liability not provided for in the books of accounts.

For details of the principal terms of the Joint Development Agreement please refer to the chapter titled "Our Business" beginning on page 89 of this Draft Red Herring Prospectus.

Other than the above, in the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months.

Factors affecting Results of Operations

A number of factors affect our financial condition and results of operations, including the following:

Timing and Execution of our projects

Our results of operations significantly depend upon the number of completed projects which are ready to be sold to customers in each financial year. All of our projects require substantial time to complete and the number of completed projects that are available for sale can vary significantly from period to period. We cannot predict with certainty when our projects will be completed as our project timetables are occasionally disrupted by unforeseen circumstances.

As a result, we may record significant revenues or profits during one financial period while reporting significantly lower revenues or profits with respect to prior or subsequent financial periods. Therefore, the periods discussed in our financial statements included in this Draft Red Herring Prospectus may not be comparable to each other or to future financial periods, and our results of operations and cash flows may fluctuate significantly from period to period and over time.

Acquisition of land / land developmental rights

Our operations are dependent on our identification of and the availability of land for our projects. Our growth is linked to our ability to identify and obtain land in areas where we can develop projects that are marketable primarily to middle and higher income groups. Any government regulations, increases in the price of land or other impediments to the acquisition of land or land development rights may adversely affect our operations.

General economic and demographic condition in India:

All our operations are currently located in India and the economic condition of India has a direct impact on our income. We believe that the success of our projects is dependent on the general economic growth of India.

Availability of financing for customers

One of the significant drivers behind the growth of demand for housing units is interest rate on housing loans. The interest rate has substantially reduced from the last decade. However, the rates of interest for housing loans have been recently increased by most of the lending financial institutions and banks. Hence any reduction in overall credit availability of finance to our customers will affect our results of operations.

Cost of construction

The cost of construction primarily comprise of cost of steel, cost of cement, cost of wood, cost of flooring materials and cost of other accessories. Any increase in these inputs may significantly affect our results of operations.

Regulatory approvals

Our operations, the acquisition of land and land development rights, and the implementation of our projects are subject to regulatory approvals from a variety of regulatory authorities. We also are subject to local laws, any delay in getting these approvals may affect our result of operations.

Critical Accounting Policies**Revenue Recognition**

Revenues from projects are recognized on the "Percentage of completion method" of accounting in accordance with accounting standard (AS 9) for Revenue Recognition issued by ICAI. The revenue on construction is recognized on percentage completion method.

Inventories

Inventories of raw material are valued at cost or net realisable value which ever is lower. Project works in progress are valued at cost or net realizable value whichever is lower. The cost of project work in progress includes all Direct and Indirect cost incurred on the incomplete project. Administrative expenses which are related to individual projects are allocated to such project and are absorbed as and when the respective project is completed. All unallocated expenses at Head Office are absorbed in the respective year in which they are incurred.

Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition, including any cost attributable for brining the asset to its working condition for its intended use, less accumulated depreciation. The Company provided depreciation on fixed assets on the written down value basis, at the rates prescribed by Schedule XIV to the Companies Act, 1956. Assets costing individually Rs. 5,000/- or less are depreciated fully in the year of purchase.

Discussion on Results of Operations

(Rs. in Mn.)

RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES						
Particulars	For the period ended March 31,					
	2005	% of total income	2006	% of total income	2007	% of total income
Income						
Project Revenue	0.00	0.00%	476.92	97.88%	645.00	96.34%
Other Income	0.05	100.00%	10.31	2.12%	24.50	3.66%
Total Income	0.05	100.00%	487.23	100.00%	669.50	100.00%
Expenditure						
Cost of Construction	0.00	0.00%	328.11	67.34%	362.17	54.09%
Employee Costs	0.36	764.48%	10.30	2.11%	19.45	2.90%
Administration Expenses	1.15	2436.12%	8.10	1.66%	12.55	1.88%
Sales Promotion Overheads	0.00	2.18%	8.64	1.77%	13.32	1.99%
Finance Charges	0.74	1571.66%	9.79	2.01%	15.26	2.28%
Depreciation	0.26	543.84%	1.21	0.25%	4.62	0.69%
Expenses Before Adjustments	2.52	5318.28%	366.15	75.15%	427.37	63.83%
Net Profit before Tax	-2.47	-5218.28%	121.08	24.85%	242.14	36.17%
Provision for Taxation - Current	0.02	36.59%	10.19	2.09%	27.86	4.16%
Provision for Taxation - FBT	0.00	0.00%	0.19	0.04%	0.40	0.06%
Provision for Taxation - Deferred	0.00	0.00%	-1.61	-0.33%	2.16	0.32%
Total Provision for Taxation	0.02	36.59%	8.77	1.80%	30.41	4.54%
Net Profit after Tax	-2.49	-5254.87%	112.31	23.05%	211.72	31.62%
Balance Carried to Balance Sheet	-2.49	-5254.87%	112.31	23.05%	211.72	31.62%

Comparison of Financial Year 2007 and Financial Year 2006

Income

Our total income increased by 37.41% from Rs. 487.23 million in financial year 2006 to Rs. 669.50 million in financial year 2007. This was mainly because of increase in project revenue.

Project revenue

Our project revenue increased by 35.24% from Rs. 476.92 million in financial year 2006 to Rs. 645 million in financial year 2007. This was primarily due to an increase in sale of IT parks and residential units. This was primarily due to sale of residential apartments our project 'Prince Greenwoods' and IT park space at 'Prince Infopark'.

Other income

Other income increased by 137.64% from Rs. 10.31 million in financial year 2006 to Rs. 24.50 million in financial year 2007. This increase was mainly due to revenues earned from increase in rent and Rs. 15.80 million of miscellaneous income in financial year 2007.

Expenditure

Our total expenses increased by 16.72% from Rs. 366.15 million in financial year 2006 to Rs. 427.37 million in financial year 2007. This was primarily due to an increase in the cost of construction, employee cost, administrative expenses, sales promotion expenses, finance charges and depreciation.

Cost of construction

The cost of construction went up from Rs. 328.11 million in financial year 2006 to Rs. 362.17 million in financial year 2007 resulting in an increase of 10.38%. This is attributable to two factors, viz., increase in prices of construction inputs as well as increase in the built up area of our projects, 'Prince Greenwoods' and 'Prince Infopark'.

Employee costs

Employee costs went up from Rs. 10.30 million in financial year 2006 to Rs. 19.45 million in financial year 2007 with an increase of 88.73%. This was largely due to the fact that the number of employees increased significantly during the year ended March 31, 2007. This was coupled with the increase in yearly employee package along with the bonuses paid during the year. The number of employees on the rolls of the company at the end of financial year 2006 was 32 as compared to 49 at the end of financial year 2007.

Administration expenses

Administration expenses recorded an increase of 55.02% in financial year 2007 as compared to financial year 2006. The amount increased from Rs. 8.10 million in financial year 2006 to Rs. 12.55 million in financial year 2007. This was mainly on account of additional VAT paid by the company on construction activities undertaken and also due to overall increase in other administrative expenses.

Sales Promotion expenses

Sales promotion expenses were incurred to the extent of Rs. 13.32 million in financial year 2007 as against Rs. 8.64 million incurred in financial year 2006. This represents an increase of 54.24% in the year ended March 31, 2007 over the amount incurred in the year ended March 31, 2006. The main contributor to the increase in sales promotion expenses was the amount spent for marketing the residential apartments at Athipet.

Finance Charges

Finance charges incurred in financial year 2007 were Rs. 15.26 million. This represented an increase of 55.85% over the amount of Rs. 9.79 million incurred in financial year 2006. The increase is mainly due to interest paid on additional money borrowed from Indian Overseas Bank for the 'Prince Infopark'.

Depreciation

Depreciation provided in financial year 2006 stood at Rs.1.21 million as against Rs.4.62 million in financial year 2007. The additional amount provided in financial year 2007 represents an increase of 282.73% over the previous year. This was mainly due to the fact that fixed assets were purchased for the project implementation at 'Prince Greenwoods' and 'Prince Infopark'.

Comparison of Financial Year 2006 and Financial Year 2005

Our Company was incorporated on February 27, 2004 and the first completed year of operation was for the year ended March 31, 2005. There were no sales during the year and our first project 'Prince Infocity' was being constructed. Hence the profit and loss figures of FY 2006 and are not comparable with the profit and loss figures of FY 2005.

Financial Indebtedness

For details please refer to the chapter titled 'Financial Indebtedness', beginning on page 202 of this Draft Red Herring Prospectus.

Cash Flows Statement

(Rs. in Mn.)

STATEMENT OF CASH FLOWS AS RESTATED			
Particulars	For the period ending March 31,		
	2005	2006	2007
Net Cash from Operating activities : (A)	(123.51)	104.13	(114.67)
Net Cash used in Investing activities : (B)	(3.43)	(14.15)	(20.95)
Net Cash from Financing activities	134.94	(91.39)	129.70
Net Inc / (Dec) in cash & cash equiv (A+B+C)	8.00	(1.41)	(5.92)
Cash & cash equiv (Opening Balance)	-	8.00	6.59
Cash & cash equiv (Closing Balance)	8.00	6.59	0.67

Our Company invested Rs. 123.51 million in the operating activities as there were no sales during the years. In the year ended March 31, 2006 we sold some of our projects hence there was a positive cash flow in the year. Further in the year ended March 31, 2007 there cash flows from sales of some projects but we invested in new projects resulting into a net negative cash flow from Operating activities.

During the year ended March 31, 2005 our Company had availed term loans resulting into positive cash flows from financing activities, which were repaid from the sale of projects in the year ended March 31, 2006 thereby resulting into a negative cash flow. Further during the year March 31, 2007 our Company availed some further term loans amounting to positive cash flows of Rs. 129.70 millions.

Contingent Liabilities

We have some contingent liabilities as mentioned below:

(Rs. In Mns.)

STATEMENT OF CONTINGENT LIABILITIES NOT PROVIDED FOR, AS RESTATED			
Particulars	As at March 31,		
	2005	2006	2007
Claims not acknowledged by the Company relating to the Service Tax	0.00	0.00	16.39
Bank Guarantee	6.42	17.83	26.93
Total	6.42	17.83	43.33

For further details please refer to the chapter titled "Financial Information - Contingent Liabilities" beginning on page 175 of this Draft Red Herring Prospectus

FINANCIAL INDEBTEDNESS

Our aggregate borrowings as of August 31, 2007 are as follows;

(Rs. in Mn.)

Sr. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	11.51
2.	Unsecured Borrowings	38.31
	Total	49.82

Set forth below is a brief summary of our aggregate borrowings as on August 31, 2007:

(Rs. in Mn.)

Sr. No.	Nature of borrowing/facility	Amount Sanctioned	Interest rate and repayment	Amount outstanding as on August 31, 2007	Security
1.	Credit Sanction Advice dated July 23, 2007 from Indian Overseas Bank.#	Rs.500 million	BPLR + 1.25% i.e. 14.50% at present. Repayment: 4 quarterly instalments of Rs. 125,000,000 each commencing January 2009. Interest to be serviced as and when charged to the account.	Yet to be availed	1) First charge on pari passu basis with other term loan lenders of the project on 54% of undivided share of land, at survey no. 283/3, 283/4 and 284/4A at Kottivakkam Village, Old Mahabalipuram Road, Chennai and the building to be constructed thereon. 2) Collateral security of 1.13 acres of land at Akkarai, East Coast Road, Chennai owned by Mr. Rajkumar Kamdar and Mrs. Meena Kamdar. 3) Collateral security of land (6.9 grounds) and building (16570 sq. ft.) situated at No. 34 Langs Garden Road, Puduped, Chennai-2 owned by Mr. Hareesh Vasanji and Mrs. Sheila Hareesh. 4) Collateral security of 1.35 acres of land and building (30000 sq. ft.) situated at Karapakkam, Chennai owned by Mr. Sharad Vasanji. 5) Personal guarantee of Mr. Ashwin Kumar Kamdar, Mr. Sharad Vasanji, Mr. Rajkumar Kamdar, Mrs. Meena Kamdar, Mr. Hareesh Vasanji and Mrs. Sheila Hareesh.
2.	Credit Sanction Advice dated August 23, 2007 from Indian Overseas Bank for bank guarantees in favour of Chennai Metropolitan Development Authority.	Rs. 9.11million	5 years and renewable for another 5 years not exceeding in all 10 years.	Rs. 9.11million	1) Counter indemnity of our Company and our Promoter Mr. Sharad Vasanji. 2) Personal guarantee of Mr. Ashwin Kumar Kamdar, Mr. Sharad Vasanji, Mr. Rajkumar Kamdar, Mrs. Meena Kamdar, Mr. Hareesh Vasanji and Mrs. Sheila

					Hareesh. 3) Collateral security of property at Akkarai in the East Coast Road, Chennai owned by Mr. Rajkumar Kamdar and Mrs. Meena Kamdar. 4) Collateral security of land and building situated at No. 34 Langs Garden road, Puduped, Chennai-2 owned by Mr. Hareesh Vasanji and Mrs. Sheila Hareesh. 5) Collateral security of land and building situated at Karapakkam, Chennai owned by Mr. Sharad Vasanji.
3.	Vehicle loan agreement dated July 27, 2005 from ICICI Bank Limited.	Rs. 1.40 million	5.52% Repayment: as per EMI schedule provided	Rs. 0.29 million	Hypothecation of vehicle with Registration No. TN-01Z9300
4.	Vehicle loan agreement dated October 28, 2005 from ICICI Bank Limited.	Rs. 0.30 million	6.43% Repayment: as per EMI schedule provided	Rs. 0.12 million	Hypothecation of vehicle with Registration No. TN-01AA2489
5.	Vehicle loan agreement dated April 17, 2006 from ICICI Bank Limited.	Rs. 0.70 million	8.74% Repayment: as per EMI schedule Provided	Rs. 0.41million	Hypothecation of vehicle with Registration No. TN-01AB1642

Our Company proposes to avail a total term loan of Rs. 1,000 million from a consortium of banks namely, Indian Overseas Bank and Development Credit Bank. While our Company has received the sanction from Indian Overseas Bank for Rs. 500 million, we have applied to the Development Credit Bank vide our letter dated April 23, 2007 for the remainder of the loan amount aggregating Rs. 500 million to be given in a consortium. In addition, Indian Overseas Bank has sanctioned a letter of guarantee favouring the Chennai Metropolitan Development Authority of Rs. 50 million and a sub limit under the term loan being a one time Letter of Credit (foreign) limit on 180 days for Rs. 50 million to be met out of the term loan of Rs. 500 million, out of which our Company has availed Rs. 22.5 million.

The Corporation Bank has provided a bank guarantee of Rs. 3.67 million in favour of the Chennai Metropolitan Development Authority.

Corporate Actions:

Some of the corporate actions for which we require the prior written consent of our lenders include the following:

- I. To change the constitution of our Company viz. reconstitution of partnership firm or conversion of private limited company into a public limited company;
- II. To change the constitution/Directors;
- III. To undertake or permit any merger, takeover etc.

We have obtained the approvals for the Issue from all lenders from whom we require approvals under the respective loan documents:

1. Indian Overseas Bank by letter dated August 1, 2007;
2. Development Credit Bank by letter dated September 22, 2007;
3. Corporation Bank by letter dated September 20, 2007.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations, suits or civil or criminal prosecutions against our Company, our Directors, our Promoters and our Promoter Group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks / financial institutions, defaults in creation of full security as per terms of issue / other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act.) against our Company, our Directors and our Promoters, except as described below. Further, our Directors and Promoters have not been declared as wilful defaulters by the Reserve Bank of India and also have not been debarred from dealing in securities and/or accessing the capital market by SEBI and no disciplinary action has been taken against them by SEBI except as described below.

Outstanding litigations and contingent liabilities of our Company

Contingent Liabilities as on March 31, 2007

The contingent liabilities of our Company as on March 31, 2007 are as follows:

		(Rs. In million)
a.	Estimated amount of contracts remaining to be executed on capital accounts and not provided for	Nil
b.	On account of Letter of Credit issued by banks on behalf of the Company	Nil
c.	(i) Counter guarantees given to banks for guarantees issued by the banks on behalf of the Company	26.93
	(ii) Corporate Guarantees given to banks for credit extended to subsidiary and to customers for performance guarantee	Nil
d.	Claims against the Company not acknowledged as debts:	16.93
	(i) Disputed statutory demands like sales tax, service tax etc.	16.93
	(ii) Others	Nil

I. Cases filed by and against our Company

1. Cases filed by our Company

There are no cases filed by our Company

2. Cases filed against our Company

A. Service Tax

Service Tax demand pending before the Commissioner of Service Tax

A demand notice bearing number C.No.III/10/366/2007- ST- IA dated May 12, 2007 was issued to our Company based on the audit of our accounts conducted at our office from May 10, 2007 to May 12, 2007 and pertaining to the records and documents produced by us during the audit. The demand relates to non payment / short payment of service tax liabilities aggregating Rs. 8,637,768, education cess aggregating Rs. 172,756 and interest on delayed payment aggregating Rs. 468902 in respect of the realized taxable value and brokerage/ commission received during the financial year 2005-06 under various service categories namely; "Construction of Complex Services", "Real Estate Agent", "Maintenance of Repair Service" and "Construction" for our Kandanchawadi Software Technology Park , Ambattur Software Technology Park and Prince Greenwoods projects. Our Company replied to the demand notice bearing number C.No.III/10/366/2007-ST-IA dated May12, 2007 vide its letter dated May 16, 2007 stating that there was neither non-payment nor short payment of service tax nor delayed payment of service tax liabilities as alleged by the service tax authorities. Our Company received three more demand notices dated May 14, 2007, May 18, 2007 and May 19, 2007 respectively, in continuation of the earlier demand notice alleging an amount of Rs. 1, 07,419 towards interest on delayed payment of service tax liabilities pertaining to our Ambattur Software Technology Park project, service tax liabilities of Rs. 1,152,592, education cess of Rs. 23, 052 and interest to be paid Rs. 5,443 for the month of April 2007 and non payment / short payment of service tax liabilities aggregating Rs. 4,865,754, education cess aggregating Rs. 97,316 and interest on delayed payment aggregating Rs. 863,251 on the realized taxable value and 30% of the land owners share, under the service category "Construction of Complex Services", for our Kandanchawadi Software Technology Park project. The matter is pending before the Commissioner of Service Tax.

B. Show cause notices issued to our Company

1. Our Company received a show cause notice bearing number DEE/TNPCB/OL-182/KMP/A/2006 dated January 19, 2007 from the District Environmental Engineer, Tamil Nadu Pollution Control Board, relating to operation of the unit and discharge of sewage without having obtained the consent of the Tamil Nadu Pollution Control Board thereby contravening the provisions of section 25 Water (Prevention and Control of Pollution) Act, 1974 and the failure to obtain environmental clearance from the Government of India in accordance with the provisions of Environmental Impact Assessment Notification 2006. Our Company replied to the show cause notice vide its letters dated February 02, 2007 and February 15, 2007 stating that we were under the purview of the Information Technology Parks, which was an industry exempted from the purview of the requirements by the Tamil Nadu Pollution Control Board pursuant to the Information Technology policy prevailing therein. Further, our Company stated that it had applied for consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, vide its letter dated August 21, 2006 and that we had commenced our construction activity in December, 2003 and had reached the first floor level as against the stipulated plinth level of the earlier prevailing notification of July 07, 2004. The matter is pending before the Tamil Nadu Pollution Control Board.
2. A show cause notice bearing number DEE/TNPCB/OL-182/KMP/A/2006 dated 19.01.2007 was issued against our Company by the District Environmental Engineer, Tamil Nadu Pollution Control Board relating to the operation of the unit in an air pollution control area without having obtained the consent of Tamil Nadu Pollution Control Board thereby contravening the provisions of section 21 of Air (Prevention and Control of Pollution) Act, 1981, operation of the unit without any adequate air pollution control measures and the failure to obtain environmental clearance from the Government of India in accordance with the provisions of Environmental Impact Assessment Notification 2006. Our Company replied to the show cause notice vide its letters dated February 02, 2007 and February 15, 2007 stating that we were under the purview of the Information Technology Parks, which was an industry exempted from the purview of the requirements by the Tamil Nadu Pollution Control Board pursuant to the Information Technology policy prevailing therein. Further, our Company stated that it had applied for consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, vide its letter dated August 21, 2006 and that we had commenced our construction activity in December, 2003 and had reached the first floor level as against the stipulated plinth level of the earlier prevailing notification of July 07, 2004. The matter is pending before the Tamil Nadu Pollution Control Board.

II. Cases filed by and against our Directors

1. Cases filed by our Directors

There are no cases filed by our Directors

2. Cases filed against our Directors

Customs Case against Mr. Ashwin Kumar Kamdar

In early 1980's Mr. Ashwin Kumar Kamdar was carrying on Import and Export business as a partner of 'M/s ZENITH INTERNATIONAL'. For the purposes of importing certain electrical items, an import license bearing no.P/K/2963484 was endorsed by one Mr. Om Prakash Marda to Mr. Ashwin Kumar Kamdar. The original license dated July 12, 1984 was issued in favour of M/s Rajendra Brothers for a value of Rs. 3,526,600/- out of which an amount of Rs 500,000 was endorsed to Mr. Ashwin Kumar Kamdar. Subsequently the import license was re/endorsed by Ashwin Kumar Kamdar in favour of M/s Eagle Electricals. M/s. Eagle Electricals imported certain electrical items and produced the Import License to Customs Authority, during which time, it was transpired that the license was reportedly a defective one, as the Customs Authority found that the endorsement on the license was reportedly tampered allowing import of certain banned/ non OGL items. The Customs Authority seized the imported materials and handed over the case for further investigation to DRI which in turn handed it over to the C.B.I.

The above incident took place in the year 1990 and the case is still pending in the Courts in Ahmedabad. All the 42 persons who had endorsed the license in favour of the other which is the normal business practice in the Import trade have been implicated. Mr. Ashwin Kumar Kamdar has filed a discharge application on August 2, 2006 which is still pending before the Court.

III. Past penalties levied against our Company:

The past cases in which penalties have been imposed on our Company in the last five financial years are as follows:

Assessment year	Total amount of penalty imposed (Rs. Million)	Brief particulars regarding penalty	Remarks (paid / payable)
2004-05	0.015	Penal interest for the delayed remittance in respect of tax arrears imposed by the Commercial Tax Officer under the Tamil Nadu General Sales Tax Act. 1959.	paid

IV. Amount owed to small scale undertaking and other creditors:

The are no small scale undertakings and other creditors to whom our Company owes a sum exceeding Rs. 1 lakh which is outstanding more than 30 days, as on March 31, 2007.

V. Cases with respect to our Promoter/ Group Companies and other ventures of our Promoters

M/s. Hareeshar & Co.

Case filed by M/s. Hareeshar & Co.

Customs Duty Case pending before the Supreme Court

During the year 1982-1983, M/s. Hareeshar & Co. filed a writ petition in the High Court of Judicature at Chennai against the Customs Department for imposing a higher amount of stamp duty than what was applicable for the secondary grade/defective circles. The Court directed the Customs Department to provisionally assess the duty for secondary grade items and ordered M/s. Hareeshar & Co. to furnish a bank guarantee for the difference in customs duty. M/s. Hareeshar & Co. furnished a bank guarantee for the same. However, the Customs Department filed an appeal before the Supreme Court. The matter is still pending before the Supreme Court.

M/s. Gemini Metal Works

Case filed by M/s. Gemini Metal Works

Customs Duty Case pending before the Supreme Court

During the year 1982-1983, M/s. Gemini Metal Works filed a writ petition in the High Court of Judicature at Chennai against the Customs Department for imposing a higher amount of stamp duty than what was applicable for the secondary grade/defective circles. The Court directed the Customs Department to provisionally assess the duty for secondary grade items and ordered M/s. Gemini Metal Works to furnish a bank guarantee for the difference in customs duty. M/s. Gemini Metal Works furnished a bank guarantee for the same. However, the Customs Department filed an appeal before the Supreme Court. The matter is still pending before the Supreme Court.

VI. Material developments

Except as stated under the chapter titled “Management’s Discussion and Analysis of Financial Statements and Results of Operations” beginning on page 196 of this Draft Red Herring Prospectus and our financial statements included herein, no material developments have taken place after March 31, 2007, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our Company. In accordance with SEBI requirements, our Company and the BRLMs 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.

GOVERNMENT APPROVALS

In view of the material approvals listed below, our Company can undertake this Issue as well as our current business activities. We have received the requisite material consents, licenses, permissions and approvals from the Government and various Government agencies required for carrying out our present business except as mentioned below. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

I. General Approvals

Certificate of Incorporation dated February 27, 2004 bearing Corporate Identification Number U45201TN2004PTC052638 issued in the name of Prince Foundations Private Limited by the Registrar of Companies, Tamil Nadu.

Fresh Certificate of Incorporation consequent upon change of name on conversion to public limited company from Prince Foundations Private Limited to Prince Foundations Limited dated April 23, 2007 bearing Corporate Identification Number U45201TN2004PLC052638 issued by the Registrar of Companies, Tamil Nadu.

II. Approvals for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on April 30, 2007 authorised the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

The shareholders have, pursuant to a resolution dated May 24, 2007 under section 81 (1A) of the Companies Act, authorised the Issue.

III. Approvals for our Business

Our projects are divided into four categories, namely:

- (i) Information Technology Parks,
- (ii) Residential Projects;
- (iii) Mini Townships; and
- (iv) Serviced Apartments.

We have received the following Government and other approvals pertaining to our projects.

A. IT Parks

1. Project Prince Infocity II located at Re-Survey numbers 283/3, 283/4 at Old Mahabalipuram Road, Kandanchavadi, Chennai.

1.1. Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Electronics Corporation of Tamil Nadu Ltd.	ELCOT/ITPD/1052/FSI/2006	October 25, 2006	January 25, 2007
2.	Application submitted and scrutiny fees paid to the Chennai Metropolitan Development Authority.	16539 & 000199	December 19, 2006	Not Applicable
3.	Zoning Certificate issued by the Chennai Metropolitan Development Authority.	002864/2007	July 05, 2007	Not Applicable
4.	No objection certificate issued by the Panchayat	N.K. 4795/2006/A4	June 26, 2007	Not Applicable

5.	No objection certificate issued by the Tamil Nadu Fire and Rescue Service Department.	313/A2/2007	January 31, 2007	Not Applicable
6.	No objection certificate issued by the Traffic Police.	JCT/S1/952/13586/2007	June 27, 2007	Not Applicable
7.	Temporary Electricity connection provided by the Tamil Nadu Electricity Board	otr no:191006	May 23, 2007	Not Applicable
8.	Registration Certificate under section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970 & Central Rules 1971 issued to our Company for the work of construction of IT building / commercial complex for 200 workers.	84/07	July 24, 2007	Not Applicable
9.	Contract Labour Licence under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. N. Appa Rao for employing 25 workers for undertaking all the civil work.	895/07	August 20, 2007	December 31, 2007.
	Contract Labour Licence under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. A. Ganpathi Biswas for employing 35 workers for undertaking all the civil work.	894/07	August 20, 2007	December 31, 2007.
11.	Contract Labour Licence under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. R. Jagan for employing 25 workers for undertaking all the civil work.	893/07	August 20, 2007	December 31, 2007
12.	Contract Labour Licence under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. H. Ratnadoss for employing 40 workers for undertaking all the civil work	892/07	August 20, 2007	December 31, 2007
13.	Contract Labour Licence under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. P. Mani for employing 25 workers for undertaking all the civil work.	891/07	August 20, 2007	December 31, 2007

	Contract Labour Licence under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. Ramu for employing 25 workers for undertaking all the civil work.	890/07	August 20, 2007	December 31, 2007
	Contract Labour Licence under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. G. Perisamy for employing 25 workers for undertaking all the civil work.	884/07	August 20, 2007	December 31, 2007
14.	No objection certificate issued by the Airport Authority of India.	642/07	August 21, 2007	The no objection certificate is valid for a period of three years from the date of the issue and the building should be constructed and completed within the period of three years
15.	Concurrence for the design proposal of the sewage treatment plant issued by the Chennai Metropolitan Water Supply and Sewage Board	Cmwssb/ P & D/EE/III/STP/37 (2006-07)/2007	August 22, 2007	Not Applicable
16.	No objection certificate from the Chief Regional Advisory Committee/ Microwave Authority	DET/S & AN/CNI/TB-381/2	April 25, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated September 14, 2006 with Enkay Timber Industries Private Limited, Mr. T.P. Haneef Ahammed and Mr. T.P. Nizar Ahammed in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

1.2. Approvals/Licenses for which applications have been made

- Our Company has made an application dated July 20, 2007 to the Central Environmental Impact Assessment Authority for environmental clearance.
- Our Company has made an application dated November 27, 2006 to the Chennai Metropolitan Development Authority for obtaining their planning permission and has submitted the drawings and documents for the same.

1.3. Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Coastal Regulation Zone, planning permission from the Housing and Urban Development Department, planning permission from Chennai Metropolitan Development Authority, final approval of the Panchayat, permission for permanent electricity connection, permanent water connection, fire licence from the Tamil Nadu Fire and Rescue Services Department, approval from the Government of Tamil Nadu Electrical Inspectorate to commission the electrical installations at the project, licence to work a lift issued by the Inspector of Lifts and the Electrical Inspector, the completion certificate from the competent government authorities and a periodic renewal of approvals on expiry.

2. Project Prince Techzone located at Re-Survey numbers 141/2, 141/3, 140/3, 137, 136/2B, 140/2B, 149, 135/3, 135/4, 142, 136/2B, 143/1, 143/2, 140/1, 140/2A, 141/1, 139/2, 148/2 at Iyappan Thangal village, Sriperumbudur Taluk, Chengalpattu District.

2.1 Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Electronics Corporation of Tamil Nadu Ltd.	ELCOT/ITPD/1092/FSI/2007	April 19, 2007	July 19, 2007
2.	Zoning certificate issued by the Chennai Metropolitan Development Authority.	002866/2007	July 05, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated May 16, 2007 with M/s. K B Developers in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

2.2 Approvals/Licenses for which applications have been made

- Our Company has made an application dated July 08, 2007 to the Chennai Metropolitan Development Authority seeking planning permission for the project.

2.3 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Tashildar, a no objection certificate from the Panchayat, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department., a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the Airport Authority of India, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, a no objection certificate from the Chief Regional Advisory Committee / Microwave Authority, planning permission from the Housing and Urban Development Department, planning permission from the Chennai Metropolitan Development Authority, final approval of the Panchayat, permanent electricity connection, permanent water connection, fire licence from the Tamil Nadu Fire and Rescue Services Department, approval from the Government of Tamil Nadu Electrical Inspectorate to commission the electrical installations at the project, licence to work a lift issued by the Inspector of Lifts and the

Electrical Inspector, the completion certificate from the competent government authorities and a periodic renewal of approvals on expiry.

3. Project Prince Edifice located at Re-Survey numbers 115, 118/1, 119 at Semmenchery Village, Tasmbaram taluk, Kancheepuram District.

3.1 Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Electronics Corporation of Tamil Nadu Ltd.	IT P&D/Elcot/943/IT-MSB-FSI/2005	October 17, 2005	Not Applicable
2.	Declaration of reclassification of zone published in the Tamil Nadu Government Gazette	R1/25618/2006	September 19, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated May 02, 2005 with Ankur Foundation Private Limited in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

3.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Tashildar, a no objection certificate from the Panchayat, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department., a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the Airport Authority of India, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, a no objection certificate from the Chief Regional Advisory Committee / Microwave Authority, planning permission from the Housing and Urban Development Department, planning permit from the Chennai Metropolitan Development Authority, final approval of the Panchayat, permanent electricity connection, permanent water connection, fire licence from the Tamil Nadu Fire and Rescue Services Department, approval from the Government of Tamil Nadu Electrical Inspectorate to commission the electrical installations at the project, licence to work a lift issued by the Inspector of Lifts and the Electrical Inspector, the completion certificate from the competent government authorities and a periodic renewal of approvals on expiry.

B. Residential Projects

4. Project Prince Residenza located at Re-Survey number 310/29 at Nemeli 'B' Village, Pennalur Panchayat, Sriperumbudur Taluk, Kancheepuram District.

4.1 Approvals/Licenses Obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Tashildar – Sriperembudur.	8780/2006	December 27, 2006	Not Applicable
2.	No objection certificate issued by	Resolution no 43	August 18, 2006	Not

	the Panchayat – Pennalur.			Applicable
3.	No objection certificate issued by the Tamil Nadu Fire and Rescue Service Department to accord planning permission from the Directorate of Town and Country Planning.	2410/A2/2007	April 24, 2007	Not Applicable
4.	No objection certificate issued by the Traffic Police.	G2/448/11485/2007	March 29, 2007	Not Applicable
5.	Clearance Orders issued by the Directorate of Town and Country Planning for declaring a Multi Storeyed Building area for construction of residential building.	929/2007/BA2	March 16, 2007	Not Applicable
6.	Gazette publication for declaration of a Multi Storeyed Building area for the construction of residential building issued by the Director of Town and Country Planning.	929/2007/BA2	March 21, 2007	Not Applicable
7.	Planning Permission issued by the Director of Town and Country Planning.	929/2007/PA2	March 30, 2007	Not Applicable
8.	Final Approval issued by the Panchayat.	1/2007-2008	March 30, 2007	March 30, 2008
9.	Zoning Certificate issued by the Directorate of Town and Country Planning.	2534/07/CR7	July 06, 2007	Not Applicable
10.	Temporary electricity connection provided by the Tamil Nadu Electricity Board.	Receipt No. 757043	May 16, 2007	Not Applicable
11.	No objection certificate issued by the Airport Authority of India.	687/07	August 28, 2007	The no objection certificate is valid for a period of three years from the date of the issue and the building should be constructed and completed within the period of three years

- Our Company has entered into a Joint Development Agreement dated July 19, 2006 with Mr. Jethmal Sancheti and Mrs. Seema Devi Fulfagar in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

4.2 Approvals/Licenses for which applications have been made

- Our Company has made an application dated July 20, 2007 to the Central Environmental Impact Assessment Authority for environment clearance.

4.3 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, requisite approval from the Tamil Nadu Pollution Control Board, approval for a permanent electricity connection and a periodic renewal of approvals on expiry.

5. Project Prince Chalet located at Re-Survey number 29/1A2A1 at 41, Pudupakkam Village, Kelambakkam Vanddalur Raod, Kanchipuram District.

5.1 Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Tashildar – Chengalpattu.	M.M. 2349/2006	March 30, 2006	Not Applicable
2.	No objection certificate issued by the Panchayat – Pudupakkam.	Resolution No- 81	June 17, 2006	Not Applicable
3.	Zoning Certificate issued by the Directorate of Town and Country Planning.	OMN. 603/07	July 11, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated April 15, 2005 with Mr. Bhupesh Kumar Jain in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

5.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Highways Authority, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department, a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the All India Radio, a no objection certificate from the Microwave Authority, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, a no objection certificate from the Chief Regional Advisory Committee, a no objection certificate from the Airport Authority of India, requisite approval from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, Multi Storeyed Building clearance from the Directorate of Town and Country Planning, gazette publication for Multi Storeyed Building, planning permission from the Directorate of Town and Country Planning, permanent water connection, final approval of the Panchayat, permanent electricity connection, and a periodic renewal of approvals on expiry.

6. Project Prince LeGrande located at Re-Survey numbers 94/2B, 95/2, 95/3A2, 94/8A, 95/4A3, 95/5A2, 94/2A2, 95/3A1B, 95/4A2, 94/8B, 94/9A, 95/3B, 95/4B2A, 95/4B1, 95/4C, 95/5B, 95/6, at 41, Pudupakkam Village, Kancheepuram District.

6.1 Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Tashildar – Chengalpattu for survey numbers 94/2B, 95/2, 95/3A2, 94/8A, 95/4A3, 95/5A2, 94/2A2, 95/3A1B, 95/4A2, 94/8B, 94/9A	MM. 8577/2006	November 24, 2006	Not Applicable
	No objection certificate issued by the Tashildar – Chengalpattu for survey numbers 95/3B and 95/4B2.	MMN. 1051/206	February 23, 2007	Not Applicable
2.	No objection certificate issued by the Panchayat – Pudupakkam for survey numbers 94/2B, 95/2, 95/3A2, 94/8A, 95/4A3, 95/5A2, 94/2A2, 95/3A1B, 95/4A2, 94/8B, 94/9A	Resolution No 17	November 10, 2006	Not Applicable
	No objection certificate issued by the Panchayat – Pudupakkam for survey numbers 95/3B and 95/4B2.	Resolution No 60	January 20, 2007	Not Applicable
	No objection certificate issued by the Panchayat – Pudupakkam for survey numbers 95/4B1, 95/4C, 91/5B and 95/6.	Resolution No. 109	September 20, 2007	Not Applicable
3.	Zoning certificate issued by the Directorate of Town and Country Planning for survey numbers 94/2B, 95/2, 95/3A2, 94/8A, 95/5A2, 94/2A2, 95/3A1B, 95/4A2, 94/8B, 94/9A, 95/3B, 95/4B1, 95/4C, 95/5B, 95/6.	OMN. 605/07	July 11, 2007	Not Applicable
4.	Zoning certificate issued by the Directorate of Town and Country Planning for survey numbers 94/4A3 and 95/4B2	OMN. 696/07	August 10, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated October 11, 2006 with Mr. Bhupesh Kumar Jain, Mrs. Sarmistha Dinukumar Mehta, Mrs. Smita Mehta, Mr. Asit Dinukumar Mehta, Mr. Amit. N. Shah, Mr. Sanjiv N. Shah, Mr. Shammer S. Shah and Mr. Sanjay S. Shah for the property bearing survey numbers 94/2B, 95/2, 95/3A2, 94/8A, 95/4A3, 95/5A2, 94/2A2, 95/3A1B, 95/4A2, 94/8B, 94/9A, in relation to the project.
- Our Company has entered into a Joint Development Agreement dated August 29, 2007 with Dynaspade Integrated Systems Private Limited for the property bearing survey numbers 95/3B, 95/4B2A in relation to the project.

- Our Company has entered into a Joint Development Agreement dated August 29, 2007 with Mr. Dave Jayaselvan for the property bearing survey numbers 95/4B1, 95/4C, 95/5B, 95/6 in relation to the project.

For details of the principal terms of these Joint Development Agreements please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

6.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreements in relation to the project including, among other things, a no objection certificate from the Tashildar – Chengalpattu for property bearing survey numbers 95/4B1, 95/4C, 95/5B, 95/6, a no objection certificate from the Highways Authority, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department, a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the All India Radio, a no objection certificate from the Microwave Authority, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, a no objection certificate from the Chief Regional Advisory Committee, a no objection certificate from the Airport Authority of India, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, a Multi Storeyed Building clearance from the Directorate of Town and Country Planning, gazette publication for a Multi Storeyed Building, planning permission from the Directorate of Town and Country Planning, final approval of the Panchayat, permanent water connection, permanent electricity connection for survey numbers 94/2B, 95/2, 95/3A2, 94/8A, 95/4A3, 95/5A2, 94/2A2, 95/3A1B, 95/4A2, 94/8B, 94/9A, 95/3B, 95/4B2A, 95/4AB, 95/4B1, 95/4C, 95/5B, 95/6 and a periodic renewal of approvals on expiry.

7. Project Prince Palazzo located at Re-Survey numbers 140/1B, 140/4A2, 140/4B2, 140/4C2, 140/4D2, 140/5B, 140/6, 140/7, 140/2, 140/3, 140/9 at 41, Pudupakkam Village, Kancheepuram District.

7.1 Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Tashildar- Chengalpattu	M.M. 2153/2007	April 27, 2007	Not Applicable
2.	No objection certificate issued by the Panchayat – Pudupakkam	Resolution No. 29	April 16, 2007	Not Applicable
3.	Zoning certificate issued by the Directorate of Town and Country Planning in respect of survey numbers 140/1B, 140/4A2, 140/4B2, 140/4C2, 140/5B, 140/6, 140/7, 140/2, 140/3 and 140/9	OMN. 604/2007	July 11, 2007	Not Applicable
4.	Zoning certificate issued by the Directorate of Town and Country Planning in respect of survey number 140/4D2	OMN. 710/07	August 23, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated November 27, 2006 with Mr. K. Ranjan, Mr. Pravin M. Mehta, Mrs. Avantika P. Mehta, Mr. Dinesh D. Khanna and Mr. Satish Khanna in relation to the project.
- Our Company has purchased 102.25 cents in survey number 140/1B vide registered Sale Deed dated November 08, 2006 bearing document number 9700/2006 with Mrs. Sajida Sultana, Mrs. Razia Sultana and Mrs. Zakia Sultana in relation to the project.

For details of the principal terms of these Joint Development Agreements, please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

7.2 Approvals/Licenses for which applications have been made

- Our Company has made an application dated July 26, 2007 to the Central Environmental Impact Assessment Authority for environment clearance.
- Our Company has made an application dated 16/4/07 and 15/5/07 to DTCP for the issuance of MSB in relation to the above property. (DTCP File No. 402/2007).

7.3 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Highways Authority, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department, a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the All India Radio, a no objection certificate from the Microwave Authority, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, a no objection certificate from the Chief Regional Advisory Committee, a no objection certificate from the Airport Authority of India, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, Multi Storeyed Building clearance from the Directorate of Town and Country Planning, Gazette publication for Multi Storeyed Building, planning Permission from the Directorate of Town and Country Planning, final approval of the Panchayat, permanent water connection, permanent electricity connection and a periodic renewal of approvals on expiry.

8. Project Prince Chateau located at Re-Survey numbers 90/3B, 90/3C, 90/3D, 90/3E, 90/3A2 at 41, Pudupakkam Village, Kancheepuram District.

8.1 Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	Zoning certificate issued by the Directorate of Town and Country Planning.	OMN. 606/07	July 11, 2007	Not Applicable
2.	No objection certificate issued by the Panchayat	Resolution no .77	August 10, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated March 05, 2007 with Mr. Dilipkumar Khanna, Mr. Satish Khanna and Mrs. Shobha Khetpalia for the property bearing survey numbers 90/3E, 90/3D in relation to the project.

- Our Company has entered into a Joint Development Agreement dated March 21, 2007 with Irid Systems India Private Limited for the property bearing survey numbers 90/3C in relation to the project.
- Our Company has entered into a Joint Development Agreement dated May 28, 2007 with Devesh Bhuvra for the property bearing survey numbers 90/3A2 in relation to the project.
- Our Company has purchased 75 cents in survey number 90/3B vide registered sale deed dated December 20, 2006 bearing registration document number 11293/2006 with Mr. M. Soundarajan, Mr. M. Sambandamoorthy, Mr. M. Raghupathi, Mrs. S. Hemavathy, Mrs. P. Poonguzali in relation to the project.

For details of the principal terms of these Joint Development Agreements, please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

8.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Highways Authority, a no objection certificate from the Tashildar, a no objection certificate from the Panchayat, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department, a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the All India Radio, a no objection certificate from the Microwave Authority, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, a no objection certificate from the Chief Regional Advisory Committee, a no objection certificate from the Airport Authority of India, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, Multi Storeyed Building clearance from the Directorate of Town and Country Planning, Gazette publication for Multi Storeyed Building, planning permission from the Directorate of Town and Country Planning, final approval of the Panchayat, permanent water connection, permanent electricity connection and a periodic renewal of approvals on expiry.

9. Project Prince Pavillion located at Re-Survey number 410/1A1A, Semmenchery village, Ganapathi Syndicate colony, Saidapet Taluk, Kancheepuram District.

9.1 Approvals/Licenses obtained

We are yet to apply for approvals in relation to this project.

- Our Company has entered into a Joint Development Agreement dated September 10, 2007 with SMT Property Developers Private Limited in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

9.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, zoning certificate from the Chennai Metropolitan Development Authority, a no objection certificate from the Panchayat, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department, a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the Airport Authority of India, a no objection certificate from the Coastal Regulation Zone, a

no objection certificate from the Public Works Department, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, a no objection certificate from the Chief Regional Advisory Committee / Microwave Authority, planning permission from the Housing and Urban Development Department, planning permit from the Chennai Metropolitan Development Authority, final approval of the Panchayat, permanent electricity connection, permanent water connection, fire licence from the Tamil Nadu Fire and Rescue Services Department, approval from the Government of Tamil Nadu Electrical Inspectorate to commission the electrical installations at the project, licence to work a lift issued by the Inspector of Lifts and the Electrical Inspector, the Completion Certificate from the competent government authorities and a periodic renewal of approvals on expiry.

C. Mini Townships

10. Project Prince Boulevard located at Re-Survey numbers 7/15A, 7/15B, 7/17, 8/1, 8/2, 8/6, 8/10, 8/13, 8/17, 9/1, 9/3, 9/4, 9/5, 9/6, 9/7, 6/1, 6/2, 6/4, 6/5, 6/6, 6/8, 6/9, 6/10, 6/11, 6/12, 6/13, 6/14, 6/15, 6/17, 7/1A, 7/1B, 7/2, 7/3, 7/4, 7/5, 7/6, 7/7, 7/8, 7/9, 7/10, 7/12, 7/14, 8/3, 8/4A, 8/8A, 8/8B, 8/7, 8/4B, 8/5, 8/15, 8/16, 8/14, 8/11, 8/18, 8/19, 8/9, 7/13 and 7/11 at Thandalam (Group) Vellanthangal Village, Sriperumbudur Taluk, Kancheepuram District.

10.1 Approvals/licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	Zoning certificates issued by the Directorate of Town and Country Planning.	2533/07/CR7 2532/07/CR7	July 06, 2007 July 06, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated August 06, 2007 with M/s. Varisht Investors for the survey numbers 7/15A, 7/15B, 7/17, 8/1, 8/2, 8/6, 8/10, 8/13, 8/17, 9/1, 9/3, 9/4, 9/5, 9/6 and 9/7 in relation to the project.
- Our Company has entered into a Joint Development Agreement dated August 06, 2007 with Zeal Reators Pvt. Ltd. for the survey numbers 6/1, 6/2, 6/4, 6/5, 6/6, 6/8, 6/9, 6/10, 6/11, 6/12, 6/13, 6/14, 6/15, 6/17, 7/1A, 7/1B, 7/2, 7/3, 7/4, 7/5, 7/6, 7/7, 7/8, 7/9, 7/10, 7/12, 7/14, 8/3, 8/4A, 8/8A, 8/8B, 8/7, 8/4B, 8/5, 8/15, 8/16, 8/14, 8/11, 8/18, 8/19 and 8/9 in relation to the project.
- Our Company has entered into a Joint Development Agreement dated September 3, 2007 with Mr. Vijay Vakharia for the survey numbers 7/13 and 7/11 in relation to the project.

For details of the principal terms of these Joint Development Agreements, please refer to the chapter titled "Our Business" beginning on page 89 of this Draft Red Herring Prospectus.

10.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Highways Authority, a no objection certificate from the Tashildar, a no objection certificate from the Panchayat, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department, a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the All India Radio, a no objection certificate from the Microwave Authority, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, a no objection certificate from the

Chief Regional Advisory Committee, a no objection certificate from the Airport Authority of India, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, Multi Storeyed Building clearance from the Directorate of Town and Country Planning, Gazette publication for Multi Storeyed Building, Planning Permission from the Directorate of Town and Country Planning, final approval of the Panchayat, permanent water connection, permanent electricity connection and a periodic renewal of approvals on expiry.

- 11. Project Prince Highland located at Re-Survey numbers 132/11, 130/1A, 132/6, 38, 39/8, 30/8, 39/1, 39/2, 25/3, 25/5B1, 30/4, 30/5, 122/2C, 122/3, 131/2, 36/6, 131/1, 130/2, 130/3, 130/1C, 130/1F, 130/1-I, 130/1-O, 130/1P, 130/1E, 130/1S, 130/1R, 132/6, 132/7, 132/8, 132/10, 134/17, 134/20, 134/21, 130/1-Q, 130/1H, 130/1G, 132/9, 130/1K, 130/1L, 130/1D, 130/1S, 24/1, 24/3, 30/1, 25/5B2, 29/3, 27/2B, 27/3B, 30/11, 37/3, 33/6, 29/4, 29/5, 30/9, 23/1B1, 23/4, 23/5, 23/6, 23/3, 25/5A, 25/4, 130/14J2, 33/3B, 22/2, 30/6, 30/7, 32/2, 32/3A, 33/2, 33/4, 33/5A, 33/5B, 33/7, 30/3, 23/1A, 23/2, 24/2, 29/1, 29/2, 130/1N, 130/1M, 34/3, 34/4, 35/1, 30/10, 130/4, 112, 32/1, 33/1, 36/7, 36/3, 37/4B, 36/1, 36/2, 39/5, 39/6, 35/2B, 37/4A, 37/4C, 39/4, 39/7, 35/2A, 130/5, 130/14D, 131/4, 39/3B1, 39/3B2, 39/3A, 44 and 28 at No. 30, Polachery Village, Chengalpattu Taluk, Kancheepuram District.**

11.1 Approvals/Licenses obtained

We are yet to apply for approvals in relation to this project.

- Our Company has entered into a Joint Development Agreement dated August 30, 2007 with Mrs. Dipti Sharad, Mrs. Sheila Hareesh, Mr. Hareesh VasANJI and Mr. Sharad VasANJI in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

11.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, zoning certificate from the Chennai Metropolitan Development Authority, a no objection certificate from the Tashildar, a no objection certificate from the Panchayat, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department., a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the Airport Authority of India, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, a no objection certificate from the Chief Regional Advisory Committee / Microwave Authority, planning permission from the Housing and Urban Development Department, planning permit from the Chennai Metropolitan Development Authority, final approval of the Panchayat, permanent electricity connection, permanent water connection, fire licence from the Tamil Nadu Fire and Rescue Services Department, approval from the Government of Tamil Nadu Electrical Inspectorate to commission the electrical installations at the project, licence to work a lift issued by the Inspector of Lifts and the Electrical Inspector, the Completion Certificate from the competent government authorities and a periodic renewal of approvals on expiry.

D. Serviced Apartments

12. Project Prince Tavern located at Re-Survey numbers 1520/4, 1540/1B3, 1540/5A3A at Sriperumbudur ‘C’ Village, Kancheepuram District.

12.1 Approvals/Licenses obtained

Sr. No.	Description	Reference/License No.	Issue date	Expiry date
1.	No objection certificate issued by the Tashildar.	M.M. 4665/2007	May 28, 2007	Not Applicable
2.	Zoning certificate issued by the Directorate of Town and Country Planning.	2535/07/CR7	July 06, 2007	Not Applicable

- Our Company has entered into a Joint Development Agreement dated April 26, 2007 with Neutral Developers Private Limited in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

12.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things, a no objection certificate from the Highways Authority, a no objection certificate from the Panchayat, a no objection certificate from the Tamil Nadu Fire and Rescue Service Department, a no objection certificate from the Traffic Police, a no objection certificate from the Chennai Metropolitan Water Supply and Sewerage Board, a no objection certificate from the All India Radio, a no objection certificate from the Microwave Authority, a no objection certificate from the Coastal Regulation Zone, a no objection certificate from the Public Works Department, a no objection certificate from the Chief Regional Advisory Committee, a no objection certificate from the Airport Authority of India, requisite approvals from the Tamil Nadu Pollution Control Board, environmental clearance from the Central Environmental Impact Assessment Authority, Multi Storeyed Building clearance from the Directorate of Town and Country Planning, Gazette publication for Multi Storeyed Building, planning permission from the Directorate of Town and Country Planning, final approval of the Panchayat, permanent water connection, permanent electricity connection and a periodic renewal of approvals on expiry.

E. Project acquired for personal use.

13. Project located at Re-Survey number 3116/1 at 61, Ormes Road, Kilpauk.

13.1 Approvals/Licenses obtained

We shall apply for approvals in relation to this project shortly.

- Our Company has entered into a Joint Development Agreement dated March 08, 2007 with Dr. Sarala Johnson in relation to the project. For details of the principal terms of the Joint Development Agreement please refer to the chapter titled “Our Business” beginning on page 89 of this Draft Red Herring Prospectus.

13.2 Approvals/Licenses required to be obtained in the future

- Approvals would be required to be applied for and obtained as per the terms of the Joint Development Agreement in relation to the project including, among other things planning permit from the Chennai Metropolitan Development Authority, licence to work a lift issued by the Inspector of Lifts and the Electrical Inspector and a periodic renewal of approvals on expiry.

IV. Approvals in relation to Trademarks

1. Applications made for registration of trademarks

1.1 Application for registration of the logo “PRINCE FOUNDATIONS LTD”

Sr. No.	Description of Application, Report or Order	Date	Application No.
1.	Application made to the Trade Marks Registry, I.P. Building G.S.T. Road, Guindy, Chennai for registration of our logo “PRINCE FOUNDATIONS LTD” under class 37 of the Schedule III of the Trade Marks Rules, 2002.	July 16, 2007	1581217

V. Sales Tax and Value Added Tax Registrations

Sr.No.	Description	Reference Number	Effective date	Validity
1.	Registration under the Tamil Nadu Urban Local Bodies Tax on Profession, trades, Callings Employment Rules, 1998. Our Company vide letter dated August 03, 2007 informed the Assistant Revenue Officer that it is now a public limited company and further, requested the Assistant Revenue Officer them to make changes in their records accordingly.	PTNAN No. 05-070-PE-0531	September 29, 2005	Valid until cancellation
2.	Registration under the Tamil Nadu Value Added Tax Act, 2006. Our Company has vide letter dated July 19, 2007 informed the Commercial Tax Officer about the	TIN No. 33321002168	January 01, 2007	Valid until cancellation

	change of its name from Prince Foundations Private Limited to Prince Foundations Limited.			
3	Registration under the Income Tax Act, 1961 Our Company has vide its application dated July 11, 2007 informed the Income Tax authorities about the change of its name from Prince Foundations Private Limited to Prince Foundations Limited.	TAN No. CHEP06910B	October 15, 2004	Valid until cancellation
4.	Registration under the Income Tax Act, 1961. Our Company has vide its application dated June 29, 2007 informed the Income Tax PAN Services Unit about the change of its name from Prince Foundations Private Limited to Prince Foundations Limited.	PAN No. AADCP2836M	February 27, 2004	Valid until cancellation

VI. Miscellaneous

Sr. No.	Description	Code Number	Effective Date
1.	Registration under the Employees Provident Fund & Miscellaneous Provisions Act, 1952 The said registration was allotted to us as a branch of one of our group companies Rajyog Constructions. However, our Company has vide letter dated July 27, 2007, requested the Assistant Provident Fund Commissioner to clarify whether the subject code number can be treated as a main code number or whether a fresh application would be required to be made by our Company.	TN/51493	February 27, 2004
2.	Registration under the Employees State Insurance Act, 1948	51-87402-101	July 26, 2007
3.	Registration under Section 69 of the Finance Act, 1994 in relation to service tax. Our Company vide letter dated August 10, 2007 informed the Deputy Commissioner of Service Tax that it is now a public limited company and further, requested the Deputy Commissioner of Service Tax to issue a fresh certificate of registration in the name of Prince Foundations Limited.	CCS/CHENNAI-II/345/STC CON/CHENNAI-II/59/STC	August 18, 2005
4.	Registration under the Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, 1958	R. Dis. No. 213/2007	June 28, 2007
5.	Allotment of the Importer Exporter Code	0406024049	December 11, 2006

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for This Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on April 30, 2007, authorised this Issue and the Green Shoe Option, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

Our shareholders have authorised this Issue and the Green Shoe Option by a special resolution adopted under Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on May 24, 2007.

We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.

We have also obtained all necessary contractual approvals required for this Issue. For further details, please refer chapter titled "Government Approvals" beginning on page 210 of this Draft Red Herring Prospectus.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the Promoter Group, the directors or the person(s) in control of the Promoter and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Prohibition by RBI

Our Company, our Directors, our Promoters, the Promoter Group, the directors or the person(s) in control of the Promoter and companies with which our Directors are associated as directors have not been declared as willful defaulters by RBI or any other governmental authorities and there are no violations of Securities Laws committed by them in the past or are pending against them.

Eligibility for this Issue

Our Company is eligible for this Issue in accordance with Clause 2.2.2 of the SEBI Guidelines which states as follows:

"(2.2.2 An unlisted company not complying with any of the conditions specified in clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

- (a) (i) The issue if made through the book building process, with atleast 50% of the issue size being allotted to Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

OR

- (a) (ii) The "project" has atleast 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which atleast 10% comes from the appraiser(s). In addition to this, atleast 10% of the issue size shall be allotted to QIBs failing which the full subscription monies shall be refunded.*

AND

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores

OR

(b) (ii) There shall be a compulsory market-making for atleast two years from the date of listing of the shares, subject to the following :

- (a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*
- (b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*
- (c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be atleast 5% of the proposed issue of the company”*

We are an unlisted Company not eligible to issue shares under the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2 (a) and clause 2.2.2 (b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2 (a)(i) of the SEBI Guidelines and atleast 60% of the Net Issue to the Public is proposed to be allotted to QIBs (in order to comply with the requirements of Rule 19 (2) (b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are complying with the second proviso to Clause 11.3.5 (i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated 10% and 30% of the Net Issue to the Public respectively.
- We are also complying with Clause 2.2.2 (b)(i) of the SEBI Guidelines and the post-issue face value capital of our Company shall be Rs. 371.69 million which is more than the minimum requirement of Rs. 10 crores (Rs. 100 million)-.

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

Further, the Issue is subject to the fulfilment of the following conditions as required by Rule 19 (2) (b) SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Net Issue size which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ANAND RATHI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, ANAND RATHI SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ANAND RATHI SECURITIES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 24, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, 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 THIS DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT’S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THIS ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND OTHER CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- A) THIS DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;**
- B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT, AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C) THE DISCLOSURES MADE IN THIS 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 PUBLIC ISSUE.**

- D) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- F) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OS PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT RED HERRING PROSPECTUS.”**

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under section 63 or section 68 of the Companies Act 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 this Draft Red Herring Prospectus.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu, Chennai, in terms of Section 60B of the Companies Act. All legal requirements pertaining to this Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Tamil Nadu, Chennai, in terms of Section 56, Section 60 and section 60B of the Companies Act.

Caution- Disclaimer Statement from the Company and the BRLMs.

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the abovementioned entities and anyone placing reliance on any other source of information, including our website, www.princefoundations.com, would be doing so at his or her own risk.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

Our Company and the BRLMs shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centers etc.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that Bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company 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 approvals to acquire Equity Shares of our Company. Our Company and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs) , companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Eligible Employees in relation to the Employee Reservation Portion, 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). This Draft Red Herring Prospectus does not, however, constitute 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 is required to inform himself or her self 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 Chennai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the Prospectus has been filed with Registrar of Companies, Tamil Nadu as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the United States of Securities Act, 1933.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. BSE has given *vide* its letter dated [●], permission to our Company to use the BSE’s name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. The BSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- ii. Warrant that our Company’s securities will be listed or will continue to be listed on the BSE; or

iii. Take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. NSE has given *vide* its letter dated [●], given permission to our Company to use the NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed. The NSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing of Prospectus with SEBI and the Registrar of Companies

A copy of this Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies, Tamil Nadu, Chennai at Block No. 6, 'B' Wing, 2nd Floor, 26 Shastri Bhawan, Haddows Road, Chennai-600034.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all money received from the Bidders in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it. (i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Bid Amount, as prescribed under Section 73 of Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the Basis of Allotment for this Issue.

Impersonation

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

“Any person who:

- (a) makes in a fictitious name, a Bid 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.”

Undertaking in relation to our Land Reserves

Our Company undertakes to make continuous disclosures on stages of development on the material agreements that have been disclosed in this document to BSE and NSE on a continuous basis for the purposes of public dissemination.

Consents

Consents in writing from: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Issue; and (b) Book Running Lead Managers to this Issue and Syndicate Members, Escrow Collection Banks, Registrar to this Issue and legal advisors to our Company and Underwriters, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC at Tamil Nadu as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Sanjay Bhandari & Co., Chartered Accountants, our statutory auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the SEBI.

M/s. Sanjay Bhandari & Co., Chartered Accountants, our statutory auditors have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the SEBI.

The agency to be engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of the report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Red Herring Prospectus.

Expert Opinion

Except as otherwise stated in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [•] million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in million)

Activity	Expenses*	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management fee,	[•]	[•]%	[•]%
Underwriting fees	[•]	[•]%	[•]%
Selling commissions	[•]	[•]%	[•]%
Advertising and Marketing Costs	[•]	[•]%	[•]%
Printing and stationery	[•]	[•]%	[•]%
Others (Registrar's fees, legal fees, fees for auditors and bankers to the issue, stamp duty, initial listing fees and annual listing fees, SEBI filing fees, other statutory fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[•]	[•]%	[•]%
Total Estimated Issue Expenses	[•]	[•]%	[•]%

* Will be incorporated after finalisation of Issue Price

All expenses with respect to the Issue will be borne by our Company.

Fees Payable to the Book Running Lead Managers and the Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Members including brokerage and selling commission for the Issue will be as stated in the Mandate Letter executed between our Company and the BRLM, namely Anand Rathi Securities Limited dated May 28, 2007 and JM Financial Consultants Private Limited dated September 24, 2007, copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to this Issue

The fees payable by our Company to the Registrar to this Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the Memorandum of Understanding dated July 23, 2007 a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Previous Rights and Public Issues during the Last Five Years

We have not made any previous rights or public issues in India or abroad during the last five years.

Previous Issues of Shares otherwise than for Cash

Except as stated in the chapter titled “Capital Structure” beginning on page 48 of this Draft Red Herring Prospectus, we have not made any previous issue of shares for consideration otherwise than for cash.

Commission and Brokerage paid for previous Issues of our Equity

There has not been any previous public issue of our Equity Shares.

Companies under the Same Management

There is no other company under the same management within the meaning of the erstwhile Section 370 (1B) of the Companies Act, other than the Promoter Group companies as provided in the section titled “Promoter and Promoter Group” beginning on page 145 of this Draft Red Herring Prospectus.

Promise versus Performance –Promoter Group

There has been no public issue by any of the Promoter Group companies in the past except as mentioned in the chapter “Promoter and Promoter Group” on page 145 of this Draft Red Herring Prospectus.

Outstanding Debentures, Bond Issues and Preference Shares

As on the date of the filing of the Draft Red Herring Prospectus, there are no outstanding debentures, bonds or preference shares of our Company.

Stock Market Data for our Equity Shares of our Company

This being an Initial Public Offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Other Disclosures

Our Promoter or our Directors have not purchased or sold any securities of our Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI, except as disclosed in section titled “Notes to Capital Structure” beginning on page 49 of this Draft Red Herring Prospectus.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to this Issue and our Company will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on Bid and the bank branch or collection centre where the Bid was submitted.

Disposal of Investor Grievances

The average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have also appointed Mrs. Kalpana Ramamurthy, Company Secretary of our Company as the Compliance Officer for this Issue and she may be contacted in case of any pre-issue or post –issue related problems, at the following address:

Mrs. Kalpana Ramamurthy
Company Secretary and Compliance Officer
Prince Apartments,
#59,Ormes Road, Kilpauk,
Chennai-600010
Tel No.: +91 44 2661 0061
Fax No.: +91 44 2661 4724
E-mail: prince.ipo@princefoundations.com
Website: www.princefoundations.com

Mechanism for Redressal of Investor Grievances by Companies under the Same Management

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, save and except for the Promoter Group Companies mentioned in the chapter titled “Our Promoter and Promoter Group” beginning on page 145 of this Draft red Herring Prospectus.

Changes in Auditors during the last three financial years and reasons thereof

Our Auditors for the year ended March 31, 2005 were M/s. S. Bhandari & Associates. Subsequently in a resolution passed by the Shareholders at the Annual General Meeting dated September 30, 2005, our Auditors were changed to M/s. Sanjay Bhandari & Co., who are the Auditors of our Company till date.

Capitalisation of Reserves or Profits

Except as stated in the chapter titled “Capital Structure”, our Company has not capitalised its reserves or profits at any time since inception. For details on Capitalisation of Reserves and Profits please refer to chapter titled “Capital Structure” beginning on page 48 of this Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

Purchase of Property

Other than as disclosed in this Draft Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than the property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, our Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment, made there under.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

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

Authority for the issue

The Issue and the Green Shoe Option has been authorized by a resolution of our Board dated April 30, 2007 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on May 24, 2007.

We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends, voting rights and any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section titled “Main Provisions of the Articles of Association” beginning on page 279 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our Shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash and as per the provisions of the Companies Act.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of a 100% Book Building Process. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

Compliance with SEBI Guidelines

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum of Association and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., please refer to the section titled 'Main Provisions of the Articles of Association' beginning on page 279 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

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

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of Allocation and Allotment, please refer to the chapter titled 'Issue Procedure' beginning on page 247 of this Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent court/authorities in Chennai, Tamil Nadu, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ 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 to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or

- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act.

Further, in terms of Rule 19 (2) (b) of SCRR, if at least 60% of the Net Issue to the Public cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

Further, in terms of Clause 2.2.2A of the SEBI Guidelines, our Company shall ensure that the number of prospective Allottees to whom Equity Shares will be Allotted under this Issue shall not be less than 1,000.

Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with the issue any time after the Bid/Issue Opening date but before allotment without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

Since our Equity Shares will be traded in dematerialized form only, the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of our Equity Shares and on their consolidation/splitting, please refer to the section titled 'Main Provisions of the Articles of Association' beginning on page 279 of this Draft Red Herring Prospectus.

Non-residents such as FVCI's, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the Government of India, Overseas Corporate Bodies (OCBs) cannot participate in this issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

ISSUE STRUCTURE

Public Issue of 5,669,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●]/- per Equity Share (including share premium of Rs. [●]/- per Equity Share) aggregating Rs. [●]/- million made through a 100% Book Building Process (the “Issue”) including a reservation for Eligible Employees of 93,000 Equity Shares aggregating Rs. [●]/- million and a Net Issue to the Public of 5,576,000 Equity Shares by Prince Foundations Limited. There will also be a Green Shoe Option of up to 557,600 Equity Shares to be offered by the Green Shoe Lender for cash at a price of Rs [●]/- per Equity Share aggregating Rs [●]/- million. The Net Issue to the Public would constitute 15.00 % of the fully diluted post Issue paid up capital of our Company assuming that the Green Shoe Option is not exercised and 16.26% assuming that the Green Shoe Option is exercised in full.

This Issue is being made through a 100% Book Building Process.

The details of the issue structure are as follows:

	Eligible Employees in the Employee Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares in the event that the Green Shoe Option is exercised in full.*	Upto 93,000 Shares	At least 3,680,160 Equity Shares	Not less than 613,360 Equity Shares or Net Issue to the Public less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 1,840,080 Equity Shares or Net Issue to the Public less allocation to QIB Bidders and Non-Institutional Bidders.
Number of Equity Shares in the event that the Green Shoe Option is not exercised.	Upto 93,000 Shares	At least 3,345,600 Equity Shares	Not less than 557,600 Equity Shares or Net Issue to the Public less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 1,672,800 Equity Shares or Net Issue to the Public less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/Allocation*	Upto 1.64 % of the Issue Size is available for allocation to Eligible Employees in the Employee Reservation Portion in the event that the Green Shoe Option is not exercised and 1.49% of the Issue Size in the event that the Green Shoe Option is exercised.	At least 60% of the Net Issue to the Public (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for Allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will	Not less than 10% of the Net Issue to the Public or Net Issue to the Public less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of the Net Issue to the Public or Net Issue to the Public less allocation to QIB Bidders and Non-Institutional Bidders.

	Eligible Employees in the Employee Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		be available to QIBs.		
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate	Proportionate as follows, assuming Green Shoe Option is not exercised: (a) 167,280 Equity shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 3,178,320 Equity shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving Allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/-	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/-	[●] Equity Shares
Maximum Bid	Not exceeding 93,000 Equity Shares	Such number of Equity Shares not exceeding the Issue, subject to applicable limits	Such number of Equity Shares not exceeding the Issue, subject to applicable limits	Such number of Equity Shares whereby the Bid amount does not exceed Rs. 1,00,000/-.
Mode of Allotment	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.
Bid/Allotment lot	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	All or any of the following: (a) a Permanent employee of our Company as on the date of submission of the Bid-cum-	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered	Resident Indian individuals, Eligible NRI's, HUF (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts.	Resident Indian Individuals, Eligible NRIs and HUFs (in the name of Karta).

	Eligible Employees in the Employee Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	<p>Application form who are Indian nationals based in India and are present in India on the date of submission of Bid-cum-Application Form.</p> <p>(b) a Director of our Company except any Promoters or members of the Promoter Group, whether a Whole-time Director, part-time Director or otherwise as on the date of submission of the Bid-cum-Application form and based and present in India on the date of submission of Bid-cum-Application Form.</p>	<p>with SEBI, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.</p>		
Terms of payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the members of the syndicate.	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid-cum-Application Form to the members of the syndicate.	Margin Amount applicable to Non Institutional Bidders shall be payable at the time of submission of Bid-cum-Application Form to the members of the syndicate.	Margin Amount applicable to Retail Individual Bidders shall be payable at the time of submission of Bid-cum-Application Form to the members of the syndicate.
Margin Amount	Full Bid Amount on bidding	At least 10% of the Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

*Subject to valid Bids being received at or above the Issue Price. In accordance with Rule 19 (2) (b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process, wherein at least 60% of the Net Issue to the Public will be allocated on a proportionate basis to QIBs, out of which 5 % shall be available for Allocation on proportionate basis to Mutual Funds only. The remainder shall be available for Allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue to the Public cannot be allocated to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than 167,280 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allotted proportionately to the QIB Bidders in proportion to their Bids. Further, 10% of the Net Issue to the Public will be available for allocation on a proportionate basis to Non-Institutional Bidders and 30% of the Net Issue to the Public shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange. Additional Allotment to each of these categories would be made on a pro rata basis to the extent of the Green Shoe Option Portion. Under-subscription, if any, in the Employee Reservation Portion would be included in the Net Issue to the Public and added back to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange. In case of under-subscription in the Net Issue to the Public, except the QIB portion, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange.

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

As per Chapter VIII A of the SEBI Guidelines, we have availed of the Green Shoe Option for stabilizing the post-listing price of the Equity Shares. We have appointed Anand Rathi Securities Limited as the Stabilizing Agent. The Green Shoe Option consists of an option to over allot up to 557,600 Equity Shares at the Issue price, aggregating Rs [●]- million.

Note:

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

Withdrawal of the issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason thereof.

Bid / Issue Programme

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

Bids and any revision in Bids shall be accepted **only between 10 a.m and 3 p.m** (Indian Standard Time) during the Bid/ Issue Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form **except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m and 1 p.m** (Indian Standard Time) and uploaded until

(i) 5 p.m in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees Bidding under the Employees Reservation Portion where the Bid Amount is in excess of Rs.100,000; and

(ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders and Employees Bidding under the Employees Reservation Portion where the Bid Amount is up to Rs.100,000/-.

Due to limitation of time available for uploading the Bids on the Bid / Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid / Issue Closing Date and, in any case, no later than 1 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 the public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with SEBI Guidelines 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 a maximum of 20% of the Floor Price advertised atleast one day before the Bid/Issue Opening Date.

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

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue to the Public will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If atleast 60% of the Net Issue to the Public cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, 10% of the Net Issue to the Public will be available for Allocation on a proportionate basis to Non-Institutional Bidders and 30% of the Net Issue to the Public will be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. Further, QIB Bids can be procured and submitted only through the members of the Syndicate. In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids at the time of acceptance of the Bid-cum-Application form provided that the reasons for such rejection shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids under the Employee Reservation Portion, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the 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 the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs and FIIs applying on a repatriation basis	Blue
Bidders in the Employee Reservation Portion	Pink

Who Can Bid?

1. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
6. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and regulations, as applicable);
7. FIIs registered with SEBI;
8. Venture capital funds registered with SEBI;
9. State Industrial Development Corporations;
10. 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;
11. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Subject to applicable law, Provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares;
14. Pension funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares;
15. Eligible Employees.

Non-residents such as FVCI's, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the Government of India, Overseas Corporate Bodies (OCBs) cannot participate in this issue.

Participation by Associates of the BRLMs and Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such investors, where the Allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for Allocation proportionately in the Mutual Fund Portion. Assuming that the Green Shoe Option is not exercised and in the event that the demand is greater than [•] Equity Shares, Allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for Allocation proportionately out of the remainder of the QIB Portion, after excluding the Allocation in the Mutual Fund Portion.

The Bids made by asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. 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.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

- Bid-cum-Application Forms have been made available for Eligible NRIs at our Registered Office and with members of the Syndicate.
- Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (White in colour).

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company (i.e. 10% of 37,169,000 Equity Shares of Rs 10 each assuming the Green Shoe Option is not exercised and 10% of 37,726,600 Equity Shares of Rs 10 each assuming the Green Shoe Option is exercised in full). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us, foreign equity participation up to 100% is permissible under the automatic route. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to the sectoral cap as prescribed in the Foreign Direct Investment Policy. However, as on this date, no such resolution has been recommended to the shareholders of our Company for adoption.

We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, Equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed 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 down-stream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds :

The SEBI (Venture Capital Funds) Regulations, 1996 prescribe investment restrictions on Venture Capital Funds registered with SEBI.

Accordingly, the holding by any individual Venture Capital Fund registered with SEBI in one Company should not exceed 25% of the corpus of the Venture Capital Fund. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public issue.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceeds the applicable limits under laws or regulations.

Maximum and Minimum Bid size

- a) **For Retail Individual Bidders:** The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000/- . In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/- . In case the Bid Amount is over Rs. 1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Bidders Portion .The Cut-off Price option 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.
- b) **For Non-Institutional Bidders and QIBs :** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Equity Shares offered in the Net Issue to the Public portion. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000/- or less due to a revision in Bids or revision of Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

- c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000/- may Bid at Cut-off Price. The Allotment in the Employee Reservation Portion will be on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders

1. Our Company will file the Red Herring Prospectus with the RoC, at least 3 (three) days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain this Red Herring Prospectus and/or the Bid-cum-Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for our Company's Equity Shares should approach the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- a) Our Company and the BRLMs, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing of the Red Herring Prospectus with the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and in one Tamil newspaper with wide circulation). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) The Bid/Issue Period shall be for a minimum of three working days and shall not exceed seven working days. The Bid/Issue Period may be extended, if required by an additional three working days, subject to the total Bid/ Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Tamil) with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- c) During the Bid/Issue Period, eligible investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- d) Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details please refer to the paragraph titled 'Bids at Different Price Levels and Revision of Bids' beginning on page 252 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/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- e) The Bidder cannot Bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph titled 'Build up of the Book and Revision of Bids' beginning on page 255 of this Draft Red Herring Prospectus.

- f) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form
- g) During the Bid/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to terms of the Syndicate Agreement and the Red Herring Prospectus.
- h) Along with the Bid-cum-Application Form, all Bidders will make payments in the manner described under the paragraph titled ‘Terms of Payment and Payment into the Escrow Collection Account’ beginning on page 253 of this Draft Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

- a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, , Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price within the Price Band, in multiples of Re 1 (One).
- b) Our Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bid/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- c) Our Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- d) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion bidding for a Bid amount not exceeding Rs. 1,00,000/- may Bid at the Cut-off Price . However, bidding at Cut-off Price is prohibited for QIBs, Non-Institutional Bidders and Employees bidding for a Bid amount exceeding Rs. 1,00,000/- and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- e) Retail Individual Bidders, who Bid at the Cut-off Price and Eligible Employees bidding under the Employee Reservation Portion at Cut- off Price agree that they shall purchase or subscribe to the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price and Eligible Employees bidding under the Employee Reservation Portion at Cut-Off Price shall deposit the Bid Amount based on the cap of the Price Band 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 and Eligible Employees bidding under the Employee Reservation Portion at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and the Eligible Employees who Bid at the Cut-off Price shall receive the refund of the excess amounts from the Refund Account.
- f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, who had Bid at Cut- off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such that the total amount i.e the original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders, if such Bidder wants to continue to Bid at Cut-off Price), with the Syndicate members to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000/- for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such

that no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

- g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
- h) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000/- to Rs. 7,000/-.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Accounts

Each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the applicable Margin Amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details, please refer to the section titled 'Issue Procedure - Payment Instructions' beginning on page 263 of this Draft Red Herring Prospectus) and submit the same to the members of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS or NEFT mechanism. Each QIB shall provide its QIB Margin Amount only to a BRLMs or Syndicate Members duly authorized by the BRLMs in this regard. Bid-cum-Application Forms accompanied by cash / Stockinvest / money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid-cum Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e. QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion would be required to pay their

applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the chapter titled 'Issue Structure' beginning on page 242 of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares Allocated/Allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he/she had Bid for, the excess amount paid on bidding, if any, after adjustment for Allotment/Allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city where a Stock Exchange is located in India and the Bids are accepted.
- b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.
- c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centers and at the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor;
 - Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc.;
 - Numbers of Equity Shares Bid for;
 - Bid Price;
 - Bid-cum-Application Form number;
 - Whether Margin Amount has been paid upon submission of Bid-cum-Application Form;
 - Depository Participant Identification Number and Client Identification Number of the Beneficiary Account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the**

Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/allotted either by the members of the Syndicate or our Company.

- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) In case of QIB Bidders, members of the Syndicate also have the right to accept the Bid or reject it. 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 would not be rejected except on the technical grounds as mentioned on page 266 of this Draft Red Herring Prospectus.
- h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this 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 BSE and NSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
- b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- c) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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 3 options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) Only Bids that are uploaded on the online IPO system of BSE and NSE shall be considered for allocation/Allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of our Company in consultation with the BRLMs based on the physical records of Bid-cum-Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLMs will analyze the demand generated at various price levels and discuss the pricing strategy with our Company.
- b) Our Company, in consultation with the BRLMs shall finalise the “Issue Price”
- c) The allocation under the Issue shall be on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Further, if the Green Shoe Option is exercised, the Allotment of the Over Allotment Shares shall be done pro-rata with respect to the proportion of Allotment in the Issue to various categories.
- d) Under-subscription, if any, in the Employee Reservation Portion would be included in the Net Issue to the Public and added back to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange. In case of under-subscription in the Net Issue to the Public, except the QIB portion, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 167,280 Equity Shares, the balance Equity Shares available for Allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, undersubscription, if any, in would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
- e) Allocation to Non Residents, including Eligible NRIs and FIIs registered with SEBI applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- f) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, without assigning reasons whatsoever. In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- h) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price.
- b) After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in 2 widely circulated newspapers (one each in English and Hindi) and a Tamil Newspaper.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate, a list of their Bidders who have been allotted/allocated Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of Allocation for the Retail and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLMs or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding, shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (d) The issuance of CAN is subject to "Notice to QIBs: Allotment, Reconciliation and Revised CANs" as set forth under the chapter titled "Issue Procedure" beginning on page 247 of this Draft Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may 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 Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and Basis of Allotment as approved by the Designated Stock Exchange. 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

- a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account within 2 working days of the date of Allotment.
- b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- c) Allottees will have the option to re-materialize the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

General Instructions

Dos:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or Non Resident Bid-cum-Application Form (blue in colour) or Eligible Employee Bid-cum-Application Form (pink in colour) as the case may be;
- Ensure that DP account is activated;
- Ensure that the details about the Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;
- Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the member of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

- A copy of the PAN card or PAN allotment letter is required to be submitted with the Bid cum Applications Form without this information the documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;**
- If you have mentioned “applied for” or “not applicable” in the Bid-cum-Application Form in the section dealing with PAN number ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the Beneficiary Account is held with the Depository Participant. In case, the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.

Dont’s:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid / revise the Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay Bid Amount in cash, through stock invest, by money order or by postal order.
- e) Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only.
- f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders and Bidders bidding under the Employee Reservation Portion, for Bid amount in excess of Rs. 100,000/-);
- g) Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;and
- h) **Do not submit the GIR number instead of the PAN number as the Bid is liable to be rejected on this ground.**

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour or blue colour or pink colour).
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

- c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 1,00,000/-
- d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- e) For Bidders bidding under the Employee Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- f) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Instructions for Completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's Name, Depository Participant's Identification Number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, the Bidder's bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing in the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidder's sole risk and neither the BRLMs, nor the Registrar to the Issue, nor the Escrow Collection Bank(s) nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer for funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purpose by the Registrar to the Issue.

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, the Bidder would have deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/ allocation advice/ CANs would be mailed at the address of 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 Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserves 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 the electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Bids by Eligible Employees

For the purpose of the Employees Reservation Portion, Eligible Employee means all or any of the following:

All or any of the following:

(a) a Permanent employee of our Company as on the Bid/Issue Opening Date who are Indian nationals based in India and are present in India on the date of submission of Bid-cum-Application Form;

(b) a Director of our Company except any Promoters or members of the Promoter Group, whether a Whole-time Director, part-time Director or otherwise as on the Bid/Issue Opening Date and based and present in India on the date of submission of Bid-cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour form).
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid-cum-Application Form.
- The sole/first Bidder should be Eligible Employees.
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employees Reservation Portion.
- Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees can apply at Cut-off Price if the Bid Amount does not exceed Rs.100,000/-.

- Bid by Eligible Employees can be made also in the “Net Issue to the Public” portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to 93,000 Equity shares at or above the Issue Price, full Allocation shall be made to the Eligible Employees to the extent of their demand.
- Under-subscription, if any, in the Employee Reservation Portion would be included in the Net Issue to the Public and added back to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange. In case of under-subscription in the Net Issue to the Public, except the QIB portion, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to any other category or combination of categories at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines and the Designated Stock Exchange.
- If the aggregate demand in this category is greater than 93,000 Equity Shares at or above the Issue Price, the Allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, please refer to the paragraph titled “Basis of Allotment” beginning on page 271 of this Draft Red Herring Prospectus.

Bids by Non Residents including NRIs and FIIs registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

- On the Bid-cum-Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three and in the same order as their Depository Participant details).
- Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000/- would be considered under the Retail Portion for the purposes of Allocation and Bids for a Bid Amount of more than Rs. 100,000/- would be considered under Non-Institutional Portion for the purposes of Allocation
- 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 despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Non-residents such as FVCI's, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the Government of India, Overseas Corporate Bodies (OCBs) cannot participate in this issue

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of Allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be 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 therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority 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 therefore

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

.In case of Bids made by a Mutual Fund registered with SEBI and a venture capital fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

Payment Instructions

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to Allocation/Allotment in the Issue.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS or NEFT mechanism for the amount payable on the Bid and/or on Allocation/Allotment as per the following terms:

Payment into Escrow Account

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of 2 days from the date of communication of the Allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

i.	In case of Resident Bidders	“Escrow Account – PFL Public Issue – R”
ii	In case of Non Resident Bidders	“Escrow Account – PFL Public Issue – NR”
iii	In case of Resident QIB Bidders	“Escrow Account – PFL Public Issue – QIB – R”
iv	In case of Non Resident QIB Bidders	“Escrow Account – PFL Public Issue – QIB – NR”
v.	In case of Eligible Employees	“Escrow Account – PFL Public Issue – Eligible

	Employee”
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4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO Account.
5. 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 authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement and the Red Herring Prospectus into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for Allocation/Allotment to the Bidders
10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 05, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. Subsequent to the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Eligible Employees both under Employees Reservation Portion as well as in the Net Issue to the Public shall not be treated as multiple Bids.

Our Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Bidders or, in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act SEBI has recently issued a circular directing that with effect from July 2, 2007 PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. A copy of the PAN card or PAN allotment letter is required to be submitted with the Bid cum Applications Form without this information the documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61, as the case may be.

Unique Identification Number –(“UIN”)

SEBI has, with effect from July 2, 2007 declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus the use of UIN has been discontinued.

Our Right to Reject Bids

In case of QIB Bidders, our Company, in consultation with the BRLMs, may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, our Company has a right to reject the Bids based on technical grounds. Consequent refunds shall be made by cheque or pay Order/or draft/, and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:-

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;

5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given regardless of the size of the Bid;
6. GIR Number furnished instead of PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids as defined in this Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/ postal order/ cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLMs or Syndicate Members;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Form is not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids in respect where the Bid-cum-Application Form do not reach the Registrar to the Issue prior to the finalization of the Basis of Allotment;
23. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
24. Bids by QIBs not submitted through the members of the Syndicate;
25. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
26. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

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 Eligible Employees or Directors of our Company not eligible to apply in the Employee Reservation Portion;
29. Bids by Non-Residents such as OCBs, FVCIs, multilateral and bilateral development financial institutions;
30. Bids by any person outside India if not in compliance with applicable foreign and Indian laws;
31. Bids not uploaded in the book would be rejected, and
32. Bids or revision thereof by QIB bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000/-, uploaded after 5.00 p.m or any such time as prescribed by the Stock Exchange on the Bid/Issue Closing Date.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be allotted only in a dematerialized form (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- i. An Agreement dated [●] with NSDL, our Company and Intime Spectrum Registry Limited
- ii. An Agreement dated [●] with CDSL, our Company and Intime Spectrum Registry Limited

All Bidders can seek Allotment only in dematerialized mode. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one Beneficiary Account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification Number) appearing in the Bid-cum-Application Form or Revision Form.
3. Allotment to a successful Bidder will be credited in electronic form directly to the Beneficiary Account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.

8. The trading of the Equity Shares of our Company would be in dematerialized form only for all investors in the demat segment for the respective Stock Exchanges.
9. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.

Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mrs. Kalpana Ramamurthy, Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Mrs. Kalpana Ramamurthy
Company Secretary and Compliance Officer
Prince Apartments,
#59, Ormes Road, Kilpauk,
Chennai-600010
Tel No.: +91 44 2661 0061
Fax No.: +91 44 2661 4724
E-mail: prince.ipo@princefoundations.com
Website: www.princefoundations.com

Disposals of Applications and Application Moneys and Interest In Case Of Delay

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the Basis of allotment of Equity Shares. The mode of dispatch of refunds shall be as mentioned in the paragraph titled "Mode of Making Refunds" beginning on page 276 of this Draft Red Herring Prospectus. Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Fund Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the Basis of allotment. In accordance with

the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- Allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- We shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by GoI, Ministry of Finance pursuant to their letter no. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders/advice or allotment advice to the Registrar to the Issue.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member 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.

Save and except refunds effected through the electronic mode i.e. ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders, or demand drafts drawn on a bank appointed by us, as a refund bank, and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the electronic facility. Bank charges if any, for encashing such cheques, payorders or Demand drafts at other centres will be payable by the Bidder.

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."

Interest on Refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment

I) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue to the Public size less Allotment to Non-Institutional Bidders and QIBs shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,672,800 Equity Shares (assuming the Green Shoe Option is not exercised) at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 1,672,800 Equity Shares (assuming the Green Shoe Option is not exercised) at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 1,672,800 Equity Shares. For the method of proportionate Basis of Allotment, refer below.

II) For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue to the Public size less allocation to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 557,600 Equity Shares (assuming the Green Shoe Option is not exercised) at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 557,600 Equity Shares (assuming the Green Shoe Option is not exercised) at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 557,600 Equity Shares. For the method of proportionate Basis of Allotment refer below.

III) For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB portion shall be available for allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance Allotment to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.

- ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
- iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

- i. In the event that the oversubscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
- ii. Mutual Funds, who have received Allotment as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
- iii. Undersubscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for Allotment to the remaining QIB Bidders on a proportionate basis.

(c) The aggregate Allotment to QIB Bidders shall not be less than 3,345,600 Equity Shares (assuming the Green Shoe Option is not exercised)

IV) For Employee Reservation Portion

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 93,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 93,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 93,000 Equity Shares. For method of proportionate basis of Allotment, refer below.
- Only Eligible Employees (as defined above) are eligible to apply under Employees Reservation Portion.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being oversubscribed, our Company shall finalize the Basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a. Bidders will be categorized according to the number of Equity Shares applied for,
- b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.

- c. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d. In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Share.
- e. If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue Details
1.	Issue Size	200 million equity shares
2.	Allocation to QIB (60%)	120 million equity shares
	Of which :	
	a) Allocation to MF (5%)	6 million equity shares
	b) Balance for all QIBs including MFs	114 million equity shares
3.	Number of QIB applicants	10
4.	Number of shares applied for	500 million equity shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF 1	40
7.	MF 2	40

8.	MF 3	80
9.	MF 4	20
10.	MF 5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

Number of Equity Shares in Million

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF 1	40	1.2	9.12	10.32
MF 2	40	1.2	9.12	10.32
MF 3	80	2.4	18.24	20.64
MF 4	20	0.6	4.56	5.16
MF 5	20	0.6	4.56	5.16
	500	6	114	51.64

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the chapter titled “Issue Structure” beginning on page 242 of this Draft Red Herring Prospectus.
2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 114 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114/494
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494
 - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

We shall give credit of Equity Shares allotted to the beneficiary account with Depository Participants within 2 working days of finalization of Basis of Allotment. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit, RTGS, or NEFT. In case of other applicants, we shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit, the bank where their refund shall be credited (as per details given to the Depository Participant), alongwith the amount and the expected date of electronic credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders/advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid /Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 working days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 working days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders/advice are not dispatched and in case where a refund is made through electronic mode, the refund instruction have not been given to the clearing system and/or demat credits are not made to investors within the 15 working day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI’s clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders/advice or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a the Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Electronic mode i.e. RTGS, ECS or NEFT facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Payment of Refund

Bidders must note that on the basis of the name of the Bidders, Depository Participant’s Name, DP ID, Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders’ bank account details, including the nine digit MICR code (Magnetic Ink Character Recognition) as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders’ sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid-cum-Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
2. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. 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.

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.

In case of all or any of the aforesaid modes of refund, charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Interest in Case of Delay in Dispatch of Refund Orders

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. We further agree that we shall pay interest @15% per annum if the refund orders have not been dispatched to the applicants (or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 15 days from the date of the closure of the issue.

Undertakings

Our Company undertakes the following:

- a. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- b. That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 working days of finalization of the Basis of Allotment;
- c. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue;
- d. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- e. That the certificate of the securities /refund orders to the non resident Indians shall be dispatched within specified time;
- f. No further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, undersubscription etc. except as stated in this Draft Red Herring Prospectus.

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.

Utilization of Issue Proceeds

The Board of Directors of our Company certify that:

- a. All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b. Details of all monies utilised out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of the Issue of shares, if any, shall be disclosed under an appropriate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested;
- d. Details of all utilized monies out of the funds received under the reservations shall be disclosed under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised.
- e. Details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of our Company indicating then form in which such unutilized monies have been invested.
- f. 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.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

The Industrial Policy, 1991 and the FEMA regulate foreign investment in Indian securities. The Industrial Policy, 1991 stipulates the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy. The FEMA further regulates foreign investment by prescribing the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, FDI in the real estate sector is permitted under the automatic route in relation to investments by NRIs.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian Company in a public offer without the prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents. Transfers of Equity Shares previously required the prior approval of the FIPB. However, vide an RBI circular dated October 4, 2004 issued by RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Foreign Direct Investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Foreign Investment in the Real Estate Sector

Press Note 2 of 2005

Press Note No. 2 (2005 series), published by the Government of India has permitted foreign direct investment ("FDI") of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction development projects, subject to certain conditions enumerated therein. A short summary of the conditions is as follows:

1. Minimum area to be developed is 10 hectares in case of serviced housing plots and 50000 square meters in case of construction development projects. Where the development is a combination project, it can be either 10 hectares or 50000 square meters.
2. Minimum capitalization of US \$10million for wholly owned subsidiary and US\$5million for a joint venture has been specified and it is required to be brought in within 6 months of commencement of business of the Company.
3. Further the investment is not permitted to be repatriated before 3 years from completion of minimum capitalization except with prior approval from FIPB.
4. At least 50% of the project is required to be developed within 5 years of obtaining all statutory clearances and the responsibility for obtaining it is cast on the foreign investor. Further the sale of undeveloped plots is prohibited.

We have applied to the RBI vide our application dated September 24, 2007, asking for a confirmation that FIIs are permitted to subscribe to Equity Shares in the Issue under the Portfolio Investment Scheme and that Press Note 2 (2005 series) is not applicable to investments by FIIs in this Issue.

Note:

Non-residents such as FVCI's, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the Government of India, Overseas Corporate Bodies (OCBs) cannot participate in this issue.

SECTION VIII : MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

SHARE CAPITAL

Article 3. The Authorised Share Capital of the Company shall be as in Clause V of the Memorandum of Association of the Company as amended from time to time. The Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution

Increase of Capital by the Company and how carried into effect:

Article 4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

Non Voting Shares:

Article 6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

Redeemable preference Shares:

Article 7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable Preference Shares:

Article 9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:

- (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption.
- (b) No such Shares shall be redeemed unless they are fully paid.
- (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the Shares are redeemed.
- (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the

Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

(e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

Reduction of Capital:

Article 10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

(a) the share capital

(b) any capital redemption reserve account; or

(c) any share premium account

in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

Purchase of own Shares:

Article 11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

Sub-division consolidation and cancellation of Shares;

Article 12. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Modification of rights:

Article 13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.

The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

Further issue of shares:

Article 15.(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its

formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:

(a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date.

(b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.

(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.

(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed;

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into Shares in the Company; or

(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise) PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and

(b) in the case of debentures or loans other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the debentures or the raising of the loans.

Shares under control of Directors;

Article 16. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Power to offer Shares/options to acquire Shares:

Article 16(A). (i) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 16(A)(i), the Board may also allot the Shares referred to in Article 16(A)(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16(A)(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

(iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16(A)(i) and (ii) above.

Power also to Company in General Meeting to issue shares:

Article 18. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, 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 not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such 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.

Power of General Meeting to authorize Board to offer Shares/Options to employees:

Article 18(A). Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such

consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose

In addition to the powers contained in Article 18(A)(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.

Shares at a discount:

Article 19. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:

(a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;

(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and

(c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

The Board may issue shares as fully paid-up:

Article 21. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.

Deposit and call etc., to be debt payable:

Article 23. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members:

Article 24. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.

Dematerialisation of securities:

Article 25(B). Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

Options to receive security certificates or hold securities with depository:

Article 25(C). Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.

Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

Securities in depositories to be in fungible form:

Article 25(D). All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153(A), 153(B), 187(B), 187(C) and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

Rights of depositories and beneficial owners:

Article 25(E). (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;

(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;

(3) 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 shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

Depository to Furnish Information:

Article 25(F). Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the by-laws and the Company in that behalf.

Option to opt out in respect of any security:

Article 25(H). If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. 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.

Section 83 and 108 of the Act Not to Apply:

Article 25(I). Notwithstanding anything to the contrary contained in the Articles,

(1) Section 83 of the Act shall not apply to the Shares held with a Depository;

(2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

The first name joint holder deemed sole holder:

Article 29. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.

Company not bound to recognise any interest in Shares other than of registered holder:

Article 35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Declaration by person not holding beneficial interest in any Shares:

Article 37. (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.

2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.

(3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

(4) Notwithstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

INTEREST OUT OF CAPITAL

Interest out of capital:

Article 42. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Debentures with voting rights not to be issued;

Article 43. (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.

(e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.

(f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.

(g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.

(h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Directors may make calls:

Article 44. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.

(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

When interest on call or installment payable:

Article 49. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Evidence in actions by Company against shareholder:

Article 50. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest:

Article 51. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

LIEN

Partial payment not to preclude forfeiture:

Article 52. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

Company to have lien on Shares/ Debentures:

Article 53. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.

As to enforcing lien by sale:

Article 54. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-

(a) Unless a sum in respect of which the lien exists is presently payable; or

(b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members

(c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.

Application of proceeds of sale:

Article 55. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and

(c) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

If money payable on Shares not paid notice to be given:

Article 56. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Sum payable on allotment to be deemed a call:

Article 57. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.

Form of notice:

Article 58. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited..

In default of payment Shares to be forfeited:

Article 59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.

Notice of forfeiture to a Member:

Article 60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited Shares to be the property of the Company and may be sold etc.:

Article 61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Member still liable for money owing at the time of forfeiture and interest:

Article 62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

Effects of forfeiture:

Article 63. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.

Power to annul forfeiture:

Article 64. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Evidence of forfeiture:

Article 68. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

Validity of sale:

Article 69. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION OF SHARES

No transfers to minors etc.:

Article 71. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Form of transfer:

Article 72. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Application for transfer:

Article 73. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.

(b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice

(c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Execution of transfer:

Article 74. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.

Transfer by legal representatives:

Article 75. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

Register of Members etc. when closed:

Article 76. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

Directors may refuse to register transfer:

Article 77. Subject to the provisions of Section 111A these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Death of one or more joint holders of Shares:

Article 78. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.

Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause):

Article 81. Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall

not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".

Refusal to register nominee:

Article 82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

SHARE WARRANTS

Power to issue share warrants:

Article 87. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons 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, require, issue a share warrant.

Deposit of Share warrants:

Article 88. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in 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 deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.

(b) Not more than one person shall be recognized as depositor of the Share warrant.

(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor

Privileges and disabilities of the holders of share warrant:

Article 89. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

Issue of new share warrant coupons:

Article 90. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Share may be converted into stock:

Article 91. The Company may, by Ordinary resolution:

convert any paid up share into stock; and

reconvert any stock into paid-up shares of any denomination.

Transfer of Stock:

Article 92. The several holders of stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might, before the conversion, have been transferred of as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Right of stock holders:

Article 93. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

Regulations applicable to stock and share warrant:

Article 94. Such of the regulations of the Company as are applicable to paid up shares shall apply to stock and the words "Share" and "Share-holder" in these regulations shall include "Stock" and "Stock-holder" respectively.

BORROWING POWERS

Power to Borrow:

Article 95. Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

The payment or repayment of moneys borrowed:

Article 96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debenture stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Term of issue of debenture:

Article 98. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise, debentures with right conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.

Mortgage of uncalled capital:

Article 99. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security executed.

MEETING OF MEMBERS

Contents and manner of services of notice:

Article 108. (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.

(2) Subject to the provisions of the Act notice of every General Meeting shall be given;

(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;

(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and

(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company

PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighbourhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Chairman's casting vote:

Article 122. In the case of equality of votes the Chairman shall both on a show of hands and a poll (fit any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Special notice:

Article 125. Where, by any provision contained in the Act or these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice

of the intention to move any such resolution Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

Number of votes to which Member entitled:

Article 128. Subject to the provisions of Article 126, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Votes of Members of unsound mind:

Article 129. A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committed or guardian may, on a poll, vote by proxy.

Votes of joint Members:

Article 130. If there be joint registered holders of any shares one of such persons may vote at any meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares as if he were solely, entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the holders shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the register in respect on such shares. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

Representation of body corporate:

Article 131. a) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) authorised such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company. The production of a copy of the resolution referred to above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.

b) Where the president of India or the Governor of a State is a member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company.

Votes in respect of deceased or insolvent Members:

Article 132. Any person entitled under the transmission Article to transfer any share may vote any General Meeting in respect thereof in the same manner as it he was the registered holder of such shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the rights to transfer such shares and give such indemnity it any as the directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Voting in person or by proxy:

Article 133. Subject to the provisions of these Articles, vote may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.

Rights of Members to use votes differently:

Article 134. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Proxies:

Article 135. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself. Provided always that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.

Proxy either for specified meeting or for a period:

Article 136. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and adjournment thereof or it may appoint a proxy for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

No proxy to vote on a show of hands;

Article 137. No proxy shall be entitled to vote by a show of hands.

Instruments of proxy when to be deposited;

Article 138. The instrument appointing a proxy and the Power of Attorney or Authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or Authority, shall be deposited at the Registered Office of the Company forty-eight hours before the time of holding the meeting at which the persons named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

Form of Proxy;

Article 139. Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in the form set out in Schedule IX to the Act and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorised by it.

Validity of votes given by proxy notwithstanding revocation of authority;

Article 140. A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered office before the commencement of the meeting or adjourned meeting at which the proxy is used provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not have been revoked.

Time for objection to vote;

Article 141. No objection shall be made to the qualification of any vote or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.

Chairman of any Meeting to be the judge of Validity of any vote:

Article 142. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

DIRECTORS

Number of Directors;

Article 144. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

Nominee Director or Corporation Director:

Article 147. (a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI), ICICI Ltd.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.

(b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.

(c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall *ipso facto* vacate such office immediately on the moneys owing by the Company to the Corporation being paid off.

(d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..

Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.

Alternate Director:

Article 149. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.

Additional Directors:

Article 151. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.

Qualification shares:

Article 152. A Director need not hold any qualification shares.

Extra remuneration to Directors for special work:

Article 154. Subject to the provisions of Sections 198, 309, 310, 311, and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing Share Certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for may of the purpose of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

“Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:

- i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- ii) by way of commission if the Company by a Special Resolution authorised such payment.”

Travelling expenses incurred by Directors on Company’s business:

Article 155. The Board of Directors may, subject to the limitations provided by the Act, allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence for the purpose of attending a meeting such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fees for attending such meeting as above specified.

Director may act notwithstanding vacancy:

Article 156. The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles, for a meeting of the Board of Directors, Directors may act for the purpose of increasing the number of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

Disqualification of the Director:

Article 161. A person shall not be capable of being appointed Director of the Company if:

- a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- b) he is an undischarged insolvent;
- c) he has applied to be adjudged an insolvent and his application is pending;
- d) he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof imprisonment for not less than six months and a period of five years has not been elapsed from the date of expiry of the sentence;
- e) he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or
- f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that section.

Removal of Directors:

Article 164.

- (a) The Company may, subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles, by ordinary resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.
- (b) Special Notice as provided by Articles hereof or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and request their notification to members of the Company; the Company shall, unless the representations are received by it too late for it, to do so (a) in the notice of the resolution given to the members of the Company state the fact of the representation having been made and (b) send a copy of the representations to every member of the Company to whom notice of the meeting is sent (before or after the representations by the Company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be sent or read out at meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.
- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 136 or Section 262 of the Act, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under Article 163 thereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (f) If the vacancy is not filled under sub clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Articles 142 or Section 262 of the Act and all the provisions of that Article and section shall apply accordingly.
- (g) A Director who was removed from the office under this Article shall not be reappointed as a Director by the Board of Directors.
- (h) Nothing contained in this Article shall be taken.
- (i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director; or
- (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Interested Directors not to participate or vote in Board's proceedings:

Article 165. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:

- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;
 - (i) in his being:
 - (a) a director of such company; and

(b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or

(ii) in his being a member holding not more than two percent of its paid-up share capital.

MANAGING DIRECTOR

Remuneration of Managing Director:

Article 182. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.

Special position of Managing Director:

Article 183. Subject to any contract between him and the Company, a Managing or Whole time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

POWERS OF THE BOARD

General powers of management vested in the Board of Directors:

Article 202. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Provided that the Board shall not, except with the consent of the Company in General Meeting :-

(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment of, any debt due by a Director,

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is

greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;

(i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) of as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e).

(ii) Provided further that the expression “temporary loans” in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

Certain powers to be exercised by the Board only at Meetings:

Article 203.

(1) Without derogating from the powers vested in the Board of Directors under the Articles, the Board shall exercise the following power on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

(a) the power to make calls on shareholders in respect of moneys unpaid on their shares.

(b) the power to issue debentures.

(c) the power to borrow moneys otherwise than on debentures .

(d) the power to invest the funds of the Company; and

(e) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any committee of Directors, the Managing Director or any other principal officer of the Company the power specified in sub-clauses (c), (d) and (e) to the extent specified below.

(2) Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time, upto which money may be borrowed by the delegate.

(3) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investment which may be made by the delegate.

(4) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount upto which the funds of the company may be made by the delegate, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

Certain powers of the Board:

Article 204. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
3. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
6. To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.
7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.
9. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.
10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
11. Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit 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, provisions, covenants and agreements as shall be agreed upon.
13. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend

warrants, releases, contracts and documents and to give the necessary authority for such purpose.

14. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.

15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

17. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.

18. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in

such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.

19. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.

20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.

21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) 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 any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.

22. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

24. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.

25. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

26. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

27. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

28. To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.

29. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.

30. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

31. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

32. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

33. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

34. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

MINUTES

Minutes to be made:

Article 206. (1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such books shall be initialled or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:

(a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.

DIVIDENDS AND CAPITALISATION OF RESERVES

Division of profits:

Article 211.

- (a) Subject to the rights of persons, if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited a paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the shares.

The Company in General Meeting may declare dividends:

Article 212. The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 205 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividends in General Meeting.

Dividend out of profits only:

Article 213. No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 of the Act.

Interim Dividend:

Article 214. The Board of Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

Debts may be deducted:

Article 215.

- (a) The Directors may retain the dividends on which the Company has a lien and may apply the same in or toward the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (b) The Board of Directors may retain the dividend payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member or shall duly transfer the same.

Capital paid up in advance at interest not to earn dividend:

Article 216. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid-up:

Article 217. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any shares is issued on terms, providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.

No member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof;

Article 218. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share of shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member all such sums of money so due from him to the Company.

Effect of transfer of Shares:

Article 219. A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.

Dividend to joint holders:

Article 220. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

Dividend how remitted:

Article 221. The dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders, to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holders may in writing direct. The company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost on transit or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Notice of dividend:

Article 222. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of share in the manner herein provided.

Reserves:

Article 223. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

Dividend to be paid within time required by law:

Article 224. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-

- (a) where the dividend could not be paid by reason of the operation on any law; or
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
- (c) where there is dispute regarding the right to receive the dividend; or
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

Unclaimed dividend:

Article 225. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend,

the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a 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 Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

DOCUMENTS AND NOTICES

To whom documents must be served or given:

Article 238. Document or notice of every meeting shall be served or given on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company. PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulation in the neighbourhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

Registers and documents to be maintained by the Company:

Article 242. The Company shall keep and maintain Registers, Books and Documents required by the Act or these Articles, including the following;

- (a) Register of investments made by the Company but not held in its own name as required by Section 49(7) of the Act.
- (b) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.
- (c) Register and Index of Members and Debenture holders as required by Section 150, 151 and 152 of the Act.
- (d) Foreign Register, if so thought fit, as required by Section 157 of the Act.
- (e) Register of Contracts with Companies and Firms in which Director are interested as required by Section 307 of the Act.
- (f) Register of Directors and Secretary as required by Section 303 of the Act.
- (g) Register as to holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act.
- (h) Register of Investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by section 372 (2) of the Act.
- (i) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificate and documents required to be annexed thereto under section 161 of the Act.
- (j) Register of loans, guarantees or securities given to other companies under the same management as required by Section 370 of the Act.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus will be delivered to the Registrar of Companies, Tamil Nadu, Chennai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Mandate Letter dated May 28, 2007 from Anand Rathi Securities Limited offering their services to act as BRLM and Company's acceptance thereto.
2. Mandate Letter dated September 24, 2007 from JM Financial Consultants Private Limited offering their services to act as BRLM and Company's acceptance thereto.
3. Memorandum of Understanding dated September 24, 2007 between our Company and the BRLMs to this Issue.
4. Memorandum of Understanding dated July 23, 2007 between our Company and Intime Spectrum Registry Limited as Registrars to this Issue.
5. Escrow Agreement dated [●], 2007 between our Company, the BRLMs, the Escrow Banks, and the Registrar to the Issue.
6. Syndicate Agreement dated [●], 2007 between our Company, the BRLMs, and the Syndicate Members.
7. Underwriting Agreement dated [●], 2007 between our Company, the BRLMs and the Syndicate Members.
8. Stabilization Agreement dated September 24, 2007 between the Company, the Green Shoe Lender and the Stabilizing Agent.

Material Documents for inspection

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated February 27, 2004.
3. Fresh Certificate of Incorporation consequent upon change of name on conversion to public limited company dated April 23, 2007.
4. Copy of the resolution passed at the meeting of the Board of Directors held on April 30, 2007 pursuant to Section 81(1A) of the Companies Act, approving the Public Issue.
5. Copy of resolution of the Members of our Company passed at the Extra-Ordinary General Meeting held on May 24, 2007 pursuant to Section 81(1A) of the Companies Act, approving the Public Issue.
6. Copies of the Annual Reports of our Company for the years ended March 31, 2005; 2006; 2007.

7. Copy of the Statement of Tax Benefits report dated August 22, 2007 issued by the Statutory Auditors, M/s. Sanjay Bhandari & Co., Chartered Accountants.
8. Reports of the Statutory Auditors, M/s. Sanjay Bhandari & Co., Chartered Accountants dated August 22, 2007 as per Indian GAAP and included in this Draft Red Herring Prospectus.
9. Consents letters of the (a) Directors, (b) Company Secretary and Compliance Officer, (c) Book Running Lead Managers to this Issue, (d) Legal Advisors, (e) Bankers to our Company, (f) Bankers to this Issue and (g) Registrars to this Issue, to include their names in this Draft Red Herring Prospectus and to act in their respective capacities.
10. Consent letters dated August 22, 2007 from M/s. Sanjay Bhandari & Co., Chartered Accountants, for inclusion of their names as the Statutory Auditors and of their reports on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.
11. Certified true copies of the Special Resolutions dated May 24, 2007 passed under Section 269 of the Companies Act, 1956 in relation to the appointment of the CMD and WTDs.
12. Certified true copies of the Resolutions dated June 29, 2007 for formation of the Committees of Corporate Governance.
13. General Power of Attorney executed by Directors of our Company in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus.
14. Due diligence Certificate dated September 24, 2007 to SEBI from Anand Rathi Securities Limited.
15. Listing application dated [•] and [•] filed with the BSE and the NSE, respectively.
16. In-principle listing approvals dated [•] and [•] from BSE and NSE, respectively.
17. Tripartite agreement between the NSDL, our Company and the Registrar dated [•].
18. Tripartite agreement between the CDSL, our Company and the Registrar dated [•].
19. SEBI observation letter no. [•] dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF PRINCE FOUNDATIONS LIMITED

Mr. Ashwin Kumar Kamdar
Chairman & Managing Director

Mr. Sharad VasANJI
Whole-time Director

Mr. Rajkumar Kamdar
Whole-time Director

Mr. Asit Mehta
Executive Director

Mrs. Meena Kamdar
Non-Executive Director

Mr. Jitinder Singh Chopra
Independent Director

Mr. Navratan Dugar
Independent Director

Mr. N. Gomathinayagam
Independent Director

Mr. Rajnikant Turakhia
Independent Director

Mr. R. Subramanian
Independent Director

Signed by the Chief General Manager – Finance, Legal and Human Resources of Prince Foundations Limited

Mr. B. Kalyanaraman
Chief General Manager – Finance, Legal and Human Resources

Date: September 25, 2007

Place: Chennai

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