



**ARSS INFRASTRUCTURE PROJECTS LIMITED**

Our Company was originally incorporated as ARSS Stones Private Limited on May 17, 2000 under the Companies Act, 1956 with its registered office at N-1/93, IRC Village, Nayapalli, Bhubaneswar-751015, Orissa. The registered office of our Company was shifted to the Plot No. 38, Sector –A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar-751010 with effect from July 1, 2003. The name of our Company was changed to ARSS Infrastructure Projects Private Limited with effect from May 20, 2005. Our Company was converted to a public limited company pursuant to a special resolution of the shareholders passed at the Extraordinary General Meeting held on November 15, 2005 and the Registrar of Companies; Orissa issued a fresh certificate of incorporation on April 3, 2006 in the name of ARSS Infrastructure Projects Limited.

**Registered Office:** Plot No. 38, Sector –A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar-751010 Orissa.

**Tel:** + 91- 674-2588554 / 52; **Fax:** + 91- 674-2585074

**Corporate Office:** Plot No-141, SBI Colony, Paschim Vihar, New Delhi-110063. **Tel:** + 91-11-45538638; **Fax:** + 91-11-25287357

**Website:** www.arssgroup.in; **E-mail:** ipo@arssgroup.in

**Contact Person:** Mr. Bibhuti Bhusan Sahoo, Company Secretary and Compliance Officer

Promoters of our Company: Mr. Rajesh Agarwal, Mr. Subash Agarwal, Mr. Sunil Agarwal, Mr. Anil Agarwal and Mr. Mohanlal Agarwal

**PUBLIC ISSUE OF [●] EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF ARSS INFRASTRUCTURE PROJECTS LIMITED ("ARSS" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UPTO RS. 10300 LACS ("ISSUE"). THE ISSUE WILL CONSTITUTE [●] % OF THE PRE ISSUE AND [●] % OF THE POST ISSUE FULLY DILUTED PAID UP EQUITY CAPITAL OF THE COMPANY.**

**PRICE BAND: RS.410 TO RS. 450 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH.**

**THE ISSUE PRICE IS 41 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 45 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

In case of revision in the Price Band, the Bid Period/Issue Period will be extended for three (3) additional working days after such revision, subject to the total Bid Period/Issue Period not exceeding ten (10) working days. Any revision in the Price Band, and the revised Bid Period/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE"), by issuing a press release and also by indicating the change on the website of Book Running Lead Managers (the "BRLMs") and the terminals of the Members of the Syndicate.

In terms of Rule 19(2) (b) of the Securities Contract Regulation Rules, 1957, as amended ("SCRR"), this being an Issue for less than 25% of the post-Issue equity share capital therefore, this Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be mandatorily allocated on a proportionate basis to QIBs as specified in regulation 43 (2) (c) of SEBI Regulations. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation on a proportionate basis to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the 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 (has been determined and justified by the issuer, in consultation with the BRLMs, as stated under the paragraph on Basis for Issue Price) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

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

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect

**IPO GRADING**

The Issue has been graded by Credit Analysis and Research Limited ("CARE"); a credit rating agency registered with the SEBI, and has been assigned "IPO Grade 2" indicating below average fundamental. For details of the grading of the Issue, see the section "General Information" beginning on page 10 of this Red Herring Prospectus.

**LISTING**

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). Our Company has received the in-principle approval for listing of our Equity Shares from BSE and NSE pursuant to letters dated October 14, 2009 & November 3, 2009 respectively. For purposes of this Issue, the Designated Stock Exchange is BSE.

**BOOK RUNNING LEAD MANAGERS**



**IDBI CAPITAL MARKET SERVICES LIMITED**

5<sup>th</sup> Floor, Mafatlal Centre, Nariman Point,  
Mumbai – 400 021  
Tel.: +91-22-4322 1256/4322 1212  
Fax: +91-22-2283 8782  
Website: www.idbicapital.com  
E-Mail: arss.ipo@idbicapital.com  
Investors Grievance Id: [redressal@idbicapital.com](mailto:redressal@idbicapital.com)  
**Contact person: Ms. Menka Jha**  
SEBI Registration No:- INM000010866



**SBI CAPITAL MARKETS LIMITED**

202, Maker Tower, 'E',  
Cuffe Parade, Mumbai – 400 005.  
Tel: +91- 22-22178300  
Fax: +91- 22-2218 8332  
Website: [www.sbicaps.com](http://www.sbicaps.com)  
E-Mail: arss.ipo@sbicaps.com  
Investors Grievance Id: [investor\\_relations@sbicaps.com](mailto:investor_relations@sbicaps.com)  
**Contact person: Mr. Apurva Kumar**  
SEBI Registration No:- INM000003531



**BIGSHARE SERVICES PRIVATE LIMITED**

E/2, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (E),  
Mumbai – 400 072  
Tel: +91-22-2847 0652, 4043 0200  
Fax: +91-22-2847 5207  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
E-Mail: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
**Contact person: Mr. Ashok Shetty**  
SEBI Registration No:-INR000001383

**BID/ISSUE PROGRAMME**

**BID/ISSUE OPENS ON**

**February 8, 2010 (MONDAY)**

**BID/ISSUE CLOSES ON**

**February 11, 2010 (THURSDAY)**

## Table of Contents

SECTION I: GENERAL INFORMATION .....	ii
DEFINITIONS AND ABBREVIATIONS .....	ii
FORWARD-LOOKING STATEMENTS .....	viii
SECTION II: RISK FACTORS .....	ix
SECTION III: INTRODUCTION .....	1
SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES .....	1
SUMMARY FINANCIAL INFORMATION .....	5
THE ISSUE .....	9
GENERAL INFORMATION .....	10
CAPITAL STRUCTURE .....	21
OBJECTS OF THE ISSUE .....	34
BASIS FOR ISSUE PRICE .....	40
STATEMENT OF TAX BENEFITS .....	42
SECTION IV – ABOUT OUR COMPANY .....	48
INDUSTRY OVERVIEW .....	48
OUR BUSINESS .....	54
KEY REGULATIONS AND POLICIES .....	90
HISTORY AND CORPORATE STRUCTURE .....	94
OUR MANAGEMENT .....	104
OUR PROMOTERS AND PROMOTER GROUP .....	114
SECTION V: FINANCIAL INFORMATION .....	118
FINANCIAL STATEMENTS .....	118
GROUP COMPANIES .....	145
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	151
FINANCIAL INDEBTEDNESS .....	165
SECTION VI – LEGAL AND OTHER INFORMATION .....	173
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS .....	173
GOVERNMENT APPROVALS .....	202
OTHER REGULATORY AND STATUTORY DISCLOSURES .....	207
SECTION VII – ISSUE RELATED INFORMATION .....	214
BASIC TERMS OF THE ISSUE .....	214
ISSUE STRUCTURE .....	216
ISSUE PROCEDURE .....	218
SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION .....	248
SECTION IX - OTHER INFORMATION .....	260

## SECTION I: GENERAL INFORMATION

### DEFINITIONS AND ABBREVIATIONS

#### General terms

Term	Description
“We”, “us”, “our”, “the Company” and “our Company”	Unless the context otherwise indicates or implies, refers to ARSS Infrastructure Projects Limited.

#### Company related terms

Term	Description
Articles/ Association	Articles of Association of ARSS Infrastructure Projects Limited
Auditors	The Statutory Auditors of our Company namely M/s P.A. & Associates, Chartered Accountants.
Board / Board of Directors / Director(s)	Board of Directors of ARSS Infrastructure Projects Limited unless otherwise specified.
Memorandum/ Memorandum of Association	The Memorandum of Association of ARSS Infrastructure Projects Limited
Order Book	Estimated revenues from projects i. awarded to us on a prior date and in respect of which we have entered into agreements or have letters of award or work orders; and ii. For which we have commenced work but not recognized revenue under the percentage of completion method or for which work has not yet commenced.
Registered Office of our Company	Plot No. 38, Sector –A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar-751010 Orissa.
ROC/RoC	Registrar of Companies, Orissa with its address at Chalachitra Bhawan, 2 <sup>nd</sup> Floor, Buxi Bazar, Cuttack 753 001, Orissa.

#### Issue Related Terms

Term	Description
Allotment/ Allotment of Equity Shares/Allot	Unless the context otherwise requires, “Allotment” and all its variations shall mean the issue and allotment of Equity Shares pursuant to this Issue.
Allottee(s)	The successful Bidder to whom the Equity Shares are/ have been allotted.
Application Supported by Blocked Amount (ASBA)	ASBA is an application, whether electronic or physical, used by non-QIB Investor for subscribing to an issue containing an authorization to a SCSB to block the application money in the specified bank account maintained with the SCSB.
ASBA Form	Bid-cum-application form for an ASBA investor intending to subscribe through the ASBA process.
ASBA Investor	Means an investor other than a QIB who intends to apply through the ASBA process.
Banker(s) to the Issue	ICICI Bank Limited, HDFC Bank Limited, IDBI Bank Limited, Axis Bank Limited, HSBC Limited and State Bank of India
Bid	An indication to make an offer made during the Bid 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. For the purposes of ASBA Bidders, a Bid means an indication to make an offer, made during the Bid Period by an investor other than a QIB to subscribe to the Equity Shares of our Company.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper and Oriya Newspaper with wide regional circulation.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus.
Bid/ Issue Opening Date	The date on which the Syndicate/members and self certified syndicate banks shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, Hindi national newspaper and Oriya newspaper with wide regional circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus.
Bid/ 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	Book building procedure as provided under Schedule XI of the SEBI Regulation, in terms of which this Issue shall be made
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to this Issue, in this case being IDBI Capital Market Services Limited and SBI Capital Markets Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in 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 to be finalized by our Company in consultation with the BRLMs

<b>Term</b>	<b>Description</b>
Demat Account	The accounts held by a Depository Participant, in which the shares of an investor are credited as electronic balances.
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot and transfer Equity Shares to successful Bidders.
Designated Exchange	Stock Bombay Stock Exchange Limited (BSE)
Designated Branches	Such branches of SCSBs, which shall collect the ASBA Forms used by the ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a> .
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are being issued and number of Equity Shares being issued through this Issue. Upon filing with RoC at least three days before the Bid/Issue Opening Date it will become the Red Herring Prospectus. It will become the Prospectus after filing with the RoC after the pricing and allocation.
Eligible NRI(s)	NRI(s) from such jurisdiction outside India where it is not unlawful to make a Bid in the Issue.
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each, unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favor a Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLMs and the Syndicate Member(s) in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Bank(s)	Collection The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being ICICI Bank Limited, HDFC Bank Limited, IDBI Bank Limited, Axis Bank Limited, HSBC Limited and State Bank of India.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed there under.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995) registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI under applicable laws in India.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
IDBI Capital	IDBI Capital Market Services Limited, a company incorporated under the Companies Act and having Its registered office at 5 <sup>th</sup> Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021.
Issue	The issue of [●] Equity Shares of Rs. 10/- each fully paid up at the Issue Price determined by our Company in consultation with the BRLMs in terms of the Red Herring Prospectus.
Issue Price	The final price at which Equity Shares will be issued and allotted in term of the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date.
Issue Period	The Issue Period shall be 4 days, being February 8, 2010 the Bid/Issue Opening Date, to February 11, 2010 being the Bid/Issue Closing Date.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	5% of the QIB Portion or [●] Equity Shares available for allocation on a proportionate basis to Mutual Funds only, out of the QIB Portion.
Margin Amount	The amount payable by the Bidder at the time of submission of his/her Bid, which may be 10% or 100% of the Bid Amount, as applicable.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount greater than Rs.1,00,000/-
Non Institutional Portion	The portion of this Issue being not less than 10% of the Issue i.e. [●] Equity Shares available for allocation on a proportionate basis to Non Institutional Bidders
Non Residents	A person resident outside India, as defined under FEMA, as amended from time to time.
NRI/Non Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
OCB/Overseas Corporate Body	Overseas Corporate Body means and includes an entity defined in Clause (xi) of Regulation 2 of the Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of commencement of the Foreign Exchange (Withdrawal of General Permission given to Overseas Corporate Body (OCB) Regulations, 2003 and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the rules and regulations framed under FEMA
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to 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	Being the Price Band of a minimum price (Floor Price) of Rs. 410 and the maximum price (Cap Price) of Rs. 450 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price

<b>Term</b>	<b>Description</b>
Promoter Group	The individuals or companies referred to in the section titled “Our Promoters and Promoter Group” beginning on page no. 114 of the Red Herring Prospectus
Promoter(s)	Our Promoters being Mr. Subash Agarwal, Mr. Rajesh Agarwal, Mr. Anil Agarwal, Mr. Sunil Agarwal, Mr. Mohanlal Agarwal, Mr. Subash Agarwal (HUF), Mr. Rajesh Agarwal (HUF), Mr. Anil Agarwal (HUF), Mr. Sunil Agarwal (HUF) and Mr. Mohanlal Agarwal (HUF).
Prospectus	The prospectus, filed with the RoC in accordance with Section 60 of the Companies Act, 1956 containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the number of Equity Shares being issued through this Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to this Issue to receive money from the Escrow Account and the accounts maintained by the SCSBs on behalf of ASBA Investors for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	As defined under Regulation 2 (1) (zd) of the SEBI Regulations, a qualified institutional investor means public financial institution as defined in section 4A of the Companies Act, 1956; scheduled commercial banks; mutual funds registered with SEBI; foreign institutional investors and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual; multilateral and bilateral development financial institutions; venture capital funds registered with SEBI; foreign venture capital investors registered with SEBI; state industrial development corporations; insurance companies registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs; and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; insurance funds set up and managed by army, navy or air force of the Union of India.
QIB Margin	An amount representing at least 10% of the Bid Amount and the amount that the QIBs are required to pay at the time of submission of the Bid.
QIB Portion	The portion of this Issue being at least 60% of the Issue which shall be mandatorily allocated on a proportionate basis to QIBs.
Registrar/ Registrar to this Issue	Bigshare Services Private Limited
Resident Retail Individual Investor	Means a Retail Individual Investor who is a person resident in India as defined in FEMA.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid or applied for an amount more than Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 30% of the Issue i.e. [●] Equity Shares available for allocation on a proportionate basis to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	This Red Herring Prospectus dated January 25, 2010 to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue, including any agenda or corrigendum thereof. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
SBI Caps	SBI Capital Markets Limited, a company incorporated under the Companies Act and having its registered office at 202, Maker Tower, ‘E’, Cuffe Parade, Mumbai – 400 005.
Self Certified Syndicate Banks / SCSB	An SCSB is a Banker to the Issue registered under the provisions of SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an ASBA application and is recognized as such by SEBI
Shareholders Agreement	Unless the context otherwise specifies, the Shareholders Agreement shall mean the Shareholders Agreement dated January 7, 2008 executed between State Bank of India and our Company read with letters dated January 21, 2008, January 22, 2008 and December 29, 2009
Share Subscription Agreement	Unless the context otherwise specifies, the Share Subscription Agreement shall mean the Share Subscription Agreement dated January 7, 2008 executed between State Bank of India and our Company read with letters dated January 21, 2008, January 22, 2008 and December 29, 2009.
Syndicate / Members of the Syndicate	The BRLMs and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into between our Company, BRLMs and the Syndicate Member(s), in relation to the collection of Bids in this Issue
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLMs in this case being Enam Securities Pvt. Limited and Almondz Global Securities Limited, SBICAPS Securities Private Limited, IDBI Capital Market Services Limited and Sunidhi Securities & Finance Limited
TRS or Transaction Registration Slip	The slip or document issued by any of the Members of the Syndicate to the Bidder as proof of registration of the Bid on the online system of BSE/NSE, irrespective of whether the Bid is made through a Bid-cum-Application Form or ASBA Form
Underwriters	The BRLMs and the Syndicate Member(s)
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
VCF/Venture Capital Fund	Venture Capital Funds as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 registered with SEBI under applicable laws in India.

#### **Conventional / General Terms**

<b>Term</b>	<b>Description</b>
Act/ Companies Act	The Companies Act, 1956
ASBA	Application Supported By Blocked Amount
Directors	The directors of our Company, unless the context otherwise requires
Equity Shares	The Equity Shares of Face Value of Rs. 10/- each of our Company
Indian GAAP	Generally Accepted Accounting Principles in India

<b>Term</b>	<b>Description</b>
Non Resident	A person who is not an NRI, an FII and is not a person resident in India
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Quarter	A period of three continuous months
RBI Act	The Reserve Bank of India Act, 1934
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	The Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (DIP) Guidelines, 2000.
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

#### **Industry Terms**

<b>Term</b>	<b>Description</b>
ADB	Asian Development Bank
AIBP	Accelerated Irrigation Benefit Programme
BG	Bank Guarantee
BOQ	Bill of Quantity
BOT	Build Operate and Transfer
BOOT	Build Own Operate and Transfer
CESCO	Central Electricity Supply Company of Orissa
CPM	Critical Path Method
CPWD	Central Public Works Department
CRF	Central Reserve Funds
CRISIL	Credit Rating Information Services of India Limited
CRIS INFAC	CRIS INFAC Industry Information Service, a brand of CRISIL research & Information Services Limited
DBFO	Design Build Finance Operate
DG Set	Diesel Generator Set
DPI	Designing Planning Investment
DPR	Detail Project Report
EMD	Earnest Money Deposit
EPC	Engineering Procurement and Construction
FDI	Foreign Direct Investment
FEED	Front End Engineering and Design
GDP	Gross Domestic Product
HCC	Hindustan Construction Company
HPCL	Hindustan Petroleum Corporation Limited
IFC	International Finance Corporation
ISO	International Standards Organization
IIP	Index of Industrial Production
IRCON	IRCON International Limited
IOCL	Indian Oil Corporation Limited
IVRCL	IVRCL Infrastructure Projects Limited
LC	Letter of Credit
LDO	Light Diesel Oil
MABG	Mobilization Advance Bank Guarantee
MOU	Memorandum of Understanding
MT	Metric Tonne
NH	National Highway
NHAI	National Highway Authority of India
NHDP	National Highway Development Program
NICMAR	National Institute of Construction Management and Research
O & M	Operations and Maintenance
ODR	Other District Road
PERT	Project Evaluation and Review Technique
PMGSY	Pradhan Mantri Gramya Sadak Yojna
PWDs	Public Work Departments
PSU	Public Sector Undertaking
R&B	Road and Building
RFQ	Request For Qualification
RJGR Depot	Rajaathagarha Depot
ROB	Road Over Bridge
RITES	RITES Limited
SARDP - NE	Special Accelerated Road Development Programme for the North East
SPWD	State Public Works Development
TAGR	Trend Annual Growth Rate
TNRIDC	Tamil Nadu Road Infrastructure Development Corporation Limited.

#### **Abbreviations**

<b>Term</b>	<b>Description</b>
A.Y./ AY	Assessment Year
A/c	Account
Ac.	Acre
AGM	Annual General Meeting
AROC	Assistant Registrar of Companies, Orissa
AS	Accounting Standards
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis and Research Limited
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CLB	Company Law Board
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970
DCA	Department of Company Affairs
DP	Depository Participant
DP ID	Depository Participant's Identity
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
EPFA	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
ESOS	Employee Stock Option Scheme
ESPS	Employee Stock Purchase Scheme
ESIA	The Employee State Insurance Act, 1948
Factories Act	The Factories Act, 1948
FD	Fixed Deposit
F.Y. / FY / Fiscal / Financial Year	Period of Twelve Months ending on March 31 of the respective year
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FEMR	Foreign Exchange Management Regulations, 2000
FI	Financial Institution
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
GAAP	Generally Accepted Accounting Principles
GIR Number	General Index Register Number
GoI	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961
IPO	Initial Public Offer
L/C	Letter of Credit
MAT	Minimum Alternate Tax
MF	Mutual Fund
MWA	The Minimum Wages Act, 1948
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NRI	Non Resident Indian
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PGA	The Payment of Gratuity Act, 1972
PPP	Public Private Partnership
PWA	The Payment of Wages Act 1936
QIB	Qualified Institutional Buyer
R&D	Research & Development
RBI	Reserve Bank of India
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SEBI	The Securities and Exchange Board of India
SIA	Secretariat for Industrial Assistance
SSI	Small Scale Industry
SCRR	Securities Contract Regulation Rules, 1957
TAN	Tax Deduction Account Number
TNW	Total Net Worth
TRS	Transaction Receipt Slip

<b>Term</b>	<b>Description</b>
USD	United States Dollar
VAT	Value Added Tax
WCA	The Workmen's Compensation Act, 1923
WCR	Workmen's Compensation Rules, 1922
WDV	Written Down Value
W.E.F/w.e.f	With effect from

Notwithstanding the foregoing, in the “Main Provisions of the Articles of Association”, “Statement of Tax Benefits”, “Financial Statements”, “Disclaimer Clause of BSE” and “Disclaimer Clause of NSE” beginning on page nos. 248, 42, 118, 210 and 210 respectively of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association, and otherwise in these respective sections/chapters/paragraphs.



## FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like “will”, “aim”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “project”, “should” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, the statements that describe our 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.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Competitive bidding process;
- High working capital requirements;
- Increase in cost or non-availability of equipment, materials or fuel;
- Engagement of sub-contractors or other agencies in the course of execution of our road and railway projects;
- Order Book not being representative of our future results;
- A significant portion of our revenues and Order Book being concentrated in Eastern India;
- Dependence on joint ventures to qualify for the bidding process;
- Seasonality and weather conditions;
- Changes in Government policies and the political situation in India and
- Statutory taxes and other levies, which may affect our margin in the event of our inability to factor such expenses in our bids or contract price

For further discussion on factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page ix and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 151 of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLMs, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors are informed of material developments until such time as the grant of trading permission by the Stock Exchange for the Equity Shares allotted pursuant to the Issue.

## SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, prospects, financial condition and result of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. To obtain, a complete understanding of the business of our Company, you should read the section titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Result of Operations” beginning on page no 54 and 151 of this Red Herring Prospectus, respectively. If our business, result of operations or financial condition suffers, the price of our Equity Shares and value of your investments 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 other.

### Internal risk factors:

1. ***One of our Promoters is involved in a criminal proceeding and is accused in a murder case bearing no.1666/2006 at Learned Sub-divisional Judicial Magistrate, Bhubaneswar.***

An FIR or First Information Report has been lodged by Nayapalli Police Station on April 18, 2005 in relation to the murder of one Rubu alias Subash Chandra Das and a charge sheet was filed in the Court of the Learned Sub-divisional Judicial Magistrate, Bhubaneswar inter-alia, accusing several persons of the said murder. On the basis of a statement given by three witnesses, to the effect that they had overheard a conversation by the deceased about there being a threat to his life from several contractors including Mr. Subash Agarwal, our Promoter and Director, a second charge sheet dated January 11, 2006 was filed by the Crime Branch wherein Mr. Subash Agarwal has been accused of the crime under Sections 34, 109, 120-B and 302 of the Indian Penal Code, 1860 and under Sections 25 and 27 of the Arms Act, 1959. For further details, please refer to the section titled “Outstanding Litigations and Material Developments” on page 173 of this Red Herring Prospectus.

2. ***Our Company has defaulted on payment of interest and repayment of loan to various banks / financial institutions***

Our Company has defaulted in making payment of interest and repayment of loans amounting to Rs. 24.25 lacs, Rs. 11.78 lacs and Rs. 23.09 lacs during the Financial Year ended March 31, 2006, March 31, 2004 and March 31, 2003 respectively to various banks and/or financial institutions. However, as of the date of filing of this Red Herring Prospectus, our Company has paid the entire aforesaid outstanding loan amount and interest due and payable, if any, thereon to the various banks and/or financial institutions. CRISIL vide its credit rating report on July 2009 has downgraded its ratings on banking facilities aggregating to Rs. 32,008 lacs to DP/5 from BB/Stable/P4 as the company delayed payment of its term loan instalment.

3. ***The power supply at one of our Units has been disconnected by the Central Electricity Supply Company of Orissa Limited (“CESCO”) due to default in payment of electricity bills and other related disputes and the complaint filed by our Company in respect thereto is pending before the concerned authority.***

The crusher unit of our Company at Nityanandpur, Orissa currently does not have power supply. Our Company is required to pay to CESCO, certain amounts due and payable under the bills raised for the purpose of supply of electricity to the said plant. Under various orders passed against our Company, our Company was directed to pay the outstanding bills and CESCO was directed to supply electricity on clearance of the outstanding bills. However, the said bills have not been paid by our Company as our Company has challenged the said orders under Regulation 7 of the Orissa Electricity Regulatory Commission (Grievance Redressal Forum and Ombudsman) Regulation, 2004. Several proceedings by way of complaints before the Ombudsman, Central Zone, Bhubaneswar and Writ Petitions have been filed and are pending. By an order dated May 15, 2008 the Ombudsman dismissed the aforesaid application as it thought that it would be inappropriate to pass an order during the pendency of Writ Petition No. 8386 of 2002 and Writ Petition No. 7941 of 2006. The amount payable by our Company to CESCO is Rs.4.03 lacs. Our Company has made provision of Rs 47.22 lacs as on 31st March 2009 as contingent liability as estimated by the bill dated 31st March 2009 issued by CESCO. The power requirement at this plant is presently being met by the D.G. Set owned by our Company. For further details, please see the section titled “Outstanding Litigations and Material Developments” on page 173 of this Red Herring Prospectus.

4. ***The income-tax authorities have carried out search and seizure operations in the premises of our Company and the residential premises of our Promoters and Directors and during this operation certain voluntary disclosures in relation to understatement of income have been made by our Company, Directors and Promoters***

The authorities under the I.T. Act, conducted a search and seizure operation in our Company’s office premises and the residential premises of all our Promoters and Directors on September 26, 2003 and completed the income-tax assessment for our Company for the AY(s) 2001-02 to 2004-05 under Section 153A of the I.T. Act on the basis of their judgement of the income of our Company for the aforesaid assessment years. Notices under section 153A of the I.T. Act were served on our Company on January 7, 2004. Also notices under Section 143(2) and 142(1) of the I.T. Act were served upon our Company. During the course of the search and seizure operations, our Company has not made any voluntary disclosures to the Income Tax officials. However, our Promoters and Directors voluntarily disclosed income to the authorities under the IT Act, as under:

Sr No	Name of the Assessee	Assessment Year	Income as per original return (Rs.)	Surrendered Income (Rs.)	Revised Return Income (Rs.)
1	Subash Agarwal	A.Y. 2001-02	389,765	60,000	449,765
		A.Y. 2000-01	931,854	250,000	1,181,854
		A.Y. 1999-00	190,060	500,000	690,060
		A.Y. 1998-99	208,744	90,000	298,744
2	Sunil Agarwal	A.Y. 2000-01	133,753	15,000	148,753
		A.Y. 1999-00	104,153	300,000	404,153
		A.Y. 1998-99	111,370	60,000	171,370
		A.Y. 2002-03	107,508	-	107,508
		A.Y. 2001-02	198,872	-	198,872
			1,400,519	375,000	1,775,519
3	Anil Agarwal	A.Y. 1998-99	86,792	10,000	96,792
		A.Y. 2004-05	952,229	-	952,229
		A.Y. 2003-04	1,062,266	-	1,062,266
		A.Y. 2002-03	949,018	-	949,018
		A.Y. 2001-02	104,814	-	104,814
		A.Y. 2000-01	38,678	-	38,678
		A.Y. 1999-00	63,041	-	63,041
			3,256,838	10,000	3,266,838
4	Mohan Lal Agarwal	A.Y. 1999-00	56,880	40,000	96,880
		A.Y. 1998-99	107,667	160,000	267,667
		A.Y. 2003-04	172,283	-	172,283
		A.Y. 2002-03	127,493	-	127,493
		A.Y. 2001-02	101,688	-	101,688
		A.Y. 2000-01	154,375	-	154,375
5	Rajesh Agarwal	A.Y. 2003-04	182,200	500,000	682,200
		A.Y. 2002-03	116,000	-	116,000
		A.Y. 2000-01	138,051	15,000	153,051
		A.Y. 1999-00	92,553	125,000	217,553
		A.Y. 1998-99	103,574	30,000	133,574

For further details, please see the section titled “Outstanding Litigations and Material Developments” on page 173 in this Red Herring Prospectus.

**5. Our books of accounts have been audited on the basis of copies thereof duly certificated by our Company as the original books have been seized by the Income-tax authorities**

The authorities under the I.T. Act conducted a search and seizure operation at our Company’s office premises and at the residential premises of our Promoters and Directors on September 26, 2003. In the course of the aforesaid search and seizure operations at the office premises of our Company and at the residence of our Promoters and Directors, the original books of account of our Company were seized by the IT authorities. Therefore, the books of account of our Company have been audited on the basis of photocopies of the original books of account, duly certified by our Company. When the search and seizure operation by income tax authorities was conducted on September 26, 2003, the block assessment was completed up to F.Y.2003-04 and after that the regular assessment had started from F.Y.2004-05. For further details, please see the section titled “Outstanding Litigations and Material Developments” on page 173 of this Red Herring Prospectus.

**6. Our Company is involved in a number of legal proceedings, which may have financial implication on the business of our Company**

Our Company is involved in a number of legal proceedings, which are classified under various legal heads, as under:

Categories of Litigations	Total number of cases	Total Financial implication ( if any, Rs. in lacs)
Cases filed against our Company		
Civil	2	87.96
# Sales Tax	9	108.32
Income Tax	6	100.42
Case filed by our Company		
Civil	1	4.02
Arbitration Proceedings	2	*79.15

# The Sales tax proceedings include entry tax proceedings and VAT proceedings as well.

\* The interest rate charged in the arbitration proceedings differ from case to case and hence the amount mentioned herein is an estimated amount, which may differ due to the interest rate factor.

For further details, please see the section titled “Outstanding Litigations and Material Developments” on page 173 of this Red Herring Prospectus.

**7. *Our Company has received certain notices from the AROC seeking certain clarifications/information with respect to compliance with certain provisions of the Companies Act and Our Company may be liable to pay penalties if it is regarded as having violated those provisions***

Our Company has received four (4) notices from the Assistant Registrar of Companies, Orissa (“AROC”) seeking certain information and clarifications. The first notice dated September 28, 2007 was served upon our Company under section 234 (1) of the Companies Act. In the aforesaid notice, the AROC, on the basis of the Balance Sheet of our Company for the F Y March 31, 2006, has sought clarifications as regards the alleged violation of certain provisions of the Companies Act. In response to the said notice, by the letter dated October 23, 2007 we have provided the AROC with clarifications in relation to the alleged violations. Our Company has in its reply to the AROC, stated that it was a private limited company during the period in relation to which the violations have been alleged and therefore some of the above provisions of the Act specified in the AROC’s notice dated September 28, 2007 may not be applicable to our Company. Our Company has not received any further notice or communication from the AROC in this regard.

Another notice dated January 23, 2008 has been served by the AROC upon our Company. In the aforesaid notice, the AROC, on the basis of the Balance Sheet of our Company for the FY March 31, 2007, has sought clarifications as regards the alleged violation of certain provisions of the Companies Act. In response to the said notice, by the letter dated February 8, 2008 we have provided the AROC with clarifications in relation to the alleged violations. Our company has not received any further notice or any other communication in this regard.

In addition to the aforesaid, a notice bearing No. AROC-C/6230/2008/4906 dated February 25, 2008 has been served by the AROC upon our Company as regards the alleged violation of sections 309(4)(b), 297 and 314(IB) of the Companies Act. Further, the AROC has requested the following information:

- i. Photocopy of the minutes book of board meetings and general meetings for last 4 years;
- ii. photocopy of contract agreements and documents executed between our Company and its Directors;
- iii. Details of Guarantee Commission paid to Non-Executive Directors; and
- iv. The status of compliance with the Director’s Relative (Office or Place of Profit) Rules, 2003.

By the letter dated April 2, 2008, our Company has given clarifications in response to the aforesaid notice. Our Company has in its reply to the AROC, annexed copies of the contracts executed between our Company and its Directors and has provided details of the guarantee commission paid to the Non Executive Directors. Our Company has further clarified that none of the cases referred to by the AROC attracted the provisions of Section 314 (IB) of the Companies Act read with the Director’s Relative (Office or Place of Profit) Rules, 2003.

Our Company has received further communication from ROC on June 12, 2008 instructing the Company to comply with the provisions of Sections 215 (i)(ii) and 154 (1) of the Companies Act which deal with the signing of the balance sheet by the whole time company secretary and the closure of the register of members..

In the event that the explanations given by our Company are not accepted by the AROC, our Company will be liable to pay such penalties as may be levied in relation to the violations alleged by the AROC. For further details, please see the section titled “Outstanding Litigations and Material Developments” on page 173 in this Red Herring Prospectus.

**8. *Our Company has not caused the agreements in relation to certain properties utilized by it to be registered with the Sub-registrar of Assurances***

By an agreement dated October 4, 2007, our Company has acquired certain corporate office premises in New Delhi from our Promoters on lease basis for a period of five years with effect from October 1, 2007. However, the said agreement has not been registered in the office of the Sub-registrar of Assurances.

**9. *Our Company has issued certain Equity Shares to Promoters and Private Investors at a price that could be lower than the Issue Price in the IPO***

Our Company has issued the following Equity Shares to Promoters and Private investors at a price, which are lower than the Issue Price:

Date of allotment	No. of equity shares	Face value (Rs.)	Issue price (Rs.)
May 17,2000	500	100	100
December 19, 2000	49500	100	100
November 21,2003	10000	100	400
December 3,2003	4000	100	400
March 25, 2004	36000	100	100

Date of allotment	No. of equity shares	Face value (Rs.)	Issue price (Rs.)
July 28, 2005	78100	100	100
July 28, 2005	40000	100	500
March 1, 2006	12100	100	100
March 23, 2006	1000	100	500
March 30, 2006	28500	100	100
February 05, 2007	853000	10	40
February 05, 2007	350	10	40
March 05, 2007	6900700	10	-
March 21, 2007	320000	10	125
May 17, 2007	240000	10	125
June 01, 2007	100000	10	30
October 29, 2007	134000	10	140
November 5, 2007	2450	10	140
November 27, 2007	406500	10	200
January 4, 2008	1000000	10	315

For further details of the Equity Shares, please refer to the section titled “Notes to Capital Structure” under the heading “Capital Structure” beginning on page 21 of this Red Herring Prospectus.

**10. *Our Company has in the past allotted shares to our Promoters, Promoter Group and SBI without procuring an independent valuation thereof***

By a Share Subscription Agreement dated January 7, 2008 read with the Shareholders’ Agreement of even date, entered into between our Company and the State Bank of India (“SBI”) 10,00,000 (Ten Lac) Equity Shares of Rs. 10/- each were allotted to SBI at a premium of Rs. 305/- per Equity Share. The Equity Shares of our Company were offered to SBI at the price arrived at in pursuance of mutual negotiations between the parties. However, from February 2007 to November 2007 our Company has allotted Equity Shares to our Promoters and Promoter Group, at prices that are lower than the price at which the Equity Shares were allotted to SBI. In either case, no independent valuation has been obtained by our Company in relation to Equity Shares allotted to our Promoters and Promoter Group or SBI.

For further details of the Equity Share capital of our Company, please refer to the section titled “Notes to Capital Structure” under the heading “Capital Structure” beginning on page 21 of this Red Herring Prospectus.

**11. *Our group companies and joint ventures are involved in a number of legal proceedings.***

Our group companies and joint ventures are involved in a number of legal proceedings. A summary of such litigations outstanding as on December 31, 2009 is as follows:

Categories of Litigations	Total number of cases	Total Financial Implication ( if any, Rs. in lacs)
Civil Litigation	2	15.00
Criminal Proceedings	1	15
Arbitration Proceedings	7	5268.73*
Sales Tax	10	1157.48
Income Tax	1	Nil

\*The interest claimed in the arbitration proceedings differs on a case to case basis hence the amount mentioned herein is also an estimated amount which may differ due to the interest rate factor.

For further details, please refer to the section titled “Outstanding Litigations and Material Developments” on page 173 of this Red Herring Prospectus.

**12. *Our Statutory Auditors have stipulated certain adverse remarks or qualifications in the Auditors Report which may affect our financial condition:***

The statutory auditors of our Company for the immediately preceding five years are as follows:

Sr. No.	Fiscal Year	Name of the Auditor
1.	F.Y. 2006-2007, F.Y. 2007-2008 & F.Y. 2008-09	P.A. & Associates
2.	F.Y. 2004-2005 to F.Y. 2005-2006	K. C. Jena and Co.

There is neither any qualification nor any adverse remark/observation by our Statutory Auditors in their Statutory Audit Report for the Financial Statements of our Company as at 31st December, 2009, 31st March, 2009, 31st March, 2008, 31st March, 2007, 31st March, 2006, 31st March 2005, except as enumerated below and the auditors’ qualifications require no adjustment in the restated financial statements. The qualification in the auditor’s report will have some financial implication which will have negligible impact on the overall financial position of our Company.

Sr.No.	Year/ Quarter ended	Auditor's Qualification (as excerpted from their Auditor's Report)								
1.	31.03.05	<p>a. Provisions of Provident Act has not been implemented by the Company b. In our opinion and according to the information and explanation given to us, the company has defaulted in repayment of dues to financial institutions and bank (All amount in Indian Rupees)</p> <table><tr><th>Particulars</th><th>31.03.05 (See Note : a)</th></tr><tr><td>Term Loan</td><td>--</td></tr><tr><td>Financial Institutions and Others</td><td>--</td></tr><tr><td>Total:</td><td>--</td></tr></table> <p>Note: a) 31.03.2005: Statutory auditor has not quantified the amount of defaults made by the Company in his Audit Report and accordingly the same has not been disclosed in the above statement even though the defaulted amount is regrouped in the restated summary statements.</p>	Particulars	31.03.05 (See Note : a)	Term Loan	--	Financial Institutions and Others	--	Total:	--
Particulars	31.03.05 (See Note : a)									
Term Loan	--									
Financial Institutions and Others	--									
Total:	--									
2.	31.03.06	<p>a. In our opinion and according to the information and explanation given to us, the company has defaulted in repayment of dues to financial institutions and bank</p> <table><tr><th>Particulars</th><th>31.03.06</th></tr><tr><td>Term Loan</td><td>Nil</td></tr><tr><td>Financial Institutions and Others</td><td>2,424,560</td></tr><tr><td>Total:</td><td>2,424,560</td></tr></table> <p>b. According to the information and explanations given to us and on over all examination of the books of accounts of the company, we report that amount of Rs. 64,05,207/- raised on short term basis have been used for long term investment</p>	Particulars	31.03.06	Term Loan	Nil	Financial Institutions and Others	2,424,560	Total:	2,424,560
Particulars	31.03.06									
Term Loan	Nil									
Financial Institutions and Others	2,424,560									
Total:	2,424,560									
4	31.03.08	<p>Provision of Rs. 6.13 lacs on account of retirement gratuity has been made on an adhoc basis, without ascertaining the actual liability through actuarial valuation which is not in accordance with Accounting Standard – 15, “Accounting for Retirement Benefits” issued by The Institute of Chartered Accountants of India. Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2008 instead of audited accounts, which is not in accordance with Accounting Standard – 27, “Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India.</p>								
5	31.03.09	<p>Provision of Rs. 14.00 lacs on account of retirement gratuity has been made on an adhoc basis, without ascertaining the actual liability through actuarial valuation which is not in accordance with Accounting Standard – 15, “Employee Benefits” issued by The Institute of Chartered Accountants of India. Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2009 instead of audited accounts, which is not in accordance with Accounting Standard – 27, “ Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India</p>								
6	31.12.09	<p>Provision on account of retirement gratuity has not been made which is not in accordance with Accounting Standard – 15, “Employee Benefits” issued by The Institute of Chartered Accountants of India Profit from Joint Ventures and investment in Joint ventures have been considered on the basis of Provisional Accounts as on 30.06.2009 , which is not in accordance with Accounting Standard – 27, “ Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India</p>								

**13. *Our Company has acquired properties on a lease basis from our Promoters and Promoter Group and our Promoters and Promoter Group may have a vested interest in our Company to that extent***

Our Company has acquired certain properties on lease basis from our Promoters and Promoter Group and in consideration thereof refundable security deposits aggregating to Rs 80 lacs have been advanced by our Company to our Promoters. Our Promoters and Promoter Group will be deemed to be interested to the extent of the refundable security deposits received by them from our Company for such properties. For further details, please refer to the heading “Our Property” under the section titled “Our Business” on page no. 54 of this Red Herring Prospectus.

**14. *Our success depends largely upon the services of our key managerial personnel and our ability to attract and retain them.***

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our senior management, our Directors and other key personnel, including skilled project management personnel. A significant number of our employees are skilled engineers and we face strong competition to recruit and retain skilled and professionally qualified staff. Due to the limited pool of available skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our Directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

**15. *Some of our group companies are in the same line of business as that of our Company, which may lead to a conflict of interest:***

Some of our group companies namely Anil Contractors Private Limited, M/s Hindustan Construction, M/s Anil Agarwal and ARSS Engineering and Technology Private Limited are in the same line of business as our Company. Hence, there will be common pursuits between our group companies and our Company, which may result in a conflict of interest between our group companies and the business strategies, and operations of our Company. For further details refer to section titled “Group Companies” on page no. 145 of this Red Herring Prospectus.

**16. *Our Promoters may have a conflict of interest as some of our group entities are in the same line of business***

Some of entities owned/promoted by our Promoters are in the same line of business as our Company. Hence, our Company may not get the full benefit of our Promoters’ focused attention and managerial skills. This may result in conflict of interest between our Promoters and the business strategies of our Company. For further details refer to section titled “Our Promoters and Promoter Group” under the heading Common Pursuit on page no. 114 of this Red Herring Prospectus.

**17. *Our Company has not carried out a separate or independent valuation in case of allotment of shares to Promoters, for consideration otherwise than cash.***

Our Company has allotted shares to our Promoters and persons forming part of the Promoter Group dated June 1, 2007 for consideration otherwise than cash. Our Company has not obtained any separate or independent valuation of the shares so allotted to our Promoters and Promoter Group. For further details of such Equity Shares held by the Promoters in the last twelve (12) months, please refer to the section titled “Capital Structure” beginning on page 21 of this Red Herring Prospectus.

**18. *Some of our group companies have incurred a loss***

Some of our group companies have incurred losses during the last three years as tabulated below:

Particulars (Rs. In lacs)	FY 2009	FY 2008	FY 2007
ARSS Engineering Limited	(0.09)	-	-
ARSS Biofuel Private Limited	28.35	(8.78)	(21.71)

**19. *We have not carried out an independent appraisal of our working capital requirements***

Our business requires a substantial amount of working capital and we propose to utilize Rs. 8,600 lacs from the proceeds of the Issue. Our working capital requirements are as per the management’s estimates and we have not independently appraised or evaluated our working capital requirements by any bank or financial institution.

**20. *Our Company is heavily dependent on a limited number of suppliers and customers:***

Our Company derives and may continue to derive the bulk of its revenue from contracts awarded by the Central and State Governments and their agencies. Accordingly, our Company depends on Government and Government controlled entities for a substantial portion of our revenue. An abrupt or significant reduction in the demand for our services by the aforesaid client group for any reason including without limitation change in Government, Government policies etc will adversely impact our business, result of operations and financial condition. For further details of our clients please refer to the section titled “Our Business” beginning on page 54 of this Red Herring Prospectus.

In addition, our Company relies on a limited number of vendors or suppliers viz Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOCL), in order to meet its raw material requirements. Failure on part of the aforesaid suppliers to deliver the desired quantity and quality of raw materials at the required time may adversely impact the completion of our projects, business, result of operations and financial conditions.

**21. *Certain Government/Statutory Approvals and/or Licenses may have expired or applications for the same are pending before the concerned authorities:***

While our Company has endeavoured to obtain or apply for all applicable governmental, statutory and regulatory permits, licenses and approvals, including renewals thereof, to operate its business, certain governmental or statutory approvals and/or licenses may have expired or applications for the same (or renewals thereof) are still pending before the concerned authorities. In future, our Company will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals in order to carry on current business operations and for any proposed new operations. While we believe that we will be able to renew or obtain such permits, licenses and approvals as and when required, there can be no assurance that the

relevant authorities will issue or renew any of such permits, licenses or approvals in the time-frame anticipated by it or at all. Such non-issuance or non-renewal may result in the interruption of our business operations and may have a material adverse effect on our project completion schedule, results of operations and financial conditions. For further details, please refer the section titled “Government Approvals” starting from page no. 202 of this Red Herring Prospectus.

**22. *Our current Order Book represents only estimated revenue from the projects awarded to us and may be cancelled due to various factors.***

As on January 10, 2010 our Company has an Order Book of Rs.287,753.11 lacs. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010. Order Book represents projects / business that are considered firm, but cancellations or adjustments with respect to the scope or schedule may occur, either during the construction period or at its conclusion. We may also face problems in the course of execution of the project. Moreover, factors beyond our control or the control of our clients like delays or failures to obtain necessary permits, authorizations, permissions, right-of-way, delays or failure to receive performance bonds and other types of difficulties or obstructions may postpone a project or result in its cancellation. Due to the possibility of delays, cancellations or changes in project scope and/or schedule (as per our clients’ discretion), problems in project execution, or factors beyond our control or the control of our clients, we cannot predict with certainty when, if or to what extent an Order Book project will be executed. Any delay, reduction in scope, revision of schedule, cancellation, execution difficulty, postponement of payment or payment default with regard to Order Book projects or any other uncompleted projects, or disputes with clients in respect of any of the foregoing, could materially harm our cash flow position, revenues and earnings.

**23. *Our Company has entered into Shareholders Agreement and Share Subscription Agreement with State Bank of India (“SBI”) as a result of which SBI holds 7.97% of the pre-issue paid up equity share capital of our Company and is entitled to certain shareholders rights***

By a Share Subscription Agreement dated January 7, 2008 (“the Share Subscription Agreement”) read with the Shareholders Agreement of even date (“the Shareholders Agreement”) entered into between our Company and SBI read with the letters dated January 21, 2008 and January 22, 2008, SBI has subscribed to 10,00,000 (Ten Lac) Equity Shares of Rs. 10/- each of our Company at a premium of Rs.305/- per Equity Share. By virtue of such subscription, SBI holds 7.97% of the pre-issue paid-up Equity Share capital of our Company.

Under the aforesaid two Agreements, certain shareholder’s rights have been conferred upon SBI and, our Company. However similar rights will not be available to other shareholders, including those subscribing to the equity shares of our company pursuant to this public issue. For further details on the Shareholders Agreement and the Share Subscription Agreement, please refer to the section titled “History and Corporate Structure” on page 94 of this Red Herring Prospectus.

**24. *SBI is entitled to certain restrictive covenants by virtue of it having made investments in our Company***

In pursuance of the Share Subscription Agreement read with the Shareholders Agreement entered into between our Company and SBI, SBI is entitled to certain restrictive covenants, which would cease to be exercisable by SBI if our Company is listed on the Stock Exchanges in India before December 31, 2009. SBI, has vide its letter dated December 29, 2009 agreed to waive their superior rights till March 31, 2010. In the event, our Company fails to list its shares by March 31, 2010, SBI would be entitled to the following rights:

- a. a first right of refusal in case of sale of shares by the Promoters;
- b. a Tag Along Right in case of sale of shares by the Promoters;
- c. an option to call upon our Company to purchase its shares at such price that provides SBI with a 20% annual Internal Rate of Return (“IRR”) on the investment amount or at the Fair Market Value of the shares;
- d. if SBI locates a buyer or a strategic investor, an option to require the other shareholders who shall be obligated to sell along with SBI such shares as may be required by the strategic investor or buyer and
- e. Affirmative voting rights on certain reserved matters.
- f. Preferential dividends rights of 20% per annum in addition to the dividends declared by our Company from time to time

For further details on the Shareholders’ Agreement and the Share Subscription Agreement, please refer to the section titled “History and Corporate Structure” on page 94 of this Red Herring Prospectus.

The aforesaid Agreements also contain restrictive covenants, exercisable by SBI, even after our Company is listed on the Stock Exchanges in India.

- a. SBI would be entitled to appoint its nominee as a non-executive and non retiring director;
- b. In case a general meeting of our Company is requisitioned by SBI, SBI would have the right to appoint the Chairman for that meeting;
- c. The annual operating budget and Business Plan adopted by our Board of Directors would be subject to the approval and consent of SBI.



For further details on the restrictive covenants, please refer to the section titled “History and Corporate Structure” and “Main Provisions of the Articles of Association” on page 94 and page 248 respectively of this Red Herring Prospectus.

**25. Risk associated with Contingent Liabilities not provided for in the Restated Audited Financial Statements**

Contingent liabilities as on December 31, 2009, are as under –

Sr. No	Particular	(Rs. In Lacs)
1.	Income tax matters	Nil
2.	Bank Guarantee given	24,245.43
3.	Bank Guarantee given for others	Nil
4.	Demand for Sales Tax dues	98.49
5.	Demand for Electricity Charges	47.22
6.	Corporate Guarantee	860.00
7.	Demand for Entry Tax	9.84

**26. Pending Government / Statutory Approvals and Licenses**

Our Company has made applications to regulatory authorities for grant of the following Government / statutory approvals and licenses but the same has not been issued to us till date:-

Sr. No	Nature of Registration / License	Date of Application	Issuing Authority	Purpose/ Plants/offices for which said licenses is applied for
1.	Registration Certificate under contract (Labour and Abolition) Act, 1970	December 24, 2007	Registering Officer	Crusher unit at Nityanandpur
2.	Factory Licenses	November 30, 2007	The Director of Factories and Boilers	Crusher unit at Champajhar
3.	Factory Licenses	November 30, 2007	Director of Factories and Boilers	Crusher unit at Chhatrama
4.	Water Pollution	December 12, 2007	State Pollution Control Board, Orissa	Crusher unit at Bhanjnagar
5.	Factory Licenses	December 15, 2007	The Director of Factories and Boilers	Crusher unit at Bhanjnagar
6.	Factory License	October 26, 2007	Assistant Director of Factories and Boilers	Registered office at Mancheswar
7.	Registration Certificate under contract (Labour and Abolition) Act, 1970	December 12, 2007	Registering Officer	Branch office at Jaipur
8.	Air and Water Pollution	February 4, 2009	State Pollution Control Board, Behrampur, Orissa	Crusher unit at Amalaguda, in the district of Ganjam
9.	License to store Petroleum in Tanks	January 01, 2009	Joint Chief controller of explosives, Kolkata	Crusher unit Badapada
10.	License to store Petroleum in Tanks	January 01, 2009	Joint Chief controller of explosives, Kolkata	Crusher unit at Kharbhuin
11.	Air and Water Pollution	May 20, 2009	State Pollution Control Board, Sambhalpur, Orissa	Crusher unit at Kharbhuin, in the district of Boudh
12.	License to store Petroleum in Tanks	April 6, 2009	Joint Chief controller of explosives, Kolkata	Road Project at Bhadrak
13.	License to store Petroleum in Tanks	April 17, 2009	Joint Chief controller of explosives, Kolkata	Crusher unit at Amalaguda, in the district of Ganjam
14.	License to store Petroleum in Tanks	May 19, 2009	Joint Chief controller of explosives, Kolkata	Road and Railway Project at Angul
15.	Factory License	July 18, 2009	Director of Factory and Boilers	Crusher Unit at Amalaguda, Ganjam
16.	Factory License	July 18, 2009	Director of Factory and Boilers	Crusher Unit at Kharbhuin, Boudh
17.	Air and Water Pollution	December 10, 2009	Regional Officer, State Pollution Control Board,	Crusher Unit at Behrampur, Sadar, P.O-Bhuduka in the district of Ganjam

Sr. No	Nature of Registration / License	Date of Application	Issuing Authority	Purpose/ Plants/offices for which said licenses is applied for
18.	Air and Water Pollution	December 5, 2009	Regional Officer, State Pollution Control Board,	Crusher unit at Nityanandpur, P.O Nihalprasad, P.S Gandia, district Dhenkanal

*Note: The Company has made applications for various licenses and approvals to requisite authorities in 2007, as more specifically provided in the aforesaid table. In respect of the same, the Company has made several attempts to follow-up on the pending licenses with the concerned issuing authorities. Accordingly the grant of such approvals is in various stages of processing.*

If we fail to obtain any of the aforesaid licenses, approvals or permissions, our ability to carry on business may be affected and our Company and our officials may be subject to fines and penalties under the relevant laws. Consequently, our turnover and profitability may be adversely affected.

27. ***We have not obtained any third party appraisals for the objects of our Issue. The deployment of funds towards the objects of the Issue is entirely at our discretion and as per the details mentioned in the section titled “Objects of the Issue”. Any revision in the estimates may require us to reschedule the deployment of funds and may have a bearing on our expected revenues and earnings***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. The estimates contained in this Red Herring Prospectus may exceed the value that would have been determined by third party appraisals, which may require us to reschedule the deployment of funds proposed by us and this may have a bearing on our expected revenues and earnings. In case of deviation of utilization of funds raised from the IPO, we shall make an arrangement in accordance with the provisions of the equity listing agreement.

Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by an external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee.

28. ***We may not be able to procure contracts due to the competitive bidding process prevailing in the construction industry***

Most tenders are awarded to our Company pursuant to a competitive bidding process. The notice inviting bids may either involve pre-qualification, or short listing of contractors, or a post qualification process. In a pre-qualification or short listing process, the client stipulates technical and financial eligibility criteria to be met by the potential applicants. Pre-qualification applications generally require us to submit details about our organizational set-up, financial parameters (such as turnover, net worth and profit and loss history), employee information, plant and equipment owned, portfolio of executed and ongoing projects and details in respect of litigations and arbitrations in which we are involved. In selecting contractors for major projects, clients generally limit the issue of tender to contractors they have pre-qualified based on several criteria, including experience, technical ability and performance, reputation for quality, safety record, financial strength, bidding capacity and size of previous contracts in similar projects, although the price competitiveness of the bid is usually the primary selection criterion. We may not be entitled to participate in projects where we are unable to meet the selection criteria specified by the relevant client or company. Further we may not be able to procure a contract even if we are technically qualified owing to price competitiveness in comparison to other bidders.

29. ***Our Company may be exposed to several risks that are inherent to projects undertaken through joint ventures.***

In order to meet the pre-qualification requirements for certain infrastructure projects, which require higher capital adequacy or technical expertise, our Company has to enter into joint ventures with third parties. In case we are unable to forge an alliance with such third parties, we may lose out on the opportunity of qualifying for such projects. Further, since the liability of joint venture partners is joint and several, in case the joint venture partner fails to discharge its obligation under the contract, our Company may be liable to execute the entire contract to the satisfaction of the client. Though our Company has entered into joint ventures with third parties based on their track record and position in the market, the aforesaid risks are inherent to the projects undertaken by means of a joint venture.

30. ***Our Company may be liable for defaults committed by the Joint Venture Partners in the course of execution of the projects undertaken by it jointly with such Joint Venture Partners and it is very difficult to ascertain and quantify the liability of our Company with respect to such joint ventures***

Certain large-scale infrastructure projects demand higher capital adequacy requirements and/or technical expertise. In order to meet the threshold pre-qualifying criteria for such engagements, our Company has entered into and proposes to enter into joint ventures with third parties, on a standalone and project specific basis. In terms of such joint venture agreements, the liability of joint venture partners is joint and several and in the event that a joint venture partner fails to discharge its contractual obligations, our Company may, together with such joint venture partner, be liable to pay any penalties which may be levied by the customers for whom the projects are being executed. On account of the complexity of the joint venture agreements executed by our Company, it is very difficult to ascertain and quantify the liabilities of our Company in case of default or breach of obligations by the other joint venture partners.

**31. *We have high working capital requirements. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, there may be an adverse effect on the results of our operations***

Our business requires a substantial amount of working capital. In many cases, working capital is required to finance the purchase of materials and execution of construction and other work on projects before payment is received from clients. With one client, i.e. National Highways, in five contracts, the Company is contractually obligated to fund working capital requirements. In these cases, the contract value as on January 10, 2010 is Rs. 4603 lacs, which forms 1.63% of the Total Order Book. Our working capital requirements may increase if, in certain contracts, payment terms do not provide for advance payments to us or if the payment terms and schedules are less favourable to us. We may need to borrow additional funds in the future to fulfil our working capital needs. Continued increases in working capital requirements may have an adverse effect on our financial condition and the results of our operations.

**32. *Increase in cost or non-availability of equipment, materials or fuel may adversely affect our results of operations.***

Costs of raw materials constitute a substantial part of our operating expenses. Our road construction operations require various construction materials including stone aggregate, fuel, steel, cement and bitumen. In addition, we are also required to procure various equipment including crushers, mechanical equipment, machinery, excavators, loaders, dumpers, tippers etc. Fuel costs for our operations and other equipment also constitute a substantial part of our operating expenses. As on 31st March 2009, the costs of raw materials constitute 85.33% of the total cost of production. Unanticipated increases in the cost of equipment, materials or fuel not taken into account in our bid or our inability to procure the requisite equipment, materials or fuel on time may adversely affect the results of our operations.

**33. *The conditions and restrictions imposed by our lenders could restrict our ability to expand our business and operations.***

As on December 31, 2009 we have availed an aggregate of Rs. 36,017.65 lacs as fund based secured loans from various banks and financial institutions. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to repay the loan, interest thereon and other dues in time, the same could have an adverse impact on our operations. In addition to the above, our financing arrangements also include conditions and covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions. Failure to obtain such consents may have significant consequences on our capacity to expand and therefore adversely affect our business and operations.

**34. *Our business may be adversely affected by severe weather conditions***

Our business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely heavy rains during monsoon, which restrict our ability to carry on construction activities and fully utilize our resources. Our business is seasonal, as road construction and railway work are generally not undertaken during monsoon and in extreme weather conditions. Therefore our revenues and profitability may vary significantly from quarter to quarter.

**35. *Failure to adhere to agreed timelines could adversely affect our reputation and/or expose us to financial liability***

Certain contracts provide that we shall be liable for any loss due to delay in commencement or execution of the work, even if such delays are on account of procuring construction material and fuel. The client may not extend the time period for completion except in case of temporary suspension of works ordered by it. Certain contracts also permit our clients to foreclose the contracts at any time due to reduction or abandonment of work and leave us with no recourse in the event of such abandonment.

All contracts provide that we are required to complete the work as per schedule even if payments due to us have not been made in time. In the event of non-completion of work on schedule or defects in our work or damage to the construction due to factors beyond our control, we may incur significant contractual liabilities and losses under our contracts (including delay in receipt of receivables in respect of delayed projects) and such losses may materially and adversely affect our financial performance and results of operations. For details of the projects undertaken by our Company wherein there may be a delay in the schedule of implementation of the projects on account of extension of the Completion Date please refer to the heading "Order Book" in the section "Our Business" on page 54 of the Red Herring Prospectus.

**36. *We may not be able to sustain the growth rate as experienced in the past few years***

In FY 2009, our total income was Rs. 62,822.52 lacs and we earned net profit after tax of Rs. 5,104.82 lacs. Our revenues have grown at a CAGR of 116.7 % for the period FY 2007 – FY 2009 and our profit after tax has grown at a CAGR of 120.2 % over the same period. We may not be able to sustain such growth in revenues and profits or maintain a similar rate of growth in the future.

**37. *Our revenues and Order book is heavily dependent on projects/engagements in Eastern India and if there is a significant decline in orders from eastern States then our revenues may be adversely affected in the future***

More than 54.28% of our Order Book as on January 10, 2010 and more than 44.26 % of the revenues for Fiscal Year 2009 are attributable to projects located in the State of Orissa. In the event that demand for infrastructure activities in general and roads / highways / bridges construction in particular, reduces or stops by any reason including political strife or instability or change in

policies of State / Central Government, then our financial condition and results of operations may be materially and adversely affected.

**38. *Our operations are dependent on Government and Government agencies to a large extent and any change in Government related policies or regulations may affect our business and financial performance.***

Our Company derives and may continue to derive the bulk of its revenues from contracts awarded by the Central and State Governments and their agencies. It is possible that in certain cases implementation of budgetary allocation (including external funding) may get delayed and consequently our Company may not receive payments against running account bills in a timely manner. Our operations involve substantial working capital requirements and delayed collection of receivables could adversely affect our liquidity and results of operations. Hence change in Government or changes in any Government policies impacting the public at large or changes in external budgetary allocation or delay in payment schedule due to insufficiency of funds with the Government, may adversely affect our operations.

**39. *We engage sub-contractors or other agencies to execute some of our road and railway projects.***

We may rely on third parties for the implementation of some of our projects. For such projects, we generally enter into several arrangements with third parties. Accordingly, the timing and quality of construction of our contracts depend on the availability and skill of those sub-contractors. We may also engage casual workforce in our projects. Although we believe that our relationships with our sub-contractors are cordial, we cannot assure that such sub-contractors will continue to be available at reasonable rates and in the areas in which we execute our projects. If some of these third parties do not complete the orders timely or satisfactorily, our reputation and financial condition could be adversely affected.

**40. *Our growth strategy to expand into new geographic areas and new business segments poses risks***

Our business strategy is to expand into other geographical regions and new business segments in which we undertake our contracts. Our activities have, however, historically been focused in Orissa and are primarily in the areas of rail and road infrastructure development projects. In the course of any such diversification, we may face competition and our performance may suffer as a result of strong presence of our competitors in that zone. Increasing competition could adversely affect our profit margins

**41. *Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business***

Our operations subject our workforce to hazards inherent in constructing roads, bridges and railway work such as risk of equipment failure, impact from falling objects, collision, work accidents, fire, or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage

The insurance coverage that we maintain may not be adequate to cover the normal risks associated with our business operations. To the extent of any loss or damage that is not covered by insurance per se or which exceeds insurance coverage in force and available to our Company, our results of operations or cash flows may be affected.

**42. *We face competition in our business from Indian and international engineering construction companies***

We operate in a competitive environment. While service quality, technical capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is a major factor in most tender awards. Our industry has been frequently subject to intense price competition. There are a number of competitors who have achieved greater market penetration and have greater financial and other resources at their disposal vis-à-vis our Company. As a result, we may need to accept contracts with lower margins in order for us to compete with such competitors. If we are unable to compete successfully in such markets, our profits could be reduced. There can be no assurance that we can continue to effectively perform vis-a-vis our competitors in the future, and our failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

**43. *Our Promoters and Promoter group will continue to retain significant control of our Company after the issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

After this Issue, our Promoters together with our Promoter Group will beneficially hold approximately [●] % of our post-Issue Equity Share Capital. As a result thereof, our Promoters and Promoter Group will have the ability to exercise significant influence over the matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. They will also be in a position to influence the result of any shareholders' action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control. For further details, please refer to the section "Capital Structure" on page 21 of this Red Herring Prospectus.

**44. *Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.***

The amount of our future dividend payments on the Equity Shares of the Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that sufficient profits or distributable funds would be available for declaration of dividends.

**45. *An independent qualified valuer has not valued the interest in the leasehold land acquired by our Company from our Promoters in consideration for which the Equity Shares of our Company were issued***

In consideration of the transfer of interest in the leasehold land situated at Industrial Development Corporation of Orissa ("IDCO") bearing Plot No. 38, admeasuring 38,289.24 Sq. ft. or thereabouts at Industrial Estate Mancheswar, District-Khurda, by M/s. ARSS Engineering and Technology to our Company, our Company issued 1,00,000 Equity Shares to Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of the said M/s. ARSS Engineering and Technology on June 1, 2007. Valuation of the interest in the leasehold land in consideration for which the Equity Shares were issued has not been carried out by an independent qualified valuer. The value has been determined pursuant to a mutual understanding between M/s ARSS Engineering and Technology and our Company.

**46. *The amount shown against the order book at various places in the Red Herring Prospectus are only estimated revenues from the projects awarded to our Company and may be cancelled due to various reasons***

The amounts shown against the order book at various places in the Red Herring Prospectus are only estimated revenues from such projects. The orders may be cancelled by the customers on several grounds specified in the respective contracts or tender documents such as non completion of the project in time, quality of the works executed not meeting with the prescribed norms and the like. If the orders are cancelled then our Company will not receive the amounts shown against the order book.

**47. *Our Company has unsecured loans, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and financial condition of our Company.***

As per our Auditor's Certificate dated January 11, 2010, our Company has availed of unsecured loans aggregating to Rs. 855.54 Lacs which maybe repayable on demand. Any demand from the lenders for repayment of such unsecured loans, the cash outgo, may adversely affect the financial condition and result of operations of our Company. For further details of these unsecured loans, please refer to the heading "Financial Indebtedness" in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations on page 151 of this Red Herring Prospectus.

**48. *Our Company had negative cash flows in recent fiscals.***

Our cash flows for the recent fiscals are as follows:

Particulars (Rs. Lacs)	Nine months period ended 31st December, 2009	Year Ended March 31, 2009	Year Ended March 31, 2008
Net cash from Operating Activities	(5382.22)	1,018.96	(1,643.46)
Net cash from Investing Activities	(6997.43)	(7,421.77)	(5,428.92)

For further details on the same please refer to the chapter 'Management's discussion on Financial Condition and Results of Operations' on page 151 of this Red Herring Prospectus.

**B. Risks External to our Company**

Certain factors beyond the control of our Company could have a negative impact on our Company's performance, such as:

**1. *Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company***

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of the Company's shares, may be affected by changes in Government of India's policies, including policies on taxation. Social, political, economic or other developments in or affecting India could also adversely affect our business. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms including significantly relaxing restrictions on the private sector. The rate of economic liberalisation could change, and specific laws and policies affecting infrastructure projects, foreign investment and other matters affecting investment in our Equity Shares could change as well. The current Government is a coalition of various parties and the withdrawal of support by parties in the coalition could result in general elections being held in the country.

In addition, any political instability in India may adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares. India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, a general or sharp increase in commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards infrastructure, which may, in turn, adversely affect our financial performance and our ability to implement our business strategy.

**2. *Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our contract prices.***

Any increase in taxes and/ or levies, or the imposition of new taxes and/ or levies in the future, could increase the cost of production / operating expenses. To the extent our Company is not able to factor such increase in our bid/contract price, such

increase in taxes and/or levies or imposition of new taxes and/or levies it may have a material adverse impact on our business, results of operations and financial condition.

3. ***You will not be able to immediately sell on an Indian Stock Exchange any of the Equity Shares you purchase in the Issue on the Stock Exchanges.***

Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading in such Equity Shares may commence. Investors' book entry, or "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 NSE and BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

4. ***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. Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems include 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. Similar problems could occur in the future and, if they do, they could have an adverse impact on the market price and liquidity of the Equity Shares.

5. ***If we fail to comply with environmental laws and regulations or face environmental litigation, our results of operation may be adversely affected.***

Environmental laws and regulations in India have become increasingly stringent and it is possible that they will become significantly more stringent in the future. If, as a result of non-compliance with any environmental regulations, any of our units or the operations of such units are suspended, we may need to incur costs in complying with regulations, appealing any decision, closing our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue to accrue even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

6. ***Our Company is subject to risk arising from changes in interest rates and banking policy.***

We are dependent on various banks for arranging our working capital requirements, term loans, etc. Accordingly, any change in the existing banking policy or increase in interest rates may have an adverse impact on our Company's profitability.

7. ***Any disruption in supply of power, basic infrastructure facilities, and telecom lines could adversely affect the business operations of our Company or subject it to excess cost, which in turn will have an adverse impact on our profitability.***

8. ***Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.***

Wage costs in India have historically been significantly lower than the wage costs in the developed countries for comparably skilled professionals in the industry, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. This could impact our performance, profit margins and may have a material adverse effect on our business.

9. ***Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, may increase our costs and negatively affect our stock price. These geopolitical social and economic conditions could result in increased volatility in the Indian and worldwide financial markets and economy, and such volatility could constrain our ability to do business, may increase our costs and negatively affect our stock price.

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

The price of our Equity Shares on the Indian Stock Exchange may fluctuate as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors;
- Adverse media reports, if any, relating to our Company;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and de-regulation policies; and

- Significant development in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for our Company's Equity Shares will develop or be sustained after this Issue or the price at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

**11. The Issue Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.**

The Book Building Process will determine the Issue Price of our Equity Shares. This price will be based on numerous factors (discussed in the section "Basis for Issue Price" on page 40 of this Red Herring Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue.

The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our Equity Share price are:

- Quarterly and other periodical variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

**Notes to Risk Factors:**

1. Issue of [●] Equity Shares for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share), aggregating up to Rs. 10300 lacs. The Face Value of the Equity Shares is Rs. 10/- and the Issue Price is [●] times the Face Value. The Issue will constitute [●] % , of the fully diluted post -Issue paid-up Equity Share capital of our Company.
2. In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957, as amended ("SCRR"), this being an Issue for less than 25% of the post-Issue Equity Share capital therefore, this Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be mandatorily allocated on a proportionate basis to QIBs as specified in Regulation 43 (2) (c) of the SEBI Regulations. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue.
3. The Networth of our Company as on December 31, 2009 is Rs. 19,841.46 lacs as per the certificate dated January 11, 2010 issued by our statutory auditors M/s P.A. & Associates, Chartered Accountant consisting of Paid up share capital Rs.1,255.40 lacs and Reserves and Surplus of Rs.18,588.03 lacs.
4. The Book Value per Equity Share of our Company as on December 31, 2009 is Rs.158. 05 as per the restated financial statement issued by our statutory auditors M/s P.A. & Associates, Chartered Accountant.
5. The average cost of acquisition of Equity Shares by each of our Promoters is as under: -

Name of our Promoters	No. of Shares held	Average Cost per Share (Rs.)
Mr. Rajesh Agarwal	656,000	3.84
Mr. Sunil Agarwal	365,398	8.45
Mr. Subash Agarwal	1,173,500	4.06
Mr. Anil Agarwal	290,000	4.48
Mr. Mohanlal Agarwal	761,750	7.15
Rajesh Agarwal (HUF)	435,000	3.33
Sunil Agarwal (HUF)	75,000	3.33
Subash Agarwal (HUF)	165,000	3.33
Anil Agarwal (HUF)	360,000	3.33
Mohanlal Agarwal (HUF)	90,000	3.33

6. The aggregate value of the Related Party Transaction as on December 31, 2009 is Rs 13195.21 lacs. Out of the aggregate value of the related party transactions as on December 31, 2009, only Rs.4468.27 lacs is in respect of outstanding related party transactions. For details on related party transactions please refer to the heading Related Party Transaction under section titled "Financial Statements" on page no. 118 of this Red Herring Prospectus.
7. Investors may contact the BRLMs, Syndicate Member(s) or Compliance Officer for any complaints / information / clarification pertaining to this Issue.

8. The name of our Company was changed from ARSS Stones Private Limited to ARSS Infrastructure Projects Private Limited on May 20, 2005. Subsequently our Company was converted to a public limited company pursuant to a special resolution of the shareholders passed at the Extraordinary General Meeting held on November 15, 2005 and the Registrar of Companies, Orissa has issued a fresh certificate of incorporation on April 3, 2006 in the name of ARSS Infrastructure Projects Limited.
9. 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.
10. For details of the interest of the Promoters, our Directors and the Key Managerial Personnel, please refer to the section titled “Our Promoters and Promoter Group” on page 114 and “Our Management” on page 104 of this Red Herring Prospectus.
11. Investors are advised to refer the section titled “Basis for Issue Price” on page 40 of this Red Herring Prospectus before making an investment in this Issue
12. The details regarding transactions in our Equity Shares during the past six months undertaken / financed directly or indirectly by our Promoters, their relatives and associates and our Directors are mentioned under the heading “Notes to Capital Structure” in the section titled “Capital Structure” beginning on page 21 of this Red Herring Prospectus.
13. In the case of over-subscription in all categories, at least 60% of the Issue to the Public shall be mandatorily allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 10% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the 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. For further details please refer to the section titled “Issue Procedure” on page 218 of this Red Herring Prospectus.
14. Our Company and the BRLMs will update the Red Herring Prospectus in accordance with the Companies Act and the SEBI Regulations and our Company and the BRLMs will keep the public informed of any material changes relating to our Company till the listing of our shares on the Stock Exchanges.
15. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.



## SECTION III: INTRODUCTION

### SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

*This is only a summary and does not contain all information that one should consider before investing in the Equity Shares offered by our Company. Investors should read this entire Red Herring Prospectus, including the information in the section titled "Risk Factors" beginning from page no. ix of this Red Herring Prospectus and the section titled "Financial Statements" and related notes beginning from page no. 118 of this Red Herring Prospectus before taking any decision to invest in the Equity Shares offered by our Company.*

#### **Industry Summary**

##### **Overview of Infrastructure and Construction**

India's infrastructure, which has been expanding at an accelerated pace to support the economic growth rate of over 9 per cent, slowed down as economic activity in India slowed down in 2008-09 on account of the global turmoil. India's GDP growth for 2008-09 was 6.7%, down from the 9% average growth experienced over the last three years.

The six core-infrastructure industries, which account for a combined weight of 26.68 per cent in the index of industrial production ("IIP"), registered a growth of 2.7% in 2008-09 compared to 5.9% in the previous fiscal.

To counter this slow-down the government has undertaken a number of fiscal measures. Some of the major ones included:

- Approval for 37 infrastructure projects worth Rs 700 billion between August 2008 and January 2009
- In principle/ final approval accorded to 54 central sector infrastructure projects under PPP worth Rs 677 billion
- Authorization to India Infrastructure Finance Company Ltd (IIFCL) for raising Rs10,000 crores to refinance bank lending of longer maturity to eligible PPP based infrastructure projects

There has been a revival with India's GDP growing in the first quarter of 2009-10 at 6.1 per cent representing a modest recovery over the 5.8 per cent growth recorded during the preceding two quarters in the second half of 2008-09. Growth in core infrastructure witnessed notable acceleration in August 2009, and for April-August 2009 it was higher at 4.8 per cent as against 3.3 per cent during the corresponding period of the previous year primarily due to considerable acceleration in coal, cement, and electricity.

##### **Source: RBI, Macroeconomic and Monetary Developments: Second Quarter Review 2009-10**

According to a consultation paper circulated by the Planning Commission, a massive US\$ 494 billion of investment is proposed for the Eleventh Plan period (2007-12), which would increase the share of infrastructure investment to 9 per cent of GDP from 5 per cent in 2006-07. This translates roughly into US\$ 40 billion of annual additional investment.

With respect to the aforesaid investment in the infrastructure sector, the projected sector-wise shares are: 30.4 per cent in electricity, 15.4 per cent in roads and bridges, 13.7 per cent in telecommunications and 12.4 per cent in railways among others. Significantly, 30 per cent of the total investment is expected to come from the private sector (including public-private partnership).

#### **Railways**

The growing demand of transport, in general, is directly related to the growth of the economy, the mobility of the population and other related factors. Indian Railways has planned to carry the traffic offered by the buoyancy in the economy. The increased output of basic industries such as power, steel, cement, fertilizers etc. is foreseen as necessitating facilities for bulk transport in which the railways have a comparative advantage. The increasing rate of urbanization is also expected to generate demand for a rapid transit system.

The annual plan of 2009-10 has earmarked Rs 379 billion compared to Rs 368 billion for 2008-09. These investments will be primarily driven by the dedicated freight corridors planned on the western and eastern high-density routes with planned investment of Rs 30 billion in the current year. Pursuant to the above investments, construction demand of Rs 172 billion is expected during 2009-10, as compared to Rs 126 billion during 2007-08. Consequently, the share of railways in total infrastructure construction investments is expected to increase from 12.7 per cent during 2007-08 to 13.3 per cent in 2009-10

The huge growth in railway construction is based on the proposed outlays planned through the Eleventh Five Year Plan, Mission 2015 and several new initiatives. The Ministry of Railways has also floated the Integrated Modernization Plan to keep pace with the expected growth in business for railways.

#### **Roads**

Roads, including national highways and state roads, continue to drive construction investments. The key programmes under road development include the National Highway Development Programme (NHDP), Pradhan Mantri Gram Sadak Yojana (PMGSY), and Special Accelerated Road Development Programme for the North East (SARDP - NE), in addition to other state level projects. The Working Group Report for the Eleventh Five-Year Plan has estimated that the total funds required for the new construction and up-gradation to achieve targets alone in the upcoming Five-Year Plan would be around Rs 1,200/- billion. An amount of about Rs 37/- billion has been made available from the CRF in 2006-07. It is estimated that a total of Rs 218 billion will be available from the cess during the Eleventh Five-Year Plan period (2007-2012).

Growth in the roads sector has declined in the past 2 years as various issues have delayed the award of National Highways Authority of India (NHAI) projects. The growth momentum, built in the last 4-5 years, has seen limited progress since March 2007. There has been a complete lull in awarding NHDP projects in 2008-09. Since July 2008, around 6,000 km from Phase III and Phase V were in different stages of bidding process and were expected to be awarded by December 2008. However, no stretches had been awarded till November 2008. The awarding of NHDP projects has slowed down from 5,131 km in 2005-06 to a mere 1,000 km in 2007-08.

According to CRISIL Research, investments in the roads sector are expected to decline from Rs. 357 billion in 2007-08 to Rs. 345 billion in 2009-10. Consequently, the share of roads in total infrastructure construction investments is expected to decline from 36.1 per cent during 2007-08 to 26.6 per cent in 2009-10. CRISIL expects the segment to see growth in 2010-11, when more number of projects to be awarded on BOT-annuity or cash contract basis.

CRISIL expects this segment to see growth in 2010-11, when more number of projects will be awarded on BOT-annuity or cash contract basis.

### **Irrigation**

Irrigation is expected to drive infrastructure investments. According to CRISIL Research, irrigation construction investment is expected to grow from Rs. 155 billion in 2007-08 to 241 billion in 2009-10. Consequently, the share of irrigation in the total infrastructure construction investments is expected to increase from 15.7 per cent during 2007-08 to 18.6 per cent in 2009-10.

Irrigation projects include construction of dams, water reservoirs, small hydropower projects (10-20 mw capacity) and lift and gravity technology to create water distribution networks. IVRCL leads the irrigation construction segment followed by other companies like Gammon, Hindustan Construction Company (HCC), Nagarjuna Construction Company (NCC), Patel Engineering etc.

*For more details, please refer to the section titled "Industry Overview" beginning from page no. 48 of this Red Herring Prospectus.*

### **Business Summary**

Our Company is engaged in construction activities in India. We undertake construction of railway infrastructure, roads, highways, bridges and irrigation projects. We began operations as a construction company in the field of railway infrastructure development, mainly in the state of Orissa and subsequently expanded our business activities in the zonal jurisdictions of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway. We have developed expertise in railway construction projects, which includes earthwork, major and minor bridges, supply of ballast, sleepers, laying of sleepers and rails, linking of tracks etc. Over the years we have diversified our field of activities into other construction segments such as development and construction of roads, highways, bridges and irrigation projects as well as undertaking EPC activities for railways.

Construction projects are typically awarded through a competitive bidding process to bidders who meet certain eligibility requirements based on their past experience, technical capabilities and financial strength. We bid for projects both on a standalone basis as well as through project specific joint ventures. We have entered into joint ventures with national and international players such as PT Adhikaria (Persero), Harish Chandra (India) Limited, Triveni Engicons Private Limited, RITES, Kalindee Rail Nirman (Engineers) Limited, Patel Engineering Ltd, Rohit Kumar Das Construction Private Limited, Backbone Enterprises Ltd. and Atlanta Ltd.

Our clients include Ministry of Railways, State Government of Orissa; Rail Vikas Nigam Limited, RITES Limited Vendata, Nalco, Jindal Steel & Power, IRCON International Limited, National Thermal Power Corporation, Hindustan Steel Corporation Limited, PWD – Orissa, IOCL and the National Highway Authority of India. We have successfully completed construction of over 200 km of rail line and more than 300 km of roads and highways.

We have presence in Eastern India, particularly in the state of Orissa. However, in recent years we have also pursued opportunities in other parts of India including the states of Chhattisgarh, Rajasthan, Jharkhand, Haryana, Kerala, Andhra Pradesh, Assam, Tamil Nadu Gujarat, Uttar Pradesh and Madhya Pradesh. As of December 31, our work force consisted of approximately 2725 full time employees. We have track record of timely execution of our projects. We adhere to international best practices standards and have been certified with ISO 9001: 2008 Quality Management System Standard Certificate by Moody International Certification Limited for "Construction of Civil and Infrastructure Work like Highways Roads, Bridges, Railway Track Linking Works (including OHE SNT), Earth Works, and Irrigation Projects like Dams etc". We are committed to adhering to the applicable health, safety and environment policies and practices in the execution of our projects.

In the FY 2009, our total income was Rs. 62,822.52 lacs and we earned a net profit of Rs. 5,118.64 lacs. Our revenues have grown at a CAGR of 116.7 % for the period FY 2007 – FY 2009 and our profit after tax has grown at a CAGR of 120.2 % over the same period.

As of January 10, 2010 the total value of our order book is Rs. 287,753.11 lacs, which consists of the ongoing projects and new confirmed projects awarded to us, which are yet to commence construction. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010.

### **Our competitive strengths**

#### ***Project management expertise and track record***

We have successfully executed over 86 projects involving construction of approximately 300 km of roads and highways, 200 km of rail tracks, 10 minor and major bridges and other general civil engineering works over the span of nine years.

We have been able to mobilize resources including equipment, raw material and personnel to our project sites at short notice, while adhering to a track record of timely completion of projects. We believe that the breadth and depth of our experience, among other factors, enables us to pre-qualify for a greater number of potentially higher-margin projects.

#### ***Large fleet of construction equipment***

We have a fleet of strategic construction equipment assets. We believe that our investment in equipment and fixed assets is an advantage, which enables us to rapidly mobilize our equipment to project sites as needs arise. As of December 31, 2009 our total investment in plant, machinery and equipment was Rs. 22,470.39 lacs.

We have crusher plants at six locations in various districts of Orissa and equipment storage, maintenance and repair facilities in crusher plants are required for quarrying and crushing granite stone to produce required sizes of rock products as per client specification, be it for railway track ballast or highway work or any other civil construction work.

We own construction equipment comprising of Hydraulic Excavator, Tippers, and Excavator cum Loader, Vibrator Roller, Vibrator Soil Contractor, Motor Grader, Hot Mix Plant, Batch Mix Plant, Concrete Batching Plant, Wet Mix Plant, Transit Mixture, Crane and other miscellaneous equipment.

#### ***Long-term relationship with reputed clients***

Majority of the contracts are received from Government, Public Sector Undertakings and other Government agencies, which reduces the risk of default and delayed payment. As on January 10, 2010 the percentage of work order from Government and Government entities was 87.50%. We believe that our client-oriented approach enables us to develop long-term relationships with our clients and receive repeat orders from them. As of January 10, 2010, 73.11 % of our Order Book of Rs 287,753.11 lacs comprised of repeat order works from Government and Government authorities. Clients from whom we have received repeat orders include State Government of Orissa, Railways Department, Rail Vikas Nigam Limited and RITES. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12,, 2010 and the aforesaid figures have been computed on the basis of the Order Book so certified.

#### ***Strong and diversified Order Book***

Our Order Book as on January 10, 2010 stands at Rs 287753.11 -lacs. The composition of our Order Book is well diversified over various segments such as railways, roads and highways and ROB(s). In 2007, we diversified into execution of irrigation and canal construction works. Diversification into new areas of construction projects is expected to mitigate the risk of slowdown in revenues from any segment due to unforeseen circumstances. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010,

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

Our business and growth are dependent on our ability to bid and secure large and varied projects. Bidding for infrastructure projects is dependent on various criteria, including, bid capacity and pre qualification capability. Bid capacity represents the aggregate value of the contracts that can be awarded to us, and is computed based on pre-defined criteria of various authorities. Pre qualification capability includes various factors such as the technical capability, financial capability and past experience in similar projects. We have focused on increasing these parameters and continuously increasing our bid capacity. In the current Financial Year, we have successfully bid and procured additional projects with contract value of more than Rs. 287,753.11 lacs including a contract of Rs. 21,623.17 lacs from the Government of Orissa wherein our Company will undertake construction for the widening and strengthening of existing carriageway to two lane for Chandbali-Bhadrak-Anandpur road

#### **Future Prospects / Business Strategy**

##### ***Continued focus on the high growth opportunities in the construction and infrastructure sector, while maintaining performance and competitiveness of existing businesses***

We believe that the increasing level of investment in infrastructure by Governments (state and central), international development bodies (like ADB, IFC, World Bank etc) and private parties will be a major driver for growth of our business in the foreseeable future. Investments in roads and railways take priority in the infrastructure development initiative by the Government of India. We intend to take advantage of such growing opportunities in infrastructure development by strengthening our existing expertise in executing the projects successfully and by continuing our focus on railways and roads.

##### ***Building a pan-India presence, by bidding & procuring Infrastructure projects funded by central & state Government or other recognized development organizations.***

We shall continue to bid for contracts from Government, quasi Government or development organizations across India. Over the last two years we have expanded our operations from Orissa to states like Chhattisgarh, Tamil Nadu, Rajasthan, Jharkhand, Andhra Pradesh, Kerala, Haryana, Assam, Maharashtra, Gujarat, Uttar Pradesh and Madhya Pradesh etc. to avail of opportunities across different states of India. We have recently been successful in qualifying for the six-laning of two stretches of National Highway No. 5 (NH-5) in southern states of Andhra Pradesh and Tamil Nadu.

##### ***Enhancement of profitability and capital efficiency***

Infrastructure construction is a highly competitive and capital-intensive activity. We believe that optimal utilization of financial, human and other resources are crucial for achieving success in this industry. Going forward, our strategy will be to continue focusing and structuring on

optimum capital utilization to enhance returns, by actively analyzing and identifying projects and assigning priority to high margin yielding projects. We also intend to improve capital efficiency by striving for accelerated completion of projects.

***Forging alliances with established Indian and international strategic partners***

We have formed joint ventures with domestic and international companies like PT Adhikaria (Persero), Harish Chandra (India) Limited, Triveni Engicons Private Limited, RITES, Kalindee Rail Nirman (Engineers) Limited, Patel Engineering Limited, Backbone Enterprises Limited and Atlanta Limited. For details of these memoranda of understanding, joint venture agreements / consortium agreements, please see the section titled “History and Corporate Structure” on page 94 of this Red Herring Prospectus. We intend to develop and continue to establish strategic alliances with companies, whose resources, skills and strategies are complementary to ours, which would enhance our business opportunities to achieve competitive bidding advantage.

*For more details on our business and on our competitive strengths, please refer to the section titled “Our Business” starting from page no. 54 in this Red Herring Prospectus.*

## SUMMARY FINANCIAL INFORMATION

The following tables set forth summary of financial information derived from our restated financial statements as of and for the FY March 31, 2009, 2008, 2007, 2006 and 2005 and the nine months ended 31st December 2009. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and are presented in the section titled “Financial Statements” on page 118 of this Red Herring Prospectus. The summary financial information presented below should be read in conjunction with our restated financial statements, the notes thereto and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 151 of this Red Herring Prospectus.

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

(All amounts Rupees in Lakhs)

Particulars	As at 31st December, 2009	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2007	As at 31st March, 2006	As at 31st March, 2005
<b>Fixed Assets (A)</b>						
Gross Block	22470.39	16,113.68	8,643.48	3,151.46	1,533.09	1,223.64
Less: Depreciation	2347.12	1,599.94	868.25	473.24	298.14	186.70
Net Block	20123.28	14,513.75	7,775.23	2,678.22	1,234.95	1,036..94
Capital WIP	258.38	148.28				
<b>Total (A)</b>	<b>21381.66</b>	<b>14,662.03</b>	<b>7,775.23</b>	<b>2,678.22</b>	<b>1,234.95</b>	<b>1,036.94</b>
<b>Investments (B)</b>	<b>336.68</b>	<b>382.13</b>	<b>226.79</b>	<b>154.98</b>	<b>63.03</b>	<b>23.52</b>
<b>Current Assets, Loans &amp; Advances</b>						
Inventory	28657.81	18,827.05	6,221.03	732.99	1042.06	584.30
Sundry Debtors	7807.19	4,285.33	6,523.34	1,436.57	708.43	3.92
Cash and Bank Balances	6637.04	7,172.15	3,739.99	1,164.26	506.49	191.00
Loans and Advances	9002.41	5,574.10	4,352.19	1,907.81	715.66	401.81
<b>Total (C)</b>	<b>52104.46</b>	<b>35,858.64</b>	<b>20,836.56</b>	<b>5,241.62</b>	<b>2,972.64</b>	<b>1,181.02</b>
<b>Total Assets (A+B+C) = D</b>	<b>73822.80</b>	<b>50,902.80</b>	<b>28,838.57</b>	<b>8,074.82</b>	<b>4,270.63</b>	<b>2,241.48</b>
<b>Liabilities and Provisions</b>						
Current Liabilities	14440.29	11506.14	8594.51	1,078.53	1,240.64	456.73
Provisions	1416.20	1696.33	254.62	202.28	46.34	28.13
Secured Loans	36233.51	21,821.94	9,752.77	3,786.66	1,814.65	1,203.31
Unsecured Loans	855.54	410.61	100.00	-	2.00	7.10
Deferred Tax (Asset)/Liabilities (net)	1035.80	636.26	264.49	138.19	106.28	99.30
<b>Total (E)</b>	<b>53981.34</b>	<b>36071.29</b>	<b>18966.41</b>	<b>5,205.65</b>	<b>3,209.91</b>	<b>1,794.58</b>
<b>Net Worth (D-E)</b>	<b>19841.46</b>	<b>14,831.51</b>	<b>9,872.16</b>	<b>2,869.17</b>	<b>1,060.71</b>	<b>446.90</b>
<b>Net Worth represented by</b>						
Equity Share Capital	1,255.40	1,255.40	1,255.40	1,079.61	259.70	100.00
<b>Reserve and Surplus</b>						
Securities Premium Account	4,663.74	4,663.74	4,663.74	368.00	206.00	42.00
General Reserve	281.82	281.82	31.39	-	-	-
Profit & Loss account	13642.48	8633.96	3926.94	1,426.34	598.77	305.16
<b>Sub-Total</b>	<b>19843.43</b>	<b>14834.91</b>	<b>9877.46</b>	<b>2873.95</b>	<b>1,064.47</b>	<b>447.16</b>
<b>Less: Miscellaneous Expenditure (to the extent not written off or adjusted)</b>	<b>1.97</b>	<b>3.40</b>	<b>5.30</b>	<b>4.78</b>	<b>3.76</b>	<b>0.26</b>
<b>Net Worth</b>	<b>19841.46</b>	<b>14831.51</b>	<b>9,872.16</b>	<b>2,869.17</b>	<b>1,060.71</b>	<b>446.90</b>

#### Note: Increase in Fixed Assets

The increase in fixed assets of the company from Rs. 8643.48 lacs to Rs.16113.68 lacs from FY 2008 to FY 2009 is mainly due to acquisition of high value construction machineries, vehicles and other office equipments. The said acquisition of those assets were taken place due to the acceleration in growth of the Company’s operation during the period which is reflecting in the increase in contract revenue from Rs. 31367.09 lacs to Rs. 62437.52 lacs for the year FY 2008 in comparison to FY 2007. The acceleration in growth of the operation made the company to acquire the high value construction machineries, vehicle and other office equipments required for timely completion of the projects. The details of breakup of the increase in the fixed assets during the period are given below: -

Name of Assets	FY 2008 (Rs)	FY 2009 (Rs)	Addition by
Land ( Free Hold)	6,38,32,354	6,38,32,354	0%
Building	1,19,05,348	1,19,05,348	0%
Plant and Machineries	72,50,97,830	1,41,56,45,013	95%
Furniture and Fixture	26,94,783	57,51,142	113%
Vehicles	5,74,67,689	10,52,75,415	83%
Computers	33,49,713	89,59,065	63%
<b>Total</b>	<b>86,43,47,716</b>	<b>161,13,68,336</b>	<b>86%</b>

### **Increase in Secured Loan**

The increase in secured loan from Rs. 9752.77 lacs to Rs. 21821.94 lacs for the FY 2009 in comparison of FY 2008 were for financing increase in working capital requirement of the company and the procurement of machineries/equipments/vehicle. Both the increase in working capital requirement and procurement of machineries/equipments/vehicle were due to growth in the company's operation during the period, which is reflecting in the increase in contract revenue from Rs. 31367.09 lacs to Rs. 62437.52 Lacs from the year FY 2008 to FY 2009. The details of breakup of the secured loan are given on page no. 165 under the section titled "Financial Indebtedness" of the RHP.

### **Increase in un-secured Loan**

The increase in un-secured loan of Rs. 310.61 lacs during the period ended on FY 2009 were for financing increase in working capital requirement of the company and the procurement of Fixed Assets of the Company.

### **Increase in Inventory**

1) The following factors explain the increase in inventory levels in the Company:

- a) The business levels of the Company have increased. As against a presence in 6 states and 48 work sites as on March 31, 2007, the Company had 83 work sites as on March 31, 2008 and 137 work sites across various states as on March 31, 2009. The Company needs to maintain an appropriate amount of inventory at each of its work sites as per its requirements. Such a requirement to maintain at least a minimum quantity of raw material and work-in-progress at each site has necessitated the increase in inventory as against the previous fiscal with an increase in the number of active work sites.
- b) As is typical in the construction industry, billing is effected after completion of specific minimum level of work as agreed upon between the Company and its clients and also after obtaining necessary testing approval report from the pre-specified testing agencies, particularly in high value work orders. This necessitates higher level of inventory categorized under work-in-progress and finished good, and thus results in an enhanced inventory level. Such higher inventory level is monitored by the clients and also by the Company's site engineers.
- c) The Company has grown at a rate of 135 % in the year ending March 31, 2008 and 99 % in the year ending March 31, 2009. The high growth rate has also been one of the factors responsible for the growth in inventory.

### **Increase in loans and advances**

The detail of loans and advances made by the Company are classified as under and is considered to be an essential requirement for it to undertake its business.

Particulars	Amount (Rs.) Nine Month ended December 31, 2009	Amount (Rs.) 2008-09
Advance For Purchase of Land for Company's workshop & Plant	5,043,000	15,043,000
Insurance For Capital Goods	13,69,236	148,277
Kept In Part-V (one type of temporary withheld) as deduction for the bills	9,00,360	758,559
Withheld amount from the running bill by the client which are released subsequently.	4,94,67,194	41,153,845
IPO Expenses	1,07,50,554	6,429,370
Advance to Supplier for Capital Goods	7,83,79,337	4,032,887
Advance to Supplier for Equipment & Materials	23,84,27,951	72,595,886
Mobilisation Advance to Sub-Contractors.	639,840	639,840
Prepaid Expenses in shape of insurance, Taxes & Bank Guarantee Commission for the next year.	3,06,46,583	41,545,188
Salary Advance	4,82,000	375,591
Tax Deducted At Source	10,19,44,750	193,867,614
Security Deposit kept at Department from the running bills.	3,05,24,196	174,345,222
Other Advances supplier of Spares	7,69,44,689	6,475,000
<b>Total</b>	<b>90,02,40,690</b>	<b>557,410,278</b>

Such advances are either kept by the Company's customers as security or are made to its suppliers for continuous supply of stocks so as to maintain the necessary level of business activity.

# SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(All amounts Rupees in Lakhs)

Particulars	For the period ended 31st December, 2009	For the year ended 31st March, 2009	For the year ended 31st March, 2008	For the year ended 31st March, 2007	For the year ended 31st March, 2006	For the year ended 31st March, 2005
<b>INCOME</b>						
Contract Revenues	60525.73	62,437.52	31,367.09	13,300.14	6,006.07	2,957.77
Other Income	465.55	385.00	174.51	83.95	58.06	8.97
<b>Total</b>	<b>60991.28</b>	<b>62,822.52</b>	<b>31,541.61</b>	<b>13,384.09</b>	<b>6,064.13</b>	<b>2,966.75</b>
<b>EXPENDITURE</b>						
Direct Contract Expenses	44875.71	48,923.36	25,305.81	10,682.85	4,967.60	2,290.85
Personnel Expenses	1812.63	1,404.61	298.28	128.90	30.93	12.50
Administrative & Selling Expenses	2468.78	2007.56	903.46	559.26	304.63	232.25
Finance Expenses	3520.57	2,701.74	946.80	375.59	201.92	121.83
Depreciation	748.24	734.88	395.01	175.10	116.04	77.07
Preliminary Expenses written off	1.43	1.90	1.98	1.48	1.00	0.35
<b>Total</b>	<b>53,427.35</b>	<b>55,774.05</b>	<b>27,851.35</b>	<b>11,923.18</b>	<b>5,622.12</b>	<b>2,734.86</b>
<b>Adjusted Profit before tax</b>	<b>7563.93</b>	<b>7,048.47</b>	<b>3,690.26</b>	<b>1,460.91</b>	<b>442.01</b>	<b>231.89</b>
Provision for Tax						
Current Tax	2155.87	1,545.54	871.05	367.78	100.47	46.91
Deferred Tax	399.53	371.77	126.31	31.90	6.98	34.27
Fringe Benefit Tax	-	26.83	12.74	5.58	2.31	-
<b>Profit after Tax</b>	<b>5008.53</b>	<b>5104.33</b>	<b>2,680.16</b>	<b>1,055.63</b>	<b>332.24</b>	<b>150.71</b>
Surplus brought forward from Previous Year	8633.96	3926.94	1,426.35	598.77	305.17	139.01
Adjustment due to change in Accounting Policy						
-Depreciation related to earlier years	-	-	-	-	-	128.76
Other Adjustments						
Adjustment of deferred tax of earlier years	-	-	-	-	-	(43.13)
Prior Period Income/(Expenses)	-	-	-	-	-	18.02
Prior Period income tax /FBT	-	-	(1.31)	-	(38.64)	(88.20)
<b>Appropriations</b>						
Dividend, Dividend tax and General reserve	-	397.31	178.26	-	-	-
Capitalisation for issue of Bonus Shares	-	-	-	(228.07)	-	-
<b>Adjusted Available Surplus carried forward to Balance Sheet</b>	<b>13642.48</b>	<b>8,633.96</b>	<b>3,926.94</b>	<b>1,426.34</b>	<b>598.77</b>	<b>305.17</b>

RESTATED STATEMENT OF CASH FLOWS

(All amounts Rupees in Lakhs)

Particulars	For the period ended 31st December, 2009	For the year ended 31st March, 2009	For the year ended 31st March, 2008	For the year ended 31st March, 2007	For the year ended 31st March, 2006	For the year ended 31st March, 2005
<b>Cash flows from Operating Activities</b>						
Net profit before taxation, and extraordinary item	7563.93	7048.47	3690.26	1,460.91	442.01	231.89
Adjustments for:						
Depreciation	748.24	734.88	395.01	175.10	116.04	77.07
Profit on sale of Fixed Assets	5.32	6.32	-	-	(0.11)	-
Interest received	(372.48)	(275.15)	(82.82)	(17.47)	(11.06)	(7.16)
Preliminary Expense written off	1.43	1.90	1.98	1.48	1.00	0.35
Share of Profit from JV	(57.83)	(86.43)	(52.10)	(48.66)	(34.86)	(1.21)
Interest expenses	3011.96	2,397.93	740.16	289.29	164.39	105.96
Operating Profit before Working Capital Changes	10900.56	9827.93	4,692.50	1,860.65	677.39	406.90
Decrease / (Increase) in sundry debtors	(3521.86)	2,238.00	(5,086.77)	(728.14)	(704.51)	17.08
Decrease / (Increase) in inventories	(9830.76)	(12,606.02)	(5,488.04)	309.08	(457.77)	(331.08)
Decrease / (Increase) in loans and advances	(3428.30)	(1,221.91)	(2,444.39)	(1,192.15)	(313.85)	(297.86)
Increase / (Decrease) in current liabilities & provisions	(2654.02)	4353.33	7568.33	(6.17)	802.11	378.55
Cash Generated from Operations	(3226.35)	2591.33	(758.36)	243.27	3.38	173.59
Income taxes paid	2155.87	1572.38	885.10	373.37	141.42	109.83
Cash flow before extraordinary item	(5382.22)	1,018.96	(1643.46)	(130.10)	(138.05)	63.76
Extra Ordinary Items	-	-	-	-	-	-
<b>Net Cash from Operating Activities</b>	<b>(5382.22)</b>	<b>1,018.96</b>	<b>(1643.46)</b>	<b>(130.10)</b>	<b>(138.05)</b>	<b>63.76</b>
<b>Cash flows from Investing Activities</b>						
Purchase of Fixed Assets	(7473.18)	(7,637.18)	(5,492.02)	(1,618.36)	(328.35)	(541.19)
Sale of Fixed Assets	-	9.17	-	-	14.41	-
(Increase) in Investments	45.44	(155.34)	(71.81)	(91.95)	(39.52)	(11.50)
Share of Profit from JV	57.83	86.43	52.10	48.66	34.86	1.21
Interest received	372.48	275.15	82.82	17.47	11.06	7.16
<b>Net cash from Investing Activities</b>	<b>(6997.43)</b>	<b>(7,421.77)</b>	<b>(5,428.92)</b>	<b>(1,644.19)</b>	<b>(307.53)</b>	<b>(544.31)</b>
<b>Cash flows from Financing Activities</b>						
Proceeds from Issue of Share Capital	-	-	175.80	117.34	159.70	-
Share Premium of Issue of Share Capital	-	-	4,295.74	624.01	164.00	-
Share Application Money received	-	-	-	12.50	-	-
Increase/(Decrease) in unsecured loans (Short term)	444.92	310.61	100.00	(2.00)	(5.10)	-
Increase/(Decrease) in unsecured loans (Long Term)	-	-	-	-	-	(0.50)
Increase/(Decrease) in secured loans	14411.58	12,069.16	5,966.12	1,972.00	611.35	680.56
Preliminary Expenditure	-	-	(2.50)	(2.50)	(4.50)	-
Interest paid	(3011.96)	(2,397.93)	(740.16)	(289.29)	(164.39)	(105.96)
Dividend paid and tax on it	-	(146.88)	(146.88)	-	-	-
<b>Net cash used in Financing Activities</b>	<b>11844.54</b>	<b>9,834.97</b>	<b>9,648.11</b>	<b>2,432.06</b>	<b>761.06</b>	<b>574.10</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>(535.11)</b>	<b>3,432.16</b>	<b>2,575.73</b>	<b>657.77</b>	<b>315.49</b>	<b>93.54</b>
Add : Cash and cash equivalents at beginning of period	7,172.15	3,739.99	1,164.26	506.49	191.00	97.46
<b>Cash and Cash Equivalents at end of Period</b>	<b>6637.04</b>	<b>7,172.15</b>	<b>3,739.99</b>	<b>1,164.26</b>	<b>506.49</b>	<b>191.00</b>



## THE ISSUE

Public Issue of our Equity Shares:	[●] Equity Shares of face value of Rs. 10/- each
Of which:	
A. Qualified Institutional Buyers Portion of which:	At least [●] Equity Shares of face value of Rs. 10/- each aggregating Rs. [●] lacs constituting at least 60% of the Issue shall be mandatorily allocated to QIB Bidders
(i) Available for allocation to Mutual Fund	Of the QIB Portion aforesaid, [●] Equity Shares of face value of Rs. 10/- each aggregating Rs. [●] lacs constituting 5% of the Issue shall be available for allocation on proportionate basis to Mutual Funds
(ii) Balance for QIBs including Mutual Funds	Of the remaining QIB Portion, [●] Equity Shares of face value of Rs. 10/- each aggregating Rs. [●] lacs, available for allocation on proportionate basis to all QIB Bidders including Mutual Funds
B. Non-Institutional Portion:	Not less than [●] Equity Shares of face value of Rs. 10/- each aggregating Rs. [●] lacs available for allocation on proportionate basis to Non-Institutional Bidders
C. Retail Portion:	Not less than [●] Equity Shares of face value of Rs. 10/- each aggregating Rs. [●] lacs available for allocation on proportionate basis to Retail Individual Bidders
Equity Shares outstanding prior to the Issue:	1,25,54,000 Equity Shares of Rs. 10/- each
Equity Shares outstanding post the Issue	[●] Equity Shares of Rs. 10/- each
Use of proceeds by our Company:	See the section titled “Objects of the Issue” on page 34 of this Red Herring Prospectus

In case of under-subscription, except in case of QIB, the same would be met with spill over from other categories at our Company’s sole discretion in consultation with BRLMs. If minimum allotment of 60% of the Issue is not made to QIBs, then in that event the entire subscription money shall be refunded to the investors.

In the case of over-subscription in all categories, at least 60% of the Issue shall be mandatorily allocated on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds subject to valid Bids received from them at or above Issue Price. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. For more information, please see the section titled “Issue Procedure” on page 218 of this Red Herring Prospectus.

## GENERAL INFORMATION

Our Company was originally incorporated as ARSS Stones Private Limited on May 17, 2000 under the Companies Act with its registered office at N-1/93, IRC Village, Nayapalli, Bhubaneswar-751015, Orissa. The Registered Office of our Company was shifted to Plot No. 38, Sector – A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar-751010, which is the present registered office, w.e.f. July 1, 2003. The name of our Company was changed to ‘ARSS Infrastructure Projects Private Limited’ with effect from May 20, 2005. Our Company was converted to a public limited company pursuant to special resolution of the shareholders passed in the extraordinary general meeting held on November 15, 2005 and the Registrar of Companies, Orissa issued a fresh Certificate of Incorporation on April 3, 2006 in the name of ARSS Infrastructure Projects Limited’.

### Registered Office

#### ARSS Infrastructure Projects Limited

Plot No. 38, Sector –A, Zone-D,

Mancheswar Industrial Estate,

Bhubaneswar-751010 Orissa.

Tel.: + 91- 674-2588554 / 52

Fax: +91- 674- 2585074

Website: www.arssgroup.in

E-mail: ipo@arssgroup.in

Compliance Officer: Mr. Bibhuti Bhusan Sahoo, Company Secretary

### Corporate Office

Plot No-141, SBI Colony,

Paschim Vihar,

New Delhi-110063

Tel: + 91-11-45538638

Fax: + 91-11-25287357

**Corporate Identification Number:** U14103OR2000PLC006230

**Registration Number:** 006230

### Address of Registrar of Companies

Registrar of Companies, Orissa

Chalachitra Bhawan, 2nd Floor,

Buxi Bazar, Cuttack 753 001,

Orissa.

### Our Board of Directors

Name, Designation, Occupation and DIN	Age (Years)	Address
Mr. Subash Agarwal Chairman Non-Independent and Executive Occupation: Business DIN: 00218066	44	N-1/93, IRC Village, Nayapalli, Bhubaneswar Orissa -751015.
Mr. Rajesh Agarwal Managing Director Non-Independent and Executive Occupation: Business DIN: 00217823	36	N-1/93, IRC Village, Nayapalli, Bhubaneswar Orissa -751015.
Mr. Soumendra Keshari Pattanaik Director (Finance) Non-Independent and Executive	38	1354/9619, Satya Vihar, Rasulgarh, Bhubaneswar – 751 010.

Name, Designation, Occupation and DIN	Age (Years)	Address
Occupation: Company Executive DIN: 00009924		
Mr. Sudhendu Sekhar Chakraborty Director (Technical) Non-Independent and Executive Occupation: Company Executive DIN: 00549731	68	Flat No.13, Sayak Apts, H/J- 1811, S.L.Sarani, Baguihati, Kolkata, West Bengal 700059
Dr. Bidhubhusan Samal Director Independent and Non-Executive Occupation: Profession DIN: 00007256	66	Flat No.1101, Lokhandwala Galaxy, Junction of NM Joshi, Near S. Bridge, Byculla (West) Mumbai 400 011.
Mr.Dipak Kumar Dey Director Independent and Non-Executive Occupation: Profession DIN: 01092357	60	Plot No.3C/469, Sector-8, C.D.A.,Cuttack 14, Orissa.
Mr. Swarup Chandra Parija Director Independent and Non-Executive Occupation: Profession DIN: 00363608	68	Flat No.3 & 6, W-151 (1 <sup>st</sup> Floor), G.K. Part-I, New Delhi 110048.
Mr. Sujit Ranjan Chaudhuri Director Independent and Non-Executive Occupation: Profession DIN: 01930133	63	EE-118, Flat No.6, Salt lake, Sector II, Kolkatta 700091.

For further details of our Directors, please see the section titled “Our Management” beginning on page 104 of this Red Herring Prospectus.

#### Company Secretary and Compliance Officer

Mr. Bibhuti Bhusan Sahoo  
Plot No. 38, Sector –A, Zone- D,  
Mancheswar Industrial Estate,  
Bhubaneswar-751010 Orissa  
Tel.: + 91- 674-2588554 / 52  
Fax: +91- 674-2585074  
E-mail:[bbs@arssgroup.in](mailto:bbs@arssgroup.in)

*Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary accounts and refund orders.*

#### Book Running Lead Managers

##### IDBI Capital Market Services Limited

5<sup>th</sup> Floor, Mafatlal Centre  
Nariman Point, Mumbai 400 021  
Tel: +91-22 4322 1256/4322 1212  
Fax: +91-22-2283 8782  
E-mail: [arss.ipo@idbicapital.com](mailto:arss.ipo@idbicapital.com)  
Website: [www.idbicapital.com](http://www.idbicapital.com)  
Investor Grievance ID: [redressal@idbicapital.com](mailto:redressal@idbicapital.com)  
Contact person: Ms. Menka Jha  
SEBI Registration No:- INM000010866

##### SBI Capital Markets Limited

202, Maker Tower, ‘E’,  
Cuffe Parade, Mumbai – 400 005.  
Tel: +91- 22-2217 8300  
Fax: +91- 22-2218 8332  
E-mail: [arss.ipo@sbicaps.com](mailto:arss.ipo@sbicaps.com)  
Investor Grievance ID:[Investor.relations@sbicaps.com](mailto:Investor.relations@sbicaps.com)  
Website: [www.sbicaps.com](http://www.sbicaps.com)  
Contact person: Mr. Apurva Kumar  
SEBI Registration No:- INM000003531

#### Syndicate Member(s)

##### IDBI Capital Market Services Limited

5th Floor, Mafatlal Centre  
Nariman Point  
Mumbai 400 021  
Tel: (91 22) 4322 1212  
Fax: (91 22) 2283 8782  
Email : [arss.ipo@idbicapital.com](mailto:arss.ipo@idbicapital.com)  
Website : [www.idbicapital.com](http://www.idbicapital.com)  
Contact Person : Ms.Menka Jha  
SEBI Registration Nos.: BSE : INB010706639 | NSE: INB230706631

**SBICAP Securities Limited**

191, Maker Tower F

Cuffe Parade

Mumbai 400 005

Tel: (91 22) 3027 3309

Fax: (91 22) 3027 3402

E-mail: [prasad.chitnis@sbicapsec.com](mailto:prasad.chitnis@sbicapsec.com)

Website: [www.sbicapsec.com](http://www.sbicapsec.com)

Contact Person: Mr. Prasad Chitnis

SEBI Registration Nos.: BSE: INB01105303 | NSE: INB231052938

**Enam Securities Pvt. Ltd.**

Khatau Building, 2nd Floor,

44, Bank Street, Fort,

Mumbai-400 001

Tel: +91 22 2267 7901

Fax: +91 22 2266 5613

Email: [ajays@enam.com](mailto:ajays@enam.com)

Website: [www.enam.com](http://www.enam.com)

Contact Person: Ajay Sheth

SEBI Registration Nos.: BSE: INB011287852 | NSE: INB230468336

**Almondz Global Securities Limited**

33, Vaswani Mansion, 6<sup>th</sup> Floor,

Dinsha Vachha Road, Churchgate,

Mumbai – 400 020

Tel: +91 22 22870580

Fax: +91 22 22870581

Email: [arss.ipo@almondz.com](mailto:arss.ipo@almondz.com)

Website: [www.almondzglobal.com](http://www.almondzglobal.com)

Contact Person: Mr. Surendra Tare

SEBI Registration Nos.: BSE: INB011225233 | NSE: INB 231225237

**Sunidhi Securities & Finance Limited**

Maker Chambers IV, 14th Floor

Nariman Point,

Mumbai-400 021

Tel: +91 22 66369669

Fax: +91 22 66318637

Contact Person: Mr. Jigar Desai

SEBI Registration Nos.: BSE: INB010676436 | NSE: INB230676436

**Legal Advisors to the Issue****M/s. Kanga and Company**

Advocates & Solicitors

Readymoney Mansion,

43, Veer Nariman Road, Mumbai – 400 001.

Tel: +91-22-6633 2288/6633 9643

Fax: +91-22-6633 9656/6633 9657

E-mail: [dhaval.vussonji@kangacompany.com](mailto:dhaval.vussonji@kangacompany.com)

Contact person: Mr. Dhaval Vussonji

**Registrar to the Issue**

**Bigshare Services Private Limited**

E/2, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai - 400 072

Tel: +91-22-2847 0652, 4043 0200

Fax: +91-22-2847 5207

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

E-Mail: ipo@bigshareonline.com

Contact person: Mr. Ashok Shetty

SEBI Registration No:- INR000001383

## **Bankers to the Issue and Escrow Collection Banks**

### **HDFC Bank Limited**

Lodha, FIG – OPS Department  
I Think Techno Campus, O-3 Level  
Kanjurmarg (East)  
Mumbai 400 042  
Tel: (91 22) 3075 2928  
Fax: (91 22) 2579 9801  
Contact Person: Deepak Rane  
EmailID:Deepak.rane@hdfcbank.com  
Website : [www.hdfcbank.com](http://www.hdfcbank.com)  
\*SEBI Registration No. INBI000000063

**\*Registration is valid till January 31, 2010 and renewal application has been made via letter dated October 30, 2009**

### **ICICI Bank Limited**

Capital Markets Group  
No. 30, Mumbai Samachar Marg  
Fort  
Mumbai 400 001  
Tel: (91 22) 3043 7000  
Fax: (91 22) 3043 7275  
Contact Person: Venkataraghavan T.A  
Email ID:venkataraghavan@icicibank.com  
Website: [www.icicibank.com](http://www.icicibank.com)  
SEBI Registration No.: INBI000000004

### **IDBI Bank Limited**

Unit No.2, Corporate Park  
Near Swastik Chambers, Sion-Trombay Road  
Chembur  
Mumbai 400 071  
Tel: (91 22) 6690 8402  
Fax: (91 22) 6690 8424  
Contact Person: Mr.M.N.Kamat  
Email ID :mn.kamat@idbi.co.in  
Website : [www.idbibank.com](http://www.idbibank.com)  
SEBI Registration No. INBI000000076

### **AXIS Bank Ltd**

Cuttack Branch, Badambadi,  
Cuttack –  
Tel: 0671 2335601,2335606  
Fax:- 0671 2335602  
Contact Person:- Mr. Binod Kumar Rath  
Mail ID:- cuttack.branchhead@axisbank.com  
Website:- [axisbank.com](http://axisbank.com)  
SEBI Regn No:- INBI000000017

### **The Hongkong and Shanghai Banking Corporation Limited**

Plot No. 139-140 B, Western Express Highway,  
Sahar Road Junction, Ville Parle (East),  
Mumbai - 400057.  
Fax: 91 22 4035 7657  
Website:-[www.hsbc.co.in](http://www.hsbc.co.in)  
Email: [ctlaindiaim@hsbc.co.in](mailto:ctlaindiaim@hsbc.co.in)  
Tel:91 22 4035 7458

Contact Person: Swapnil Pavale, Corporate Trust and Loan Agency

\*SEBI Regn No:- INBI000000017 \*Registration was valid till November 30, 2010 and renewal application made via letter dated August 27, 2009

### **State Bank of India**

Capital Market Branch, Ground Floor  
Mumbai Main Branch Building  
Mumbai Samachar Marg, Fort  
Mumbai 400 023  
Tel: (91 22) 2269 1561 / 2266 2133  
Fax: (91 22) 2267 0745 / 2266 4959  
Contact Person: Ms Vidya Krishnan  
Email: [vidya.krishnan@sbi.co.in](mailto:vidya.krishnan@sbi.co.in)  
Website: [www.sbi.co.in](http://www.sbi.co.in)  
SEBI Registration No.: INBI000000038

**Auditor****M/s P.A. & Associates,**

Chartered Accountants

20 Govind Vihar Bomikhal

Bhubaneswar – 751010 Orissa.

Tel: +91-674-2571065

Fax: +91-674-2571062

E-mail: paassociatesbbsr@sify.com

Contact person: Mr. Prashant S. Panda

**Monitoring Agency**

There is no requirement for a monitoring agency to be appointed for this Issue in terms of Regulation 16 of the SEBI Regulations.

**IPO Grading Agency****Credit Analysis and Research Limited (CARE)**4<sup>th</sup> Floor, Godrej Coliseum,

Somaiya Hospital Road, Off Eastern Express Highway,

Sion (East), Mumbai- 400 022

Maharashtra

Tel: +91 22-6754 3456

Fax: +91 22-6754 3457

Email: [care@careratings.com](mailto:care@careratings.com)

Contact person: Mr. D.R.Dogra

Website: [www.careratings.com](http://www.careratings.com)

SEBI Registration no: IN/CRA/004/1999

**Bankers to our Company****State Bank of India**

Commercial Branch  
IDCOL House,  
Bhubaneswar, Orissa  
Tel: +91-674-2530803  
Fax: +91-674-2530936  
Email: [ajit.lenka@sbi.co.in](mailto:ajit.lenka@sbi.co.in)  
Contact person: Mr. Ajit Kumar Lenka

**Bank of India**

Kapil Prasad Market Complex Branch,  
HIG-1/65, B.D.A. Colony,  
Bhimtangi, Kapil Prasad,  
Bhubaneswar - 751002  
Tel: +91-674-2591023  
Email: [kpmcomplex.bhubaneswar@bankofindia.co.in](mailto:kpmcomplex.bhubaneswar@bankofindia.co.in)  
Contact person: Mr. Bhubaneshwar Das

**ICICI Bank Limited**

Rasoi Court,  
20, Sir R.N. Mukherjee Road  
Kolkata - 700 001  
Tel: +91-334-4057660  
Fax: +91-334-4057634  
Email: [gourav.gupta@icicibank.com](mailto:gourav.gupta@icicibank.com)  
Contact person: Mr. Gourav Gupta

**IDBI Bank Limited**

Bhubaneswar Branch,  
IDBI House, 2nd Floor,  
MCG Janpath, Unit-IX,  
Bhubaneswar - 751022  
Tel: +91-674-2543693  
Fax: +91-674-2543442  
Email: [hemantkumar.patra@idbi.co.in](mailto:hemantkumar.patra@idbi.co.in)  
Contact person: Mr. Hemanta Patra

**Self Certified Syndicate Banks**

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum application form, please refer the above-mentioned SEBI link



## Statement of Inter se Allocation of Responsibilities for the Issue

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

Activities	Responsibility	Co-ordinator
Capital structuring with relative components and formalities.	IDBI CAPITAL/SBI CAPS	IDBI CAPITAL
Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI, including finalization of Prospectus and RoC filing.	IDBI CAPITAL/SBI CAPS	IDBI CAPITAL
Drafting and approval of all statutory advertisements.	IDBI CAPITAL/SBI CAPS	IDBI CAPITAL
Issue Marketing		
<ul style="list-style-type: none"> <li>Preparation and finalization of the road-show presentation,</li> <li>Preparation of FAQs for the road-show team, and</li> <li>Approval of all non-statutory advertisement including corporate advertisements.</li> </ul>	IDBI CAPITAL/SBI CAPS	SBI CAPS
Appointment of other intermediaries: Printers and Advertisement Agency, Escrow collection banks and Registrar	IDBI CAPITAL/SBI CAPS	IDBI CAPITAL
Retail / HNI marketing strategy which will cover, among other things, <ul style="list-style-type: none"> <li>Finalizing centers for holding conferences for brokers, etc</li> <li>Formulating media, marketing and, Public Relations strategy;</li> <li>Follow-up on distribution of publicity and Issue material including Bid cum application forms, Draft Red Herring Prospectus and deciding on the quantum of the Issue material;</li> <li>Finalizing collection centers.</li> </ul>	IDBI CAPITAL/SBI CAPS	SBI CAPS
Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none"> <li>Finalizing the list and division of investors for one to one meetings;</li> <li>Finalizing road show schedule and investor meeting schedules.</li> </ul>	IDBI CAPITAL/SBI CAPS	SBI CAPS
Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading.	IDBI CAPITAL/SBI CAPS	SBI CAPS
Managing the book and finalization of pricing in consultation with our Company.	IDBI CAPITAL/SBI CAPS	SBI CAPS
The 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 include finalization of listing and trading of instruments, dispatch of certificates, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrar 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 Issuer Company.	IDBI CAPITAL/SBI CAPS	IDBI CAPITAL

The designated BRLM or BRLMs as the case may be shall be responsible for ensuring that these agencies fulfill their functions and shall enable such agencies to discharge their responsibilities through execution of suitable agreements with our Company.

### Credit Rating

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

### IPO Grading

The Issue has been rated by Credit Analysis & Research Ltd as 2 indicating below average fundamental by its letter dated November 23, 2009. CARE Limited assigns IPO grading on a five point scale of IPO Grade 5 through to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. For details in relation to the Report of CARE furnishing rationale for the IPO Grading, please refer to Annexure A beginning on page 263 of the Report of CARE.

The rationale/ description furnished by the credit rating agency is annexed with the Red Herring Prospectus.

### Trustees

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

## Book Building Process

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

The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE/BSE and eligible to act as underwriters; the Syndicate Members are appointed by the BRLMs;
- Registrar to this Issue;
- Escrow Collection Bank(s); and
- Self Certified Syndicate Banks

In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957, as amended (“SCRR”), this being an Issue for less than 25% of the post-Issue capital, this Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be mandatorily allocated on a proportionate basis to QIBs as specified in Regulation 43 (2) (c) SEBI Regulations. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price

In accordance with SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. In addition, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis, as specified above. For further details please see the section titled “Basic terms of the Issue” on page 214 of this Red Herring Prospectus.

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

The process of book building under the SEBI Regulations is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

**Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Steps to be taken for bidding:

- 1) Check eligibility for bidding (see the section titled “Issue Procedure - Who Can Bid” on page 218 of this Red Herring Prospectus); Specific Attention of ASBA bidders is invited to the section “Issue Procedure – Issue Procedure for ASBA Bidders” on page 238.
- 2) Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form/ASBA Form, as applicable;
- 3) Ensure that Bidder discloses the Permanent Account Number in the Bid-cum-Application Form or the ASBA Form, irrespective of the amount for which application / Bid is made;
- 4) Ensure that the Bid-cum-Application Form/ASBA Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form/ASBA Form, as applicable.

### 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 the Issue)

The bidders can bid at any price within the price band. For instance, assume a price band of Rs.60 to Rs.72 per equity share, issue size of 5,400 equity shares and receipt of five bids from the bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

Price discovery is a function of demand at various bid prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs will finalize the Issue Price at or below such Cut off Price, i.e., at or below Rs. 66. All Bids at or above this Issue Price and Cut-off Bids are valid Bids and will be considered for allocation in the respective categories.

#### **Withdrawal of the Issue**

**Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time including after the Bid/Issue Closing Date, until final Allotment of the Equity Shares in the Issue, without assigning any reason thereof.**

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

BID/ISSUE OPENS ON	<b>February 8, 2010</b>
BID/ISSUE CLOSES ON	<b>February 11, 2010</b>

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 and will be uploaded till such time as permitted by the BSE and the NSE. Bidding will not take place on Saturdays, Sundays and Public Holidays or outside the business/working hours specified above.

A standard cut-off time of 3.00 P.M. for acceptance of bids

A standard cut-off time of 4.00 P.M. for uploading of bids received from non retail applicants i.e. QIBs and HNIs.

A standard cut-off time of 5.00 P.M. for uploading of bids received from retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bid one day prior to the Bid/Issue Closing Date and in any case not later than 1.p.m (IST) on the Bid/Issue Closing Date. Bidders are cautioned that a larger number of Bids are received on the Bid/Issue Closing Date. In the past in case of some public issues, some bids were not uploaded due to lack of sufficient time; such bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days and during the business/working hours set forth above, unless otherwise specified in this Red Herring Prospectus.

Our Company has decided the Price Band from Rs. 410 to Rs. 450 per Equity Share of face value Rs. 10 each in consultation with the BRLMs.

Our Company reserves the right to revise the Price Band during the Bid Period in accordance with the SEBI Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band, i.e., the Floor Price of the revised Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bid/Issue Period will be extended for three (3) working days after revision of Price Band subject to the total Bid/Issue Period not exceeding ten (10) working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Members of the Syndicate.

## Underwriting Agreement

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

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

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rupees in lacs)
<b>IDBI Capital Market Services Limited</b>	[●]	[●]
<b>SBI Capital Markets Limited</b>	[●]	[●]
<b>SBICAP Securities Limited</b>	[●]	[●]
<b>Enam Securities Private Limited</b>	[●]	[●]
<b>Almondz Global Securities Limited</b>	[●]	[●]
<b>Sunidhi Securities and Finance Limited</b>	[●]	[●]
<b>IDBI Capital Market Services Limited</b>	[●]	[●]

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

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

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

## CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of filing of this Red Herring Prospectus with SEBI, is set forth below:

(Rs. except share data)

	Aggregate value at face value	Aggregate value at Issue Price
<b>A. Authorised equity share capital</b>		
2,00,00,000 Equity Shares of face value of Rs. 10/- each	20,00,00,000	
<b>B. Issued, subscribed and paid-up equity share capital before the Issue</b>		
1,25,54,000 Equity Shares of Rs. 10/- each fully paid-up before the Issue	12,55,40,000	
<b>C. Present issue in terms of this Red Herring Prospectus</b>		
[●] Equity Shares of Rs. 10/- each	[●]	[●]
<b>D. Equity share capital after the Issue</b>		
[●] Equity Shares of face value of Rs. 10/- each	[●]	[●]
<b>E. Securities Premium Account</b>		
Before the Issue	46,63,73,500	
After the Issue	[●]	

The present Issue has been authorised by the Board of Directors in their meeting on July 20, 2009 and by the shareholders of our Company at an Extra ordinary General Meeting held on August 14, 2009.

### History of changes made in the Authorized Share Capital

Date of change	Authorized capital pursuant to change
Incorporation	20,000 Equity Shares of Rs. 100/- each aggregating to Rs. 20 lacs
December 18, 2000	50,000 Equity Shares of Rs. 100/- each aggregating to Rs. 50 lacs
October 18, 2001	60,000 Equity Shares of Rs. 100/- each aggregating to Rs. 60 lacs
November 3, 2003	1,00,000 Equity Shares of Rs. 100/- each aggregating to Rs. 100 lacs
May 27, 2005	10,00,000 Equity Shares of Rs. 100/- each aggregating to Rs. 1000 lacs
April 4, 2006	1,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1000 lacs
December 8, 2006	1,50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1500 lacs
November 5, 2007	2,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 2000 lacs

### Notes to capital structure

#### 1. Equity Share Capital history of our Company

The following is the history of the paid-up Equity Share capital of our Company:

Date of allotment	No. of equity shares	Face value (Rs.)	Issue price (Rs.)	Nature of consideration	Reasons for allotment	Cumulative no. of equity shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
May 17, 2000	500	100	100	Cash	Initial Subscription to the Memorandum of Association	500	50,000	-
December 19, 2000	49500	100	100	Cash	Further Allotment	50,000	50,00,000	-
November 21, 2003	10000	100	400	Cash	Further Allotment	60,000	60,00,000	30,00,000
December 3, 2003	4000	100	400	Cash	Further Allotment	64,000	64,00,000	42,00,000
March 25, 2004	36000	100	100	Cash	Further Allotment	1,00,000	1,00,00,000	4,200,000
July 28,	78100	100	100	Cash	Further	1,78,100	1,78,10,000	42,00,000

Date of allotment	No. of equity shares	Face value (Rs.)	Issue price (Rs.)	Nature of consideration	Reasons for allotment	Cumulative no. of equity shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
2005					Allotment			
July 28, 2005	40000	100	500	Cash	Further Allotment	2,18,100	2,18,10,000	2,02,00,000
March 1, 2006	12100	100	100	Cash	Further Allotment	2,30,200	2,30,20,000	2,02,00,000
March 23, 2006	1000	100	500	Cash	Further Allotment	2,31,200	2,31,20,000	2,06,00,000
March 30, 2006	28500	100	100	Cash	Further Allotment	2,59,700	2,59,70,000	2,06,00,000
Subdivision of shares from Rs. 100 to 10 per shares (Note: a)				25,97,000		2,59,70,000		2,06,00,000
February 05, 2007	853000	10	40	Cash	Further Allotment	34,50,000	3,45,00,000	4,61,90,000
February 05, 2007	350	10	40	Cash	Further Allotment	34,50,350	3,45,03,500	4,62,00,500
March 05, 2007 (Note: b)	6900700	10	-	-	Bonus Issue	1,03,51,050	10,35,10,500	-
March 21, 2007	320000	10	125	Cash	Further Allotment	1,06,71,050	10,67,10,500	3,68,00,000
May 17, 2007	240000	10	125	Cash	Further Allotment	1,09,11,050	10,91,10,500	6,44,00,000
June 01, 2007 (Note: c)	100000	10	30	Other than cash consideration	Further Allotment	1,10,11,050	11,01,10,500	6,64,00,000
October 29, 2007	134000	10	140	Cash	Further Allotment	1,11,45,050	11,14,50,500	8,38,20,000
November 5, 2007	2450	10	140	Cash	Further Allotment	1,11,47,500	11,14,75,000	8,41,38,500
November 27, 2007	406500	10	200	Cash	Further Allotment	1,15,54,000	11,55,40,000	16,13,73,500
January 4, 2008 (Note: d)	1000000	10	315	Cash	Further Allotment	1,25,54,000	12,55,40,000	46,63,73,500

Note:-

- Pursuant to Extra-ordinary general meeting of our Company held on April 4, 2006 each fully paid-up Equity Shares having face value of Rs 100/- each was subdivided into ten (10) fully paid-up Equity Shares having face value of Rs 10/- each.
- Pursuant to Extra-ordinary general meeting held on March 5, 2007, our Company has issued 69,00,700 bonus shares at the rate of two fully paid Bonus Equity Shares of Rs. 10.00 (Rupees Ten) each, for every one existing Equity Shares of Rs. 10.00 (Rupees Ten) each, out of capitalisation of general reserve and share premium account. The bonus shares have been issued out of:
  - Capitalisation of surplus in Profit and Loss Account Rs. 228.06 lacs
  - Transfer from Share Premium Account Rs. 462.00 lacs
- In consideration of the transfer of the interest in the lease hold land situated at Industrial Development Corporation of Orissa ("IDCO") bearing Plot No.-38, admeasuring 38,289.24 Sq. ft. or thereabouts at Industrial Estate Mancheswar, Ps-Mancheswar, Dist- Khurda by M/s. ARSS Engineering and Technology in the name of our Company, our Company has issued 1,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.20/- per Equity Share to Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of M/s. ARSS Engineering and Technology. The valuation was mutually agreed upon by Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of M/s. ARSS Engineering and Technology and the issuer company at 1,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.20/- per equity share. No valuation was carried out by an independent valuer.
- By a Share Subscription Agreement dated January 7, 2008 ("the Share Subscription Agreement") read with the Shareholders Agreement of even date ("the Shareholders Agreement") entered into between our Company and the State Bank of India ("SBI"), SBI has subscribed to 10,00,000 (ten lacs) Equity Shares of our Company at the premium of Rs.305/- per Equity Share. Upon allotment of the said Equity Shares, SBI holds 7.97% of the pre-issue paid up share capital of our Company. The shares are allotted to SBI for a premium of Rs. 305 on January 04, 2008 and the price is arrived at in pursuance of mutual negotiations between the parties. However, from February 2007 to November 2007 the Company has allotted Equity Shares to Promoters and Promoter Group, at prices that are lower than the price at which the Equity Shares were allotted to SBI as the price is arrived from the valuation arrived at that time in mutual consent consideration from some of the shareholders and no independent valuation has been obtained by the Company in relation to Equity Shares allotted to the Promoters and Promoter Group or SBI.

For further details, please see the section titled “History and Corporate Structure” on page 94 of this Red Herring Prospectus.

## 2. Others

### a. Shares issued for consideration other than cash

Save and except as stated in the table above and the “Note c” appended thereto, our Company has not issued any Equity Shares for consideration other than cash.

Date of Allotment	Persons to whom Allotted	Number of Equity Shares allotted	Face Value (Rs)	Reasons	Whether benefits have accrued to the issuer
01.06.2007	Mr. Sunil Agarwal	16,000	10	Transfer of the interest in the lease hold land*	Yes
01.06.2007	Mr. Mohanlal Agarwal	84,000	10	Transfer of the interest in the lease hold land*	Yes

\* In consideration of the transfer of the interest in the lease hold land situated at Industrial Development Corporation of Orissa (“IDCO”) bearing Plot No.-38, admeasuring 38,289.24 Sq. ft. or thereabouts at Industrial Estate Mancheswar, Ps-Mancheswar, Dist- Khurda by M/s. ARSS Engineering and Technology in the name of our Company, our Company has issued 1,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.20/- per Equity Share to Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of M/s. ARSS Engineering and Technology. The valuation was mutually agreed upon by Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of M/s. ARSS Engineering and Technology and the Company at 1,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.20/- per Equity Share. No valuation was carried out by an independent valuer.

- b. Till date no Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act.
- c. Our Company has not re-valued its assets since inception and has not issued any shares out of the revaluation reserves.

## 3. Capital built up of the Promoters is detailed below:

Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully Paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	% of Post-Issue paid-up capital
Mr. Subash Agarwal	28.07.2005	28.07.2005	Cash (Allotment)	29,200	100	100	-
	Sub-division			2,92,000	10	-	-
	25.11.2006	N.A.	Acquisition	65,000	10	10	-
	05.02.2007	05.02.2007	Cash (Allotment)	17,500	10	40	-
	05.03.2007	N.A.	Bonus	7,49,000	10	-	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
	Total			11,73,500	10		[●]
Mr. Rajesh Agarwal	17.05.2000	17.05.2000	Subscriber to the MOA	100	100	100	-
	19.12.2000	19.12.2000	Cash (Allotment)	9,900	100	100	-
	28.07.2005	28.07.2005	Cash (Allotment)	9,100	100	100	-
	01.03.2006	01.03.2006	Cash (Allotment)	1,100	100	100	-
	Sub-division			2,02,000	10	-	-
	05.03.2007	N.A.	Bonus	4,04,000	10	-	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
	Total			6,56,000	10		[●]
Mr. Sunil Agarwal	28.07.2005	28.07.2005	Cash (Allotment)	2,000	100	100	-
	Sub-division			2,0000	10	-	-
	25.11.2006	N.A.	Acquisition	40,000	10	10	-
	05.02.2007	05.02.2007	Cash (Allotment)	14,800	10	40	-

Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully Paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/Ac quisition Price (Rs.)	% of Post- Issue paid-up capital
	28.02.2007	N.A.	Acquisition	2,500	10	40	-
	28.02.2007	N.A.	Acquisition	6,666	10	40	-
	28.02.2007	N.A.	Acquisition	7,500	10	40	-
	05.03.2007	N.A.	Bonus	1,82,932	10	-	-
	29.03.2007	N.A.	Acquisition	75,000	10	10	-
	01.06.2007	01.06.2007	Other than cash consideration *	16,000	10	30	
	Total			3,65,398	10		[●]
Mr. Anil Agarwal	25.11.2006	N.A.	Acquisition	30,000	10	10	-
	25.11.2006	N.A.	Acquisition	45,000	10	10	-
	25.11.2006	N.A.	Acquisition	5,000	10	10	-
	05.03.2007	N.A.	Bonus	1,60,000	10	-	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
	Total			2,90,000	10		[●]
Mr. Mohanlal Agrawal	28.07.2005	28.07.2005	Cash (Allotment)	10,800	100	100	-
	Sub-division			1,08,000	10	-	-
	25.11.2006	N.A.	Acquisition	5,000	10	10	-
	25.11.2006	N.A.	Acquisition	52,500	10	10	-
	25.11.2006	N.A.	Acquisition	12,500	10	10	-
	25.11.2006	N.A.	Acquisition	10,000	10	10	-
	24.02.2007	N.A.	Acquisition	10,000	10	10	-
	05.02.2007	05.02.2007	Cash (Allotment)	11,250	10	40	-
	05.03.2007	N.A.	Bonus	4,18,500	10	10	-
	01.06.2007	01.06.2007	other than cash consideration *	84,000	10	30	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
	Total			7,61,750	10		[●]
Subash Agarwal (HUF)	30.03.2006	30.03.2006	Cash (Allotment)	3,000	100	100	-
	Subdivision			30,000	10	10	-
	12.01.2007	N.A.	Acquisition	25,000	10	10	-
	05.03.2007	N.A.	Bonus	1,10,000	10	10	-
	Total			1,65,000	10		[●]
Rajesh Agarwal (HUF)	28.07.2005	N.A.	Cash (Allotment)	8,000	100	100	-
	30.03.2006	N.A.	Cash (Allotment)	2,500	100	100	-
	Subdivision			1,05,000			-
	17.02.2007	N.A.	Acquisition	10,000	10	10	-
	17.02.2007	N.A.	Acquisition	10,000	10	10	-
	24.02.2007	N.A.	Acquisition	10,000	10	10	-
	24.02.2007	N.A.	Acquisition	10,000	10	10	-
	05.03.2007	N.A.	Bonus	2,90,000	10	-	-
	Total			4,35,000	10		[●]
Sunil Agarwal (HUF)	30.03.2006	30.03.2006	Cash	2,500	100	100	-
	Subdivision			25,000			
	05.03.2007	N.A.	Bonus	50,000	10	-	-
	Total			75,000	10		[●]
Anil Agarwal (HUF)	28.07.2005	28.07.2005	Cash (Allotment)	5,000	100	100	-
	Sub-division			50,000	10	-	-
	28.02.2007	N.A.	Acquisition	10,000	10	10	-



Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully Paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/Ac quisition Price (Rs.)	% of Post- Issue paid-up capital
	28.02.2007	N.A.	Acquisition	10,000	10	10	-
	23.02.2007	N.A.	Acquisition	50,000	10	10	-
	05.03.2007	N.A.	Bonus	2,40,000	10	-	-
	Total			3,60,000	10		[●]
Mohanlal Agarwal (HUF)	30.03.2006	30.03.2006	Cash (Allotment)	3,000	100	100	-
	Subdivision			30,000			
	05.03.2007	N.A.	Bonus	60,000	10	-	-
	Total			90,000	10		[●]
Grand Total				43,71,648	10		[●]

\* In consideration of transfer of the interest in the lease hold land situated at Industrial Development Corporation of Orissa ("IDCO") bearing Plot No.-38, admeasuring 38,289.24 Sq.ft. or thereabouts at Industrial Estate Mancheswar, Ps-Mancheswar, Dist-Khurda by M/s. ARSS Engineering and Technology in the name of our Company, our Company has issued 1,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.20/- per share to Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of M/s. ARSS Engineering promoter's Contribution.

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

Mr. Rajesh Agarwal holds Equity shares of our Company since incorporation and the other Promoters have subsequently subscribed to additional equity shares of our Company and have also acquired shares from other Promoter Group entities and other parties. The shares of our Company have not been owned or controlled by another group or persons other than our Promoters and Promoter group entities.

The details of the acquisition of shares are given as under-

Date	Transferred From		Transferred To		Share	Consi derati on	Physical / Demat	partly paid-up/ fully paid-up	Reason for acquisi tion
	Name	Category	Name	Categ ory					
25-Nov-06	Dico Transport Corporation Ltd.	Non Promoter	- Subash Agarwal	Promo ter	65,000	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Kuberco Sales Pvt. Ltd.	Non Promoter	- Sunil Agarwal	Promo ter	40,000	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Kesri Industrial Lab Pvt. Ltd.	Non Promoter	- Anil Agarwal	Promo ter	30,000	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Meghdhoot Express Pvt. Ltd.	Non Promoter	- Anil Agarwal	Promo ter	45,000	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Satish Kumar Sharma	Non Promoter	- Anil Agarwal	Promo ter	5,000	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Bharat Bhusan Bansal	Non Promoter	- Mohanlal Agarwal	Promo ter	5,000	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Division Trading Pvt. Ltd.	Non Promoter	- Mohanlal Agarwal	Promo ter	52,500	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Kuldeep Textiles Pvt. Ltd.	Non Promoter	- Mohanlal Agarwal	Promo ter	12,500	Rs.10	Physical	Fully Paid -up	Transf er
25-Nov-06	Rahul Finlease Pvt Ltd	Non Promoter	- Mohanlal Agarwal	Promo ter	10,000	Rs.10	Physical	Fully Paid -up	Transf er
3-Jan-07	Gold Star Merchants Pvt. Ltd.	Non Promoter	- V.R.Suppliers Pvt. Ltd.	Non-Promo ter	50,000	Rs.10	Physical	Fully Paid -up	Transf er
3-Jan-07	Axix Vyapaar Pvt. Ltd.	Non Promoter	- V.R.Suppliers Pvt. Ltd.	Non-Promo ter	100,000	Rs.10	Physical	Fully Paid -up	Transf er
3-Jan-07	Cyrillic Tie-up Pvt. Ltd.	Non Promoter	- V.R.Suppliers Pvt. Ltd.	Non-Promo	100,000	Rs.10	Physical	Fully Paid -up	Transf er

Date	Transferred From		Transferred To		Share	Consi derati on	Physical / Demat	partly paid-up/ fully paid-up	Reason for acquis ition
	Name	Category	Name	Category					
				ter					
3-Jan-07	KPS Finance & Trade Pvt. Ltd.	Non Promoter	V.R.Suppliers Pvt. Ltd.	Non-Promoter	30,000	Rs.10	Physical	Fully Paid -up	Transfer
3-Jan-07	Punctual Supply Pvt. Ltd.	Non Promoter	V.R.Suppliers Pvt. Ltd.	Non-Promoter	10,000	Rs.10	Physical	Fully Paid -up	Transfer
3-Jan-07	Panchaseel Vyapaar Pvt. Ltd.	Non Promoter	Goodfaith Trading Pvt. Ltd.	Non-Promoter	120,000	Rs.10	Physical	Fully Paid -up	Transfer
12-Jan-07	Dico Transport Corporation Ltd.	Non Promoter	Subash Agarwal (HUF)	Promoter	25,000	Rs.10	Physical	Fully Paid -up	Transfer
22-Jan-07	V.R.Suppliers Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	100,000	Rs.10	Physical	Fully Paid -up	Transfer
22-Jan-07	Goodfaith Trading Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	120,000	Rs.10	Physical	Fully Paid -up	Transfer
17-Feb-07	Right Choice Construction Pvt. Ltd.	Non Promoter	Ramdulari Agarwal	Promoter Group	10,000	Rs.10	Physical	Fully Paid -up	Transfer
17-Feb-07	Shree Guptaeswar Marketing Pvt. Ltd.	Non Promoter	Rajesh Agarwal(HUF)	Promoter Group	10,000	Rs.10	Physical	Fully Paid -up	Transfer
17-Feb-07	Changia Steels Pvt. Ltd.	Non Promoter	Rajesh Agarwal(HUF)	Promoter Group	10,000	Rs.10	Physical	Fully Paid -up	Transfer
18-Feb-07	V.R.Suppliers Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	50,000	Rs.10	Physical	Fully Paid -up	Transfer
18-Feb-07	V.R.Suppliers Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	100,000	Rs.10	Physical	Fully Paid -up	Transfer
18-Feb-07	V.R.Suppliers Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	30,000	Rs.10	Physical	Fully Paid -up	Transfer
18-Feb-07	V.R.Suppliers Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	10,000	Rs.10	Physical	Fully Paid -up	Transfer
20-Feb-07	Particular Manage Finlease (INDIA) Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	30,000	Rs.10	Physical	Fully Paid -up	Transfer
20-Feb-07	Madan Electronics Pvt. Ltd.	Non Promoter	Anil Contractors Pvt. Ltd.	Promoter Group	30,000	Rs.10	Physical	Fully Paid -up	Transfer
21-Feb-07	Sparrow Marketing Pvt. Ltd.	Non Promoter	Ramdulari Agarwal	Promoter Group	50,000	Rs.10	Physical	Fully Paid -up	Transfer
23-Feb-07	Sh. Dinanath Kuhariwala Spinning Mills Pvt. Ltd.	Non Promoter	Anil Agarwal (HUF)	Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
24-Feb-07	J.Singh Trading & Investment Pvt. Ltd.	Non Promoter	Rajesh Agarwal(HUF)	Promoter	10,000	Rs.10	Physical	Fully Paid -up	Transfer
24-Feb-07	New Generation Finvest Pvt. Ltd.	Non Promoter	Rajesh Agarwal(HUF)	Promoter	10,000	Rs.10	Physical	Fully Paid -up	Transfer
24-Feb-07	Chintpurni Credits & Leasing Pvt. Ltd.	Non Promoter	Mohanlal Agarwal	Promoter	10,000	Rs.10	Physical	Fully Paid -up	Transfer
24-Feb-07	Touchwood Agencies Pvt. Ltd.	Non Promoter	Sabita Agarwal	Promoter Group	50,000	Rs.10	Physical	Fully Paid -up	Transfer
28-Feb-07	Nikhil Builders & Promoters Pvt. Ltd.	Non Promoter	Anil Agarwal(HUF)	Promoter	10,000	Rs.10	Physical	Fully Paid -up	Transfer

Date	Transferred From		Transferred To		Share	Consideration	Physical / Demat	partly paid-up/ fully paid-up	Reason for acquisition
	Name	Category	Name	Category					
28-Feb-07	Swetu Stone Pvt. Ltd.	Non Promoter	Anil Agarwal(HUF)	Promoter	10,000	Rs.10	Physical	Fully Paid -up	Transfer
28-Feb-07	Archit Agarwal.	Promoter Group	Sunil Agarwal	Promoter	6,666	Rs.40	Physical	Fully Paid -up	Transfer
28-Feb-07	Poonam Agarwal.	Promoter Group	Sunil Agarwal	Promoter	7,500	Rs.40	Physical	Fully Paid -up	Transfer
28-Feb-07	Vijay Agarwal (HUF).	Promoter Group	Sunil Agarwal	Promoter	2,500	Rs.40	Physical	Fully Paid -up	Transfer
29-Mar-07	Narmada Prakashan Pvt Ltd.	Non Promoter	Sunil Agarwal	Promoter	75,000	Rs.10	Physical	Fully Paid -up	Transfer
3-May-07	Sanju Agarwal.	Promoter Group	Basant Agency Pvt Ltd	Non-Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
3-May-07	Seema Agarwal.	Promoter Group	Garg Finvest Pvt Ltd	Non-Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
3-May-07	Ramdulari Agarwal.	Promoter Group	Ganga Infin Pvt Ltd	Non-Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
3-May-07	Sangita Agarwal.	Promoter Group	Nishant Finvst Pvt Ltd	Non-Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
10-Jul-07	Basant Agency Pvt Ltd.	Non Promoter	Subash Agarwal	Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
10-Jul-07	Garg Finvest Pvt Ltd.	Non Promoter	Anil Agarwal	Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
10-Jul-07	Ganga Infin Pvt Ltd.	Non Promoter	Mohanlal Agarwal	Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
10-Jul-07	Nishant Finvst Pvt Ltd.	Non Promoter	Rajesh Agarwal	Promoter	50,000	Rs.10	Physical	Fully Paid -up	Transfer
14-Aug-08	Shilpa Agarwal	Promoter Group	Shilpa Agawal & Subash Agarwal	Promoter	75,000	Rs.10	Physical	Fully Paid -up	Transfer

Note: The aforesaid transfers of Equity Shares of the Company from Promoter to Promoter Group were made pursuant to an internal arrangement of group restructuring.

#### 4. Promoter contribution and lock-in

##### a. 3 Years lock-in

Pursuant to clause (a) of Regulation 36 of the SEBI Regulations, an aggregate of 20% of the post-issue Equity Share capital of our Company shall be locked-in by our Promoters for a period of three (3) years from the date of allotment in this Issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoters' Contribution under Clause 33 of the SEBI Regulations. The details of the Promoters' Equity Shares locked-in for a period of three (3) years are as follows:

Name of the Promoter	Date of Allotment/Acquisition	Date when made fully Paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	% of Post-Issue paid-up capital
Mr. Subash Agarwal	28.07.2005	28.07.2005	Cash (Allotment)	29,200	100	100	-
	Sub-division			2,92,000	10	-	-
	25.11.2006	N.A.	Acquisition	65,000	10	10	-
	05.02.2007	05.02.2007	Cash (Allotment)	17,500	10	40	-
	05.03.2007	N.A.	Bonus	7,49,000	10	-	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
Total				11,73,500	10		[●]
Mr. Rajesh Agarwal	17.05.2000	17.05.2000	Subscriber to the MOA	100	100	100	-

Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully Paid-up	Consider- ation (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/Ac quisition Price (Rs.)	% of Post- Issue paid-up capital
	19.12.2000	19.12.2000	Cash (Allotment)	9,900	100	100	-
	28.07.2005	28.07.2005	Cash (Allotment)	9,100	100	100	-
	01.03.2006	01.03.2006	Cash (Allotment)	1,100	100	100	-
	Sub-division			2,02,000	10	-	-
	05.03.2007	N.A.	Bonus	4,04,000	10	-	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
Total				6,56,000	10		[•]
Mr. Sunil Agarwal	28.07.2005	28.07.2005	Cash (Allotment)	2,000	100	100	-
	Sub-division			2,0000	10	-	-
	25.11.2006	N.A.	Acquisition	40,000	10	10	-
	05.02.2007	05.02.2007	Cash (Allotment)	14,800	10	40	-
	28.02.2007	N.A.	Acquisition	2,500	10	40	-
	28.02.2007	N.A.	Acquisition	6,666	10	40	-
	28.02.2007	N.A.	Acquisition	7,500	10	40	-
	05.03.2007	N.A.	Bonus	1,82,932	10	-	-
	29.03.2007	N.A.	Acquisition	75,000	10	10	-
	01.06.2007	01.06.2007	Other than cash conside- ration*	16,000	10	30	-
Total				3,65,398	10		[•]
Mr. Anil Agarwal	25.11.2006	N.A.	Acquisition	30,000	10	10	-
	25.11.2006	N.A.	Acquisition	45,000	10	10	-
	25.11.2006	N.A.	Acquisition	5,000	10	10	-
	05.03.2007	N.A.	Bonus	1,60,000	10	-	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
	Total			2,90,000	10		[•]
Mr. Mohanlal Agrawal	28.07.2005	28.07.2005	Cash (Allotment)	10,800	100	100	-
	Sub-division			1,08,000	10	-	-
	25.11.2006	N.A.	Acquisition	5,000	10	10	-
	25.11.2006	N.A.	Acquisition	52,500	10	10	-
	25.11.2006	N.A.	Acquisition	12,500	10	10	-
	25.11.2006	N.A.	Acquisition	10,000	10	10	-
	24.02.2007	N.A.	Acquisition	10,000	10	10	-
	05.02.2007	05.02.2007	Cash (Allotment)	11,250	10	40	-
	05.03.2007	N.A.	Bonus	4,18,500	10	10	-
	01.06.2007	01.06.2007	other than cash conside- ration*	84,000	10	30	-
	10.07.2007	N.A.	Acquisition	50,000	10	10	-
Total				7,61,750	10		[•]
Subash Agarwal (HUF)	30.03.2006	30.03.2006	Cash (Allotment)	3,000	100	100	-
	Subdivision			30,000	10	10	-
	12.01.2007	N.A.	Acquisition	25,000	10	10	-
	05.03.2007	N.A.	Bonus	1,10,000	10	10	-
	Total			1,65,000	10		[•]
Rajesh Agarwal (HUF)	28.07.2005	N.A.	Cash (Allotment)	8,000	100	100	-
	30.03.2006	N.A.	Cash (Allotment)	2,500	100	100	-
	Subdivision			1,05,000			-
	17.02.2007	N.A.	Acquisition	10,000	10	10	-

Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully Paid-up	Consider- ation (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/Ac- quisition Price (Rs.)	% of Post- Issue paid-up capital
	17.02.2007	N.A.	Acquisition	10,000	10	10	-
	24.02.2007	N.A.	Acquisition	10,000	10	10	-
	24.02.2007	N.A.	Acquisition	10,000	10	10	-
	05.03.2007	N.A.	Bonus	2,90,000	10	-	-
	Total			4,35,000	10		[●]
Sunil Agarwal (HUF)	30.03.2006	30.03.2006	Cash	2,500	100	100	-
	Subdivision			25,000			
	05.03.2007	N.A.	Bonus	50,000	10	-	-
	Total			75,000	10		[●]
Anil Agarwal (HUF)	28.07.2005	28.07.2005	Cash (Allotment)	5,000	100	100	-
	Sub-division			50,000	10	-	-
	28.02.2007	N.A.	Acquisition	10,000	10	10	-
	28.02.2007	N.A.	Acquisition	10,000	10	10	-
	23.02.2007	N.A.	Acquisition	50,000	10	10	-
	05.03.2007	N.A.	Bonus	2,40,000	10	-	-
	Total			3,60,000	10		[●]
Mohanlal Agarwal (HUF)	30.03.2006	30.03.2006	Cash (Allotment)	3,000	100	100	-
	Subdivision			30,000			
	05.03.2007	N.A.	Bonus	60,000	10	-	-
	Total			90,000	10		[●]
Grand Total				43,71,648	10		[●]

\* Note : These shares are not part of shares issued for consideration other than cash

(The aforesaid table will be finalized after the Issue Price and the numbers of shares to be issued are finalized in the Prospectus.)

Pursuant to clause (a) of Regulation 36 of the SEBI Regulations, an aggregate of 20% of the shareholding of the Company's Promoters shall be locked in for a period of three years from the date of allotment in the Issue. The lock-in details are as under:

Sr. no.	Name of Promoter	No. of shares	Face value (Rs.)	% of pre issue paid up capital	Lock-in Period
1	Mr. Subash Agarwal	11,73,500	10	9.35	3
2	Mr. Rajesh Agarwal	6,56,000	10	5.23	3
3	Mr. Sunil Agarwal	3,65,398	10	2.91	3
4	Mr. Anil Agarwal	2,90,000	10	2.31	[●]3
5	Mr. Mohanlal Agarwal	7,61,750	10	6.07	[●]3
<b>Total</b>		32,46,648		25.86	

- The Equity shares to be locked -in for a period of three years have been computed as 25.86 % of the pre-issue capital. This would be sufficient to meet the minimum promoters contribution, even if we assume the maximum dilution as per Rule 19 (2) (b) of the Securities Contracts Regulation Rules 1957, as amended. In terms of SEBI Regulations, in addition to the lock-in of 20% of the post-issue shareholding of the promoters for three years, the balance pre issue share capital of the Company shall be locked-in for a period of one year from the date of Allotment in the Issue. At the cap price of the Price Band, the number of shares would be [●] and accordingly the post-isse capital will be [●] % resulting in a requirement of upto [●] Equity Shares under the 3-year lock-in. Similarly, at the floor price of the Price Band, the number of shares through this Issue would be [●] and accordingly the post-issue capital will be [●] % resulting in a requirement of upto [●] Equity Shares under the 3-year lock-in.the table will be updated after the finalisation of the Issue Price in the Prospectus.
- The Equity Shares offered by the Promoters for the three years' lock-in are not pledged and are in compliance with Regulation 33(1) of SEBI Regulations.
- In terms of Regulation 39 of SEBI Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks of financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the condition that (i) if the equity shares are locked-in, in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of loan; and (ii) if the equity shares are locked-in, in terms of clause (b) of Regulation 36, and the pledge of equity shares is one of the terms of sanction of the loan. The Company is in compliance of this Regulation 39 of the SEBI Regulations.

- iv. In terms of Regulation 40 of SEBI Regulations, Equity Shares held by the Promoter and locked-in as per Regulation 36, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Further, in terms of Regulation 40 of the SEBI Regulations and in compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997, Equity Shares held by persons other than the Promoters which are locked-in as per Regulation 37 of SEBI Regulations, may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred subject to continuation of the lock-in in the hands of the transferees for the remaining period and provided further that such transferee shall not be eligible to transfer the said Equity Shares till the lock in period stipulated has expired.
- v. The Equity Shares forming a part of promoter's contribution have not been issued to our Promoters on conversion of a partnership firm into a limited company.
- vi. The Equity Shares forming part of promoter's contribution does not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or indirectly, through any intermediary.
- vii. The Equity Shares forming part of promoter's contribution have not been acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets. Neither have they been issued against shares, which are otherwise ineligible for Promoters contribution.
- viii. The Equity Shares forming part of promoter's contribution are not resulting from a bonus issue (out of revaluation of reserves or reserves created without accrual of cash recourses) or against equity shares which are otherwise ineligible for computation of Promoters contribution.
- ix. The Equity Shares forming part of promoter's contribution are not arising out of any securities acquired during the preceding one year.

**b. 1 Year lock-in**

In terms of Regulation 36 of the SEBI Regulations, in addition to the lock-in of 20 % of the post issue capital of promoters for three years, as specified above, the entire pre-issue Equity Share capital of our Company constituting [●] Equity Shares will be locked in for a period of one year from the date Allotment in the Issue.

5. Specific written consent has been obtained from our Promoters for inclusion of such number of their respective existing shares to ensure minimum Promoter's Contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital as detailed under para 4 (a) above
6. The securities, which are subject to lock-in, shall carry the inscription "non-transferable" along with the specified duration and in respect of demat shares, the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges, where the shares are to be listed prior to the listing of the securities.
7. In terms of Regulation 39 of the SEBI Regulations, locked-in securities held by our Promoters as specified hereinabove, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. Additionally, where the Equity Shares held by the Promoters are locked-in for a period of three years, the same may be pledged, only if 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 and the pledge of shares is one of the terms of sanction of the loan.
8. Further, in terms of Regulation 40 of the SEBI Regulations, locked-in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in along with the shares proposed to be transferred as per Regulation 37 of the SEBI Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
9. In terms Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters and locked-in as per Regulation 36 of the SEBI Regulations may be transferred to another Promoter or any person of the Promoter Group or a new promoter or a person in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

**10. Equity Shares held by top 10 shareholders**

- (a) Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Red Herring Prospectus with SEBI and ten days prior to filing with SEBI, is as follows:

Sr.No.	Name	No. of Equity Shares	Percentage of pre- Issue Shareholding (%)
1	Anil Contractors Private Limited	15,00,000	11.95%
2	Mr. Subash Agarwal	11,73,500	9.35%
3	State Bank of India	10,00,000	7.97%
4	Jyoti Bright Bars Limited jointly with Mr. Suresh Gaggar	9,50,000	7.57%

Sr.No.	Name	No. of Equity Shares	Percentage of pre- Issue Shareholding (%)
5	Mr. Mohanlal Agarwal	7,61,750	6.07%
6	Mr. Rajesh Agarwal	6,56,000	5.23%
7	Garnet International Limited	6,25,000	4.98%
8	Mrs. Ramdulari Agarwal	5,95,000	4.74%
9	Mr. Rajesh Agarwal (HUF)	4,35,000	3.47%
10	Mrs. Sanju Agarwal	4,26,250	3.40%

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

Sr.No.	Name	No. of Equity Shares	Percentage of pre- Issue Shareholding (%)
1.	Anil Contractors Private Limited	1,500,000	12.98%
2.	Mr. Subash Agarwal	1,173,500	10.16%
3.	Jyoti Bright Bars Limited	10,00,000	8.66%
4.	State Bank of India	10,00,000	7.97%
5.	Mr. Mohanlal Agarwal	761,750	6.59%
6.	Garnet International Limited	6,62,500	5.73%
7.	Mr. Rajesh Agarwal	656,000	5.68%
8.	Mrs. Ramdulari Agarwal	595,000	5.15%
9.	Mr. Rajesh Agarwal (Huf)	435,000	3.76%
10.	Mrs. Sanju Agarwal	426,250	3.69%

# 11. Shareholding pattern before and after the Issue

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue.

Shareholder Category	Equity Shares held before the Issue		Equity Shares held after the Issue	
	No. of shares	%	No. of shares	%
<b>Promoters</b>				
Subash Agarwal	1,173,500	9.35	1,173,500	[●]
Mohanlal Agarwal	761,750	6.07	761,750	[●]
Rajesh Agarwal	656,000	5.23	656,000	[●]
Rajesh Agarwal (HUF)	435,000	3.47	435,000	[●]
Sunil Agarwal	365,398	2.91	365,398	[●]
Anil Agarwal (HUF)	360,000	2.87	360,000	[●]
Anil Agarwal	290,000	2.31	290,000	[●]
Subash Agarwal (HUF)	165,000	1.31	165,000	[●]
Mohanlal Agarwal (HUF)	90,000	0.72	90,000	[●]
Sunil Agarwal (HUF)	75,000	0.60	75,000	[●]
Sub Total (A)	4,371,648	34.82	4,371,648	[●]
<b>Promoter Group</b>				
Anil Contractors Pvt Ltd	1,500,000	11.95	1,500,000	[●]
Ramdulari Agarwal	595,000	4.74	595,000	[●]
Sanju Agarwal	426,250	3.40	426,250	[●]
Seema Agarwal	415,000	3.31	415,000	[●]
Sangita Agarwal	385,000	3.07	385,000	[●]
Sabita Agarwal	315,000	2.51	315,000	[●]
Megha Singla	75,000	0.60	75,000	[●]
Shilpa Agarwal and Subash Agarwal	75,000	0.60	75,000	[●]
Poonam Agarwal	12,000	0.10	12,000	[●]
Archit Agarwal	10,002	0.08	10,002	[●]
Vijay Agarwal	14,050	0.11	14,050	[●]
Ajay Agarwal	3,000	0.02	3,000	[●]
Ramesh Agarwal	3,000	0.02	3,000	[●]
Sub Total (B)	38,28,302	30.49	38,28,302	[●]
<b>Promoter and Promoter Group (A+B)</b>	<b>81,99,950</b>	<b>65.31</b>	<b>81,99,950</b>	<b>[●]</b>
<b>Others (C)</b>	<b>43,54,050</b>	<b>34.68</b>	<b>43,54,050</b>	<b>[●]</b>
<b>Public Issue (D)</b>	-	-	[●]	[●]
<b>Total Share Capital (A+B+C+D)</b>	<b>12,554,000</b>	<b>100.00</b>	<b>[●]</b>	<b>[●]</b>

# 12. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as follows:

Name of the Shareholder	No. of Equity Shares	Pre-Issue percentage shareholding
Mr. Subash Agarwal	11,73,500	9.35%
Mr. Rajesh Agarwal	6,56,000	5.23%
Mr. Sunil Agarwal	3,65,398	2.91%
Mr. Anil Agarwal	2,90,000	2.31%
Mr. Soumendra Keshari Pattanaik	3,000	0.02%
Mr. Abhishek Jajoo	2,450	0.02%

13. Our Company, our Directors, our Promoters, Promoter Group and the BRLMs to this Issue have not entered into any buy-back and/or standby or similar arrangements for the purchase of Equity Shares of our Company from any person, other than as disclosed in this Red Herring Prospectus.
14. Other than set out in Notes b & c of point no 1 under Capital Structure”, our Promoters have not been issued Equity Shares for consideration other than cash.
15. There have been no transfers of Equity Shares by or in favour of the Promoters and the Promoter Group within the last one year except as stated below

Sr. No	Date of Transfer	Name of Transferor	Name of Transferee	No of Shares Transferred	Consideration per Share
1.	January 31, 2009	Subhash Gupta	Mr. Vijay Agarwal	1050	Rs.315/-*

This transfer of equity shares took place through Demat

16. In the case of over-subscription in all categories, at least 60% of the Issue shall be mandatorily allocated on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the 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.
17. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. The number of Equity Shares held by the Promoters and subject to lock- in will be determined after finalization of Issue Price and the number of shares to be issued so as to ensure that minimum contribution of 20% of the Post Issue paid-up capital is locked in for a period of 3 years.
18. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with the spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. In case of under-subscription in the Qualified Institutional Buyers Portion (i.e. subscription less than mandatory 60% of the Issue), the same shall not be available to other categories and full subscription monies shall be refunded. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to QIB Bidders.
19. As on date of filing of this Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
20. Our Company does not have any outstanding ESOS/ESPS scheme for our employees and our Company does not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed Issue.
21. As on the date of filing of this Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
22. We have not raised any bridge loan against the proceeds of the Issue.
23. Except as disclosed herein, 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 Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued through the Prospectus are listed or application money refunded on account of failure of Issue.
24. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Issue, 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. However, during such period or at a later date, we may issue Equity Shares or issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of our Company.
25. Except as disclosed in the Red Herring Prospectus, our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
26. There shall be only one denomination of the 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.
27. The Equity Shares issued through this Issue shall be made fully paid up on allotment.
28. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
29. As of date of this Red Herring Prospectus, the total number of holders of Equity Shares is 82.



30. The Equity shares held by the Promoters have not been pledged with third parties.

## OBJECTS OF THE ISSUE

The proceeds of the Issue are intended to be deployed as follows:

- (a) Investment in joint ventures.
- (b) Funding long term working capital requirement;
- (c) General corporate purpose;
- (d) Public issue expenses.

The main object clause of the Memorandum of Association of our Company enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. We further confirm that the activities by our Company carried out until now are in accordance with the object clause of the Memorandum of Association of our Company.

### Fund Requirement:

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Investment in joint ventures.	500.00
2	Funding long term working capital requirements	8600.00
3	General corporate purpose*	[●]
4	Public issue expenses*	[●]
<b>Total</b>		# 10300.00

\* These amounts will be decided after the finalization of the issue price.

### Means of Finance:

Source of the above Fund requirements will be as per the table set forth below:

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Public Issue	10300.00
2	Internal accruals	[●]
<b>Total</b>		[●]

# The funding requirements of the aforesaid objects up to 10300.00 lacs will be met from the Issue Proceeds. In case of any additional fund requirement on the aforesaid objects beyond Rs. 10300 lacs, such additional requirement would be met through internal accruals.

Our Company have incurred a sum of Rs. 214.72 lacs out of internal accruals towards Issue expenses forming part of the Issue proceeds.

Since the objects of the Issue are proposed to be financed out of Issue proceeds, the requirement of an undertaking confirming that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount proposed to be raised through this Issue, is not applicable

### Notes:

- a. The fund requirement and intended use of net proceeds of the issue is described herein is as per our managements' estimate and have not been appraised by any Bank or Financial Institution.
- b. In case of any increase in the project cost or any shortfall in raising the requisite capital from the proceeds of the Issue, the extent of the shortfall will be met by internal accruals.
- c. In case of any surplus monies received in relation to the present issue, we may use such surplus towards general corporate purposes.

### Details of Use of Proceeds

#### 1. Investments in joint ventures

The following are the existing Joint Ventures in which the Issue proceeds will be invested.

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lakhs)	Date of Commencement of Work	Work Done Up to January 10, 2010(Rs. Lacs)	Outstanding as on January 10, 2010 (Rs. Lacs)	Scheduled Date of Completion
<b>(i) Road work under JVs</b>								
<b>a. NIRAJ ARSS JV</b>								
1	Improvement to such as providing rigid pavement with paved shoulders to cuttack-Paradeep Road (SH12) from 43/000 to 82/000Km.	11,211	100%	11,211	June 1, 2007	4,603	6,608	May 31, 2010
2	Improvement to such as providing rigid pavement with paved shoulders to cuttack-Paradeep Road (SH12) from 0 to 43/000 Km. <b>NCSL</b>	9,616	100%	9,616	November 14,2007	4,666	4,950	May 19, 2010
3	Construction of BRTS Corridor and development of road(Package : 1B-C zone Bypass to panipech via: Sikar road (7.1 Km)	5,462	100%	5,462	October 10,2007	4,999	462	February 282010
	<b>Total</b>	<b>26,288</b>		<b>26,288</b>		<b>14,268</b>	<b>12,020</b>	
<b>b. SOM DATT BUILDERS-ARSS (JV)</b>								
1	Construction for widening & strengthening of existing carriageway to two lane for chandbali-Bhadrak-anadpur (Km 0/0 to Km 45/0 of sh-9 and Km 0/0 to Km 50/0 of sh-53)	21,623	100%	21,623	November 3, 2008	563	21,061	May 3,2011
	<b>Total</b>	<b>21,623</b>		<b>21,623</b>		<b>563</b>	<b>21,061</b>	
<b>c. BACKBONE-ARSS (JV)</b>								
1	Construction for widening & strengthening of existing carriageway to two-lane for Berhampur to taptapani (Km 0/0 to Km 41/0 of sh-17)	8,197	100%	8,197	September 5,2008	-	8,197	September 4,2010
2	Improvement to Vijaywada-Ranchi Corridor Rairakhole to Naktideol from 36/00 to 65/200 Km. of Kiakata Deogarh road - Drawal of Agreement.	6,027	100%	6,027	December 2, 2008	1,396	4,630	December 1, 2010
	<b>Total</b>	<b>14,224</b>		<b>14,224</b>		<b>1,396</b>	<b>12,828</b>	
<b>d. PATEL-ARSS (JV)</b>								
1	Widening and Strengthening of Existing Carriageway to 2 lane Bhawanipatna to Khariar (2/0 Km to 70/0 Km SH-16)	10,551	100%	10,551	December 3, 2008	-	10,551	June 2, 2011
	<b>Total</b>	<b>10,551</b>		<b>10,551</b>		<b>-</b>	<b>10,551</b>	
<b>(ii) Railway Work Under (J.V)</b>								
<b>a. ARSS HCIL CONSORTIUM</b>								
1	New Broad gauge line between SALEM-KARUR (Via,) NAMAKKAL: - Earth work in cutting, forming bank, construction of Major/minor bridges, Road Over Bridges, Road Under Bridges, Limited use sub ways etc. Between Km 0.00 to 25.50 between SALEM and RASIPURAM. Vide Agt No-161	2,783	100%	2,783	September 21, 2007	1,019	1,764	May 30,2010
2	New Broad gauge line between SALEM-KARUR (Via,) NAMAKKAL: - Earth work in cutting, forming bank, construction of Major/minor bridges, Road Over Bridges, Road Under Bridges, Limited use	2,355	100%	2,355	September 20, 2007	652	1,703	June 30,2010

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lakhs)	Date of Commencement of Work	Work Done Up to January 10, 2010(Rs. Lacs)	Outstanding as on January 10, 2010 (Rs. Lacs)	Scheduled Date of Completion
	sub ways etc. Between Km 25.50 to 52.00 between RASIPURAM and NAMA. Vide Agt No-160							
	Total	5,139		5,139		1,671	3,467	
<b>b. ATLANTA ARSS (JV)</b>								
1	Construction of Broad Gauge Formation and Minor Bridges from Chainage 41000.00 to 45000.00 between Dausa and Lalsot in Connection with Dausa-Gangapur city New Broad Gauge Line Project of North Western Railway Jajpur. Vide Group No-18	1,795	100%	1,795	January 31, 2008	647	1,148	January 31,2010
2	Construction of 12 Nos. Major Bridges between Dausa and Gangapur city in Connection with Dausa-Gangapur city New Broad Gauge Line Project	4,163	100%	4,163	January 17, 2008	2,911	1,252	March 16,2010
3	Gauge Conversion works from TIRUNELVELI to TENKASI in QUILON – TENKASI – TIRUNELVELI – TIRUCHENDUR – TENKASI – VIRUDHUNAGAR : Proposed Earthwork in forming bank, Cutting, Re-grading, Construction of Major and Minor Bridges, Construction of Platforms, Station Buildings, Passenger Amenities, Platform Shelters, Improvements to Level Crossings, Providing Lifting barrier and other Miscellaneous Works between TIRUNELVELI and TENKASI JUNCTION STATIONS	7,206	100%	7,206	September 30, 2008	812	6,394	March 29,2010
	Total	13,165		13,165		4,370	8,795	
<b>c. ARSS-TRIVENI (JV)</b>								
1	Construction of 4-Lane Approach Road from NH-31 to Plant site of Koderma TPS in Jharkhand including a road-over-bridge (RCB) on the Koderma-Ranchi Railway track.	6,717	100%	6,717	March 18, 2008	2,048	4,669	March 17,2010
2	Construction of Major and minor bridges, retaining walls, earthwork including blanketing, station building & other misc. structures, ballast supply, linking of track with P.Way material (except rails & sleepers) between Harsauli-Rewari section in connection with harsauli-Rewari Doubling BG Project.	5,656	100%	5,656	August 25, 2008	1,413	4,243	February 24,2010
	Total	12,373		12,373		3,461	8,912	
<b>d. ARSS-ANPR (JV)</b>								
1	New Broad Gauge Line between Salem and Karur (via) NAMAKKAL between SALEM and NAMAKKAL	1,882	100%	1,882	September 2, 2008	697	1,184	June 30,2010
2	3rd line between Vizianagaram-Kottavalasa:- Execution of earthwork in formation, construction of Major & Minor	1,907	100%	1,907	January 29, 2009	186	1,721	July 28,2010

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lakhs)	Date of Commencement of Work	Work Done Up to January 10, 2010(Rs. Lacs)	Outstanding as on January 10, 2010 (Rs. Lacs)	Scheduled Date of Completion
	Bridges, side & catch water drains, protection works, transportation and P.Way linking works and other miscellaneous works from Ch. 0.00 to Ch. 15.412 Km from CSB of VZM between sections VZM-KUK & KUK-ALM excluding VZM & KUK yard regarding works and major bridge portions (Br. nos 1553 & 1554) and including formation/through linking of new line in KUK yard							
3	3rd line between Vizianagaram-Kottavalasa:- Execution of earthwork in formation, construction of Major & Minor Bridges, side & catch water drains, protection works, transportation and P.Way linking works and other miscellaneous works from Ch. 15.412 to Ch. 25.101 Km from CSB of VZM between sections KUK-ALM & ALM-KPL excluding ALM yard regarding works and including formation/through linking of new line in ALM yard	1,447	100%	1,447	January 29, 2009	-	1,447	July 28, 2010
	<b>Total</b>	<b>5,236</b>		<b>5,236</b>		<b>884</b>	<b>4,352</b>	
<b>IRRIGATION WORK</b>								
<b>PATEL-ARSS (JV)</b>								
1	Construction of Kaushilia Dam and appurtenant works in panchkula district	11,299	100%	11,299	March 7, 2008	6,636	4,663	June 30, 2010
	<b>Total</b>	<b>11,299</b>		<b>11,299</b>		<b>6,636</b>	<b>4,663</b>	

We propose to use Rs.500 lacs out of the proceeds of the Issue for investment in Joint Ventures.

The aforesaid funds may also be partly used for projects which have not yet been awarded to us.

The form of investment in Joint Ventures has not been decided.

Our Company is expected to get profit by execution of the Projects as a result of the investment and work order will be received through the credential of Join Venture partners.

## 2. Long term working capital requirements

We need additional working capital in line with our expanding operations. We have assessed our working capital requirement for the FY 2009-10 to be Rs. 40,186 lacs. The details of funding our working capital requirement as per our estimates are as follows:

Particulars (Rs. In lacs)	No. of Days	2009-2010 (Estimated)
<b>(A) Current Assets</b>		
Raw materials, stock in process, finished goods	108	24,720
Receivable	40	10,959
Advances to suppliers, other advances and other current asset	70	14,552
Total Current Asset		<b>50,231</b>
<b>(B) Current Liabilities</b>		
Sundry Creditor	20	10,045
<b>(C) Working Capital Gap (A-B)</b>		<b>40,186</b>
Actual / Projected Borrowing		17,600
Margin Money		10,047
Internal Accrual		3,939

Particulars (Rs. In lacs)	No. of Days	2009-2010 (Estimated)
IPO Funding		8,600

Presently we have been sanctioned working capital limits of Rs. 36017.65 lacs and non-fund based limit of Rs. 855.54 lacs. For further details please refer to the section titled “Financial Indebtedness” on page no. 165 of this Red Herring Prospectus.

The nature of the business of our Company necessitates calculating and mobilizing monies, as may be necessary to ensure timely execution of the orders. Our working capital is therefore invested in mobilizing resources that are necessary and exigent to execute the orders at hand. To elucidate, the sales of our Company has seen an increase in the last financial year as a result our working capital requirements has also consequently increased. Our Company believes that to ensure timely execution and completion of the orders procured by our Company, it would be necessary to supplement its existing working capital requirements.

### 3. For general corporate purpose

Our Company intends to deploy the balance issue proceeds aggregating to Rs. [●] lacs towards general corporate purposes, including entering into strategic alliances, partnership, brand building, meeting exigencies and contingencies in ordinary course of business which may not be foreseen or any other purpose as approved by our Board of Directors from time to time.

### 4. To meet the issue expenses

The total expenses of this Issue are estimated to be approximately Rs. [●]lacs The Issue related expenses include, amongst others, issue management fees, IPO grading expenses, brokerage and printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees.

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Lead management	[●]
2	Marketing and selling commissions	[●]
3	Legal Fees	[●]
4	IPO grading expenses	[●]
5	Advertisement and marketing expenses	[●]
6	Printing and stationery, distribution, postage, etc.	[●]
7	Others (Registrar fees, etc.)	[●]
	<b>Total</b>	<b>[●]</b>

#### Estimated Schedule of Implementation:

Break-up of the utilization of issue proceeds is given below:

Sr. No	Particulars (In Rs. Lacs)	FY 2009-10
1	Investments in joint ventures.	500.00
2	Long term working capital requirement	8600.00
3	General corporate purpose	[●]
4	Issue expenses	[●]
	<b>Total</b>	<b>[●]</b>

#### Deployment of Funds in the Project

As per the certificate dated December 31, 2009 issued by M/s. P.A.& Associates, Chartered Accountants we have incurred a sum of Rs. 214.72 lacs out of internal accruals towards Issue expenses which will be recouped from the issue proceeds.

#### Appraisal

The funds requirement and funding plans are based on internal estimates of our Company and have not been appraised by any bank/financial institution.

#### Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in working capital loan accounts and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time. No part of the Issue proceeds will be paid to our Promoters, Directors, key management personnel or Promoter Group Company.

#### Monitoring Utilization of Funds

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 2010 and fiscal 2011 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.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors in relation to the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10/- and the Issue Price is 41 times the face value at the lower end of the Price Band and 45 times the face value at the higher end of the Price Band.

### Qualitative factors

For some of the qualitative factors, which form the basis for computing the price refer to the sections titled “Our Business” on page 54 and “Risk Factors” on page ix of this Red Herring Prospectus respectively.

- Project management expertise and track record
- Large fleet of construction Equipment
- Long-term relationship with reputed clients
- Strong and diversified Order Book
- Continuous growth in our bid capacity and pre qualification capability

### Quantitative factors

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

#### Weighted average earnings per share (EPS)

Financial period	EPS (Rs.)	Weight
Financial year 2007	10.96	1
Financial year 2008	23.54	2
Financial year 2009	40.77	3
Nine months ended December 31, 2009 *	39.90	
<b>Weighted average</b>	<b>30.05</b>	

\*Not annualized

Notes:

- *The earnings per share has been computed on the basis of adjusted profits and losses for the respective years / periods after considering the impact of accounting policy changes, prior period adjustments / re-groupings pertaining to earlier years as per the auditor’s report.*
- *The denominator considered for the purpose of calculating Earnings Per Share is the weighted average number of Equity Shares outstanding during the year.*
- *The face value of each equity share is Rs. 10.*

#### Price/Earnings (P/E) ratio

- EPS based on the ended March 31, 2009 and nine months ended December 31, 2009, EPS is Rs. 40.77 and Rs. 39.90 respectively
- P/E ratio based on the EPS for financial year ended March 31, 2009; P/E ratios Rs. 10.08 at the Floor Price and Rs.11.06 at the Cap Price.
- Industry P/E\*:
  - (i) Highest: 391.2
  - (ii) Lowest: 1.00
  - (iii) Average: 38.5

(\*Source: Capital Market – Vol. XXIV/23 Jan 11-24, 2010, Segment – Construction Industry)

#### Weighted average return on net worth\*\*

Financial period	Return on average net worth (%)	Weight
Financial year 2007	36.79	1
Financial year 2008	27.17	2
Financial year 2009	34.47	3
Nine months ended December 31, 2009 *	25.24	
<b>Weighted average</b>	<b>32.42</b>	

\*Not annualized

\*\* Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, intangible assets and deferred tax assets as per our audited restated financial statements.



**Minimum return on increased net worth required to maintain pre-Issue EPS**

The minimum return on increased net worth required for maintaining pre-Issue EPS at Rs. [●] is [●] %.

**NAV per Equity Share**

NAV per equity share represents shareholders' equity less miscellaneous expenses as divided by weighted average number of equity shares. The NAV per Equity Share at December 31, 2009 is Rs. 158.05.

**NAV per Equity Share after the Issue**

The NAV per Equity Share after the Issue is Rs. [●]

The Issue Price per Equity Share is Rs. [●]

The Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

**Comparison of accounting ratios as of March 31, 2009**

Company	EPS (Rs.)	P/E	Return on average net worth (%)	Book value per share (Rs.)	Face Value (Rs.)
ARSS Infrastructure Projects Limited*	40.77	[●]	34.47	118.28	10
Tantia Constructions	10.8	7.4	16.70	71.20	10
Pratibha Industries	24.80	11.40	21.90	134.60	10
Kalindee Rail	8.6	52.6	11.1	97.4	10
Patel Engineering	24.70	19.1	20.50	189.60	1

Source for information: "Capital Market – Vol. XXIV/23 Jan 11-24, 2010, Segment – Construction Industry)".

*\*Our EPS, return on average net worth and book value per share have been calculated from our audited restated financial statements.*

The Issue Price will be determined by us in consultation with BRLMs on the basis of assessment of market demand for the offered securities by way of book building process and is justified as above. For further details, see the section titled "Risk Factors" on page ix of this 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 118 to have a more informed view.

## STATEMENT OF TAX BENEFITS

To

The Board of Directors,

ARSS Infrastructure Projects Limited,

Sector –A, Zone-D, Mancheswar Industrial Estate,

Bhubaneswar- 751010

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by ARSS Infrastructure Projects Limited ('the Company'), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('IT Act') and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on the business imperatives, the company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the company and on the basis of our understanding of the business activities and operations of the company and the interpretation of the current tax laws in force in India.

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, where applicable have been/would be met.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

Yours faithfully

For P. A. & Associates

Chartered Accountants

(CA. K.K. Agrawalla)

Partner

M. No. 59649

Ref. No.: PA/ 525/140/2009-10

Dated: the 8<sup>th</sup> day of May 2009

## Statement of Possible Tax Benefits Available To ARSS Infrastructure Projects Limited and Its Shareholders

### (A) Benefits to the company under Act

#### 1. Dividends exempt under section 10(34) and 10(35) of the IT Act.

Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per the provisions of section 10(34) read with section 115-O of the IT Act.

In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

#### 2. Computation of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets except shares held in a company or any other security listed in a recognized stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

#### 3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

#### 4. Depreciation

Subject to compliance with certain conditions laid down in Section 32 of the IT Act, the Company will be entitled to deduction for depreciation:

- i) In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;

#### 5. MAT credit

In terms of section 115JAA(1A), the company is eligible to claim credit for any tax paid as MAT under section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years as prescribed. MAT credit eligible in subsequent years is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit will be available for set-off up to seven years succeeding the year in which the MAT credit initially arose.

### (B) Benefits to the Resident shareholders of the company under the IT Act

#### 1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

#### 2. Computation of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. *Exemption of capital gains arising from income tax*

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

However, if the resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

4. *Rebate under section 88E of the IT Act*

As per the provisions of section 88E of the IT Act, where the business income of a resident shareholder includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax, equal to the securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

**(C) Benefits to the Non-resident shareholders of the company other than Foreign Institutional Investors and Foreign Venture Capital Investors**

1. *Dividends exempt under section 10(34) of the IT Act*

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. *Computation of capital gains*

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a

recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered second proviso to section 48 and under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

### 3. *Exemption of capital gain from income-tax*

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any FY.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

However, if the non-resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

### 4. *Rebate under section 88E*

As per the provisions of section 88E, where the business income of a non-resident shareholder includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax, equal to the securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

### 5. *Tax Treaty Benefits*

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

### 6. *Nonresident taxation*

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIII A of the IT Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

- i) Under section 115E of the IT Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, will [in cases not covered under section 10(38) of the IT Act], be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation).

- ii) 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 will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
- iii) Under provisions of section 115G of the IT Act, non-resident Indians are not required to file a return of income under section 139(1) of the IT Act, if their only income is income from Forex asset investments or long-term capital gains in respect of those assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
- iv) Under section 115H of the IT Act, where the non-resident Indian becomes assessable as a resident in India, such person may furnish a declaration in writing to the Assessing Officer, along with the return of income for that year under section 139 of the IT Act to the effect that the provisions of the Chapter XIIA will continue to apply to such person in relation to the investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

**(D) Benefits to Institutional Investors ('FII')**

*1. Dividends exempt under section 10(34) of the Act*

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

*2. Long term capital gains exempt under section 10(38) of the Act.*

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

*3. Capital gains*

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

**Rate of tax**

Nature of Income	(%)*
Long-term capital gains	10
Short-term capital gains	30

*\* Plus applicable surcharge and cess*

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

As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and is chargeable to STT.

*4. Tax Treaty Benefits*

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

**(E) Benefits to the Mutual Funds**

*1. Dividends exempt under section 10(34) of the Act*

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

*2. As per the provisions of section 10(23D) of the Act*

Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

**(F) Benefits to the Venture Capital Companies / Funds**

*1. Dividends exempt under section 10(34) of the Act*

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. *Income exempt under section 10(23FB) of the Act*

As per the provisions of section 10(23FB) of the Act, any income of VCC/VCF registered with the SEBI, set up to raise funds for investment in a venture capital undertaking ('VCU') would be exempt from income tax, subject to the conditions specified. The Finance Act 2007 has restricted the definition of venture capital undertaking ('VCU') to mean such domestic company whose shares are not listed on a recognized stock exchange in India and which is engaged in the following specified business viz:

- Nanotechnology;
- Information technology relating to hardware and software;
- Seed research and development;
- Bio-technology;
- Research and development of new chemical entities in the pharmaceutical sector;
- Production of bio-fuels;
- Building and operating composite hotel-cum-convention centre with seating capacity of more than 3,000;
- Developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in Explanation to clause (i) of sub-section (4) of section 80-IA and
- Dairy or poultry industry.

**(G) Benefits available under the Wealth-tax Act, 1957 (Common to all)**

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

**NOTES:**

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

## SECTION IV – ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

*The information presented in this section has been obtained from publicly available documents from various sources including industry websites and publications and from Government estimates. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and Government data used in this Red Herring Prospectus is reliable and that website data is as current as practicable, these have not been independently verified.*

*With respect to certain portions of this section that have been referenced from reports prepared by CRISIL, please note that: CRISIL Limited has used due care and caution in preparing these reports. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of these reports may be published or reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.*

#### Overview of Infrastructure and Construction

India's infrastructure which had been expanding at an accelerated pace to support the economic growth rate of over 9 per cent slowed down as economic activity in India slowed down in 2008-09 on account of the global turmoil. India's GDP growth for 2008-09 was 6.7%, down from the 9% average growth experienced over the last three years. The six core-infrastructure industries, which account for a combined weight of 26.68 per cent in the index of industrial production (IIP), registered a growth of 2.7% in 2008-09 compared to 5.9% in the previous fiscal.

To counter this slow-down the government has undertaken a number of fiscal measures. Some of the major ones included:

- Approval for 37 infrastructure projects worth Rs 700 billion between August 2008 and January 2009
- In principle/ final approval accorded to 54 central sector infrastructure projects under PPP worth Rs 677 billion

Authorization to India Infrastructure Finance Company Ltd (IIFCL) for raising Rs10,000 crores to refinance bank lending of longer maturity to eligible PPP based infrastructure projects. There has been a revival with India's GDP growing in the first quarter of 2009-10 at 6.1 per cent representing a modest recovery over the 5.8 per cent growth recorded during the preceding two quarters in the second half of 2008-09. Growth in core infrastructure witnessed notable acceleration in August 2009, and for April-August 2009 it was higher at 4.8 per cent as against 3.3 per cent during the corresponding period of the previous year primarily due to considerable acceleration in coal, cement, and electricity. Source: RBI, Macroeconomic and Monetary Developments: Second Quarter Review 2009-10

According to a consultation paper circulated by the Planning Commission, a massive US\$ 494-billion of investment is proposed for the Eleventh Plan period (2007-12), which would increase the share of infrastructure investment to 9 per cent of GDP from 5 per cent in 2006-07. This translates roughly into US\$ 40 billion of annual additional investment.

The projected sector-wise shares are: 30.4 per cent in electricity, 15.4 per cent in roads and bridges, 13.7 per cent in telecommunications and 12.4 per cent in railways among others. Significantly, 30 per cent of the total investment is expected to come from the private sector (including public-private partnership).

For this, the Government has already taken many proactive measures such as opening up a number of infrastructure sectors to private players, permitting foreign direct investment (FDI) into various sectors, introducing model concession agreements, taking up projects such as the National Highway Development Project and National Maritime Development Programme among others. Some of the projects planned under the Eleventh Five year plan include:

- Additional power generation capacity of more than 78,000 MW
- Construction of Dedicated Freight Corridors of about 2,700 kms spanning seven states
- Capacity addition of 485 million MT in major ports, 345 million MT in minor ports
- Modernization and redevelopment of 22 railway stations
- Development of 16 million hectares through major, medium and minor irrigation works
- Modernization and redevelopment of 2 metro 35 non-metro airports and 13 other airports
- Six-laning 6,500 km of Golden Quadrilateral and selected National Highways
- Construction of 1,46,185 km of new rural roads, and renewing and upgrading existing 1,94,132 km covering 66,802 rural habitations

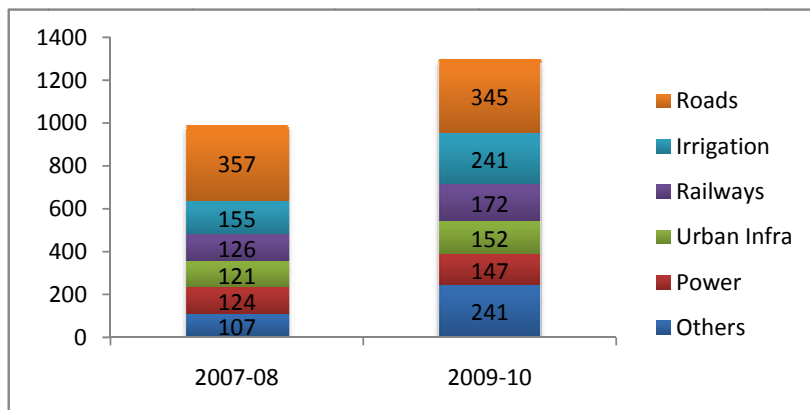
The Government's emphasis on infrastructure development holds a lot of promise for the construction industry. Construction investments have been estimated by using the construction component in various infrastructure segments. Growth of construction activities is primarily driven by investments in the infrastructure and industrial sectors. CRISIL Research believes that construction spending will continue to grow despite economic slowdown on the back of strong infrastructure spending by the government. CRISIL expects construction investments to grow from Rs 1,332 billion in 2007-08 to Rs 1,739 billion in 2009-10, recording a CAGR of 14 per cent.



**Table 1: Construction investments**

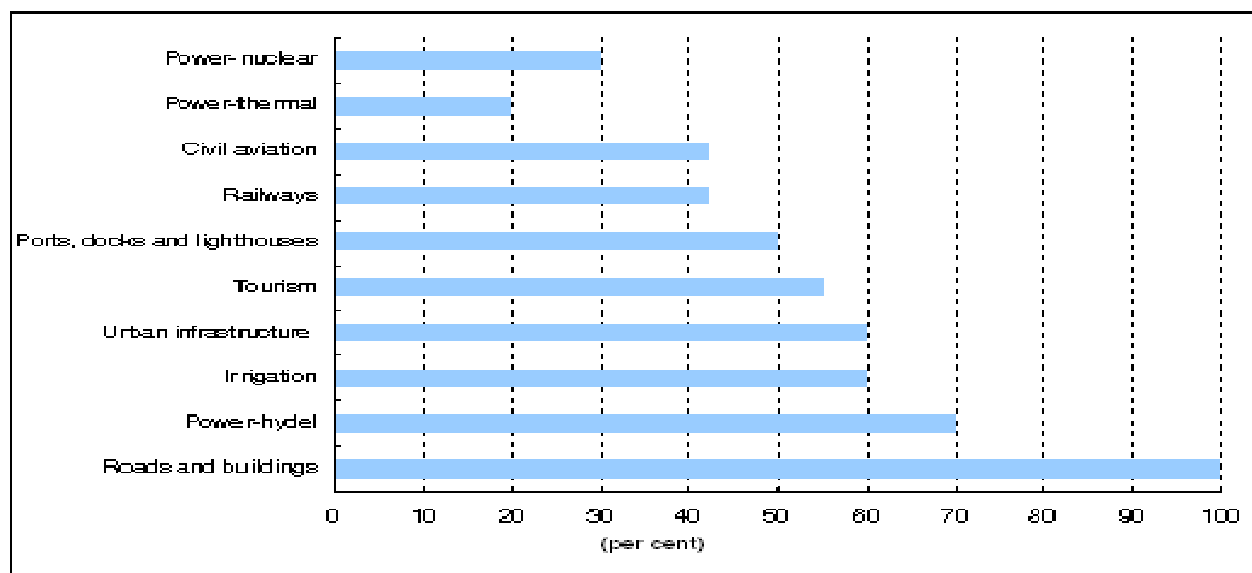
(Rs billion)	2007-08	2009-10E	Growth (per cent)
Infrastructure	990	1,298	14.5%
Industrial	342	441	13.6%
<b>Total construction investments</b>	<b>1,332</b>	<b>1,739</b>	<b>14.3%</b>

Source: CRISIL Research

**Chart 1: Share of infrastructure investments**

Source: Crisil Research

According to CRISIL Research's in-house research, industry sources and the National Institute of Construction Management and Research (NICMAR), there is a large variation in the construction component among various infrastructure segments. In road and housing segments, construction investments could account for 100 per cent of the total investment, while in industrial projects it could be just 15-20 per cent of total investment.

**Chart 2: Construction: Sector-wise construction component**

Source: NICMAR and CRISIL Research

### Types of contracts in the construction and Infrastructure Sectors

There are different contract models currently being adopted for Public Private Partnerships ("PPP") in India's construction and infrastructure sector which vary in the distribution of risks and responsibility between the public and the private sectors.

#### **Build-Operate-Transfer ("BOT")**

Under this type of PPP contract, the Government grants to a contractor a concession to finance, build, operate and maintain a facility for the concession period. During the concession period, the operator collects user fees and applies these to cover the costs of construction, debt-

commonly used approach in relation to new highway projects in India, and is also used in the energy and port sectors. BOT projects can be annuity-based or toll-based, as defined below:

- BOT annuity-based projects. Under this form, the concessionaire is responsible for constructing and maintaining the project facility. The GoI, usually through the National Highways Authority of India (“NHAI”) in the case of highway projects, pays the concessionaire a semi-annual payment, or annuity. The concession contract is awarded to the bidder which, among other criteria, quotes the lowest annuity amount. Under this approach, the amount of income collected by the concessionaire is not directly related to the usage level of the project. In the context of highway projects, the amount of income is not by direct reference to the number of vehicles using the highway. Instead, the risk that traffic, and consequently user fees, may be lower than expected is borne by the NHAI alone.

However, the NHAI retains the right to charge users a toll at any stage of the project and it also retains all rights to property development, advertising at the project site and other revenue generating activities.

- BOT toll-based projects. In order to reduce the dependence on its own funds and to promote private sector involvement in developing projects, the NHAI has awarded some highway projects on a toll basis. In this case, the concessionaire is responsible for constructing and maintaining the project as well as being allowed to collect revenues through tolls during the concession period. After the expiry of the concession period, the project is transferred back to the NHAI.

#### ***Build-Own-Operate-Transfer (“BOOT”)***

BOOT contracts are similar to BOT contracts, except that in this case the contractor owns the underlying asset, instead of only owning a concession to operate the asset. For example, in the case of hydroelectric power projects, the contractor would own the asset during the underlying concession period and the asset would be transferred to the Government at the end of that period pursuant to the terms of the concession agreement.

#### ***Design-Build-Finance-Operate (“DBFO”)***

The NHAI is planning to award new highway project contracts under the DBFO scheme, wherein the detailed design work is done by the concessionaire. The NHAI would restrict itself to setting out the exact requirements in terms of quality and other structures of the road, and the design of the roads will be at the discretion of the concessionaire. The NHAI expects that the DBFO scheme will improve the design efficiency, reduce the cost of construction and reduce time to commence operations, in addition to giving the concessionaire greater flexibility in terms of determining the finer details of the project in the most efficient manner.

#### ***Item Rate Contracts***

These contracts are also known as unit-price contracts or schedule contracts. For item rate contracts, contractors are required to quote rates for individual items of work on the basis of a schedule of quantities furnished by the customer. The design and drawings are provided by the customer. The contractor bears almost no risk in these contracts, except the risk of an escalation in the rate of items quoted by the contractor, as it is paid according to the actual amount of work on the basis of the per-unit price quoted.

#### ***Engineering Procurement Construction/Lump-Sum Turnkey (“EPC/Turnkey”) Contracts***

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

#### ***Operations and Maintenance (“O&M”) Contracts***

Typically an operations and maintenance contract is issued for operating and maintaining facilities. This could be in sectors such as water, highways, buildings and power. The contract specifies routine maintenance activities to be undertaken at a predetermined frequency as well as break-down maintenance during the contract period. While the contractor is paid for the routine maintenance based on the quoted rates which are largely a function of manpower, consumables and maintenance equipment to be deployed at the site, any breakdown maintenance is paid for on a cost-plus basis.

#### ***Front End Engineering and Design (“FEED”) Contracts***

Ordinarily, FEED work is carried out as a part of a consultancy assignment where the consultant provides FEED data to the project owner to enable it to take a decision on making a tender for construction. In addition to this, the FEED is also a prerequisite to enable a contractor to bid for EPC/Turnkey projects. A FEED project can be an independent consultancy project or a part of an EPC/Turnkey contract.

#### ***Railways***

The growing demand of transport, in general, is directly related to the growth of economy, the mobility of the population and other related factors. Indian Railways has planned to carry the traffic offered by the buoyancy in the economy. The increased output of basic industries such as power, steel, cement, fertilizers etc. is foreseen as necessitating facilities for bulk transport in which the Railways have a comparative advantage. The increasing rate of urbanization is also expected to generate demand for rapid transit system.

The annual plan of 2009-10 has earmarked Rs 379 billion compared to Rs 368 billion for 2008-09. These investments will be primarily driven by the dedicated freight corridors planned on the western and eastern high-density routes with planned investment of Rs 30 billion in the current year. Pursuant to the above investments, construction demand of Rs 172 billion is expected during 2009-10, as compared with Rs 126 billion during 2007-08. Consequently, the share of railways in total infrastructure construction investments is expected to increase from 12.7

per cent during 2007-08 to 13.3 per cent in 2009-10. A huge growth in railway construction is based on the proposed outlays planned through the Eleventh 5 year plan, Mission 2015 and several new initiatives. The ministry of railways has also floated the Integrated Modernization Plan to keep pace with the expected growth in business for railways.

### ***XIth Plan***

Indian Railways had proposed an outlay of Rs 2,441.29 billion during the Eleventh 5 year plan period, which kicked off from April, 2007. This is almost 198 per cent higher than the expenditure of about Rs 820.17 billion in the Tenth 5 year Plan period. A significant portion of the increase in expenditure would be directed towards building new lines (of about 2,000 km), doubling of track, electrification, computerization, rolling stock, signalling and telecommunication works, and bridge works, amongst others. The following table details the proposed expenditure allocated to different heads:

### **On the Rise**

(Rs. In cr)

Plan Head	X Plan expenditure Expected	XI Plan proposed outlays
News Lines	8,177	31,519
Gauge Conversion	5,689	10,417
Doubling	3,337	7,314
Traffic facilities	1,643	2,044
Electrification	813	1,080
Computerisation	607	3,100
Rolling stocks	26,915	59,120
Signalling & Telecom	4,618	12,700
Work shop & production	1,283	10,380
Investments in PSU *	2,927	42,000

*\*The figure included investments in Rail Vikas Nigam Ltd, Dedicated Freight Corridor*

Indian Railways is expected to have a cash surplus of Rs.193 billion, which is likely to be utilized for augmenting track and rolling stock and replacement, and renewal of IR's infrastructure. Some of the new initiatives taken by Ministry of Railways that are expected to create opportunities in this sector are:

- **Dedicated freight corridor:** Indian Railways plans to invest Rs. 3,000 billion for developing freight corridors, container trains, and upgrading stations by 2012. Construction of the western and eastern dedicated freight corridors would commence by FY08 and would be completed within next five years. The project, IR's biggest since Independence, will add over 10,000 km of tracks, connecting Mumbai on the west coast and Kolkata on the east to New Delhi. These two projects are expected to cost Rs. 300 billion and would substantially improve the speed and loading capacities of freight trains on these routes. Pre-feasibility studies for the east-west, east-south, north-south, and south-south corridors would be initiated during the next FY.
- **High speed passenger corridors:** Indian Railways is also planning to construct high-speed passenger corridors, which would allow speeds of up to 300 km/hr. Such a corridor would be constructed on selected routes through the PPP route. Railways is also planning to introduce high speed services between metropolitan cities with peak speeds up to 150 km per hour
- **INR 200 billion investments for gauge conversion:** Indian Railways is likely to invest Rs. 200 billion for conversion of 5,500 km of rail track into broad gauge in the coming years. The standard cost of conversion of one kilometer of railway track into broad gauge is estimated at Rs. 30 million. So far, 9,000 km of meter gauge and 4,000 km narrow gauge railway tracks remain to be converted into broad gauge.
- **INR 60 billion investment in improving IT backbone:** Indian Railways plans to invest Rs. 60 bn over the next five years to upgrade information technology to meet the increasing demand from the passengers and freight businesses. It has already invested INR 10 billion on IT in the tenth Five year Plan and is likely to invest Rs. 60 billion over the next five year years.

### ***Mission 2015***

On a longer-term basis, the Indian Railways has set a mission 2015 wherein it has targeted moving more than double the volume of freight, increase the average speed of trains and reduce the unit cost of transportation.

It has targeted to move 1,500 mt of freight traffic compared to 670 mt levels now. For passengers, it has set a target of moving 10,000 million as against 6,000 million passengers now. At the same time, it aims to reduce unit cost of transportation to 30 paise per passenger km from the current level of 42 paise per passenger km. For freight, it wants to reduce the unit cost to 35 paise per net tonne km against the present level of 53 paise per net tonne km. It also plans to achieve higher speeds for its train by 2015 — of 100 km per hour (kmph) from the current level of 55 kmph for passenger trains and 60 kmph for freight trains as against 24 kmph now.

### ***Integrated Modernization Plan***

In addition to the 11th Plan Investments, Indian Railways had initiated the "Integrated Modernization Plan", covering the period 2005-06 to 2009-2010 with the aim towards transforming the Indian Railways into a modern system of global standards. It is hoped that the initiatives outlined will go a long way in bringing about the desired transformation. The total expenditure involved for these identified items would be about Rs. 240 bn.

### **Mass Rapid Transport System**

With increasing urbanization, MRTS would become increasingly important for construction players. The work on phase II of Delhi metro and Phase I of Mumbai metro will drive spending in this segment in the near term. Work on Hyderabad metro is uncertain with the developer Maytas being under the scanner. According to the Working Group on Urban Transport for the 11<sup>th</sup> year plan, seven cities with populations of over 4 million would need mass rapid transport systems with an estimated cost of Rs. 320 billion. According to CRISIL Research, construction investment into urban infrastructure (dominated by MRTS) is expected to grow from Rs. 121 billion in 2007-08 to Rs. 152 billion in 2009-10

### **Roads**

Roads, including national highways and state roads, continue to drive construction investments. The key programmes under road development include the National Highway Development Programme (NHDP), Pradhan Mantri Gram Sadak Yojana (PMGSY), and Special Accelerated Road Development Programme for the North East (SARDP - NE), in addition to other state level projects. The Working Group Report for the Eleventh Five-Year Plan has estimated that the total fund required for new construction and up-gradation to achieve targets alone in upcoming Plan would be around Rs 1,200 billion. An amount of about Rs 37 billion has been made available from CRF in 2006-07. It is estimated that a total of Rs 218 billion will be available from the cess during the Eleventh Plan period (2007-2012).

Growth in roads sector has declined in the past 2 years as various issues have delayed the award of National Highways Authority of India (NHAI) projects. The growth momentum, built in the last 4-5 years, has seen limited progress since March 2007. There has been a complete lull in awarding NHDP projects in 2008-09. Since July 2008, around 6,000 km from Phase III and Phase V were in different stages of bidding process and were expected to be awarded by December 2008. However, no stretches had been awarded till November 2008. The awarding in NHDP in 2007-08 had slowed down from 5,131 km in 2005-06 to a mere 1,000 km in 2007-08. According to CRISIL Research, investments in the roads sector are expected to decline from Rs. 357 billion in 2007-08 to Rs. 345 billion in 2009-10. Consequently, the share of roads in total infrastructure construction investments is expected to decline from 36.1 per cent during 2007-08 to 26.6 per cent in 2009-10. CRISIL expects the segment to see growth in 2010-11, when more number of projects to be awarded on BOT-annuity or cash contract basis

### **Rural roads**

A new programme to rebuild rural India — titled Bharat Nirman — was unveiled in 2005. The UPA Government identified rural roads as one of the six components of Bharat Nirman and set a goal to provide connectivity to all villages with a population of 1,000 (500 in the case of hilly or tribal areas) with an all-weather road. Consequently, targets set for the PMGSY rural road development programme initiated in 2000 by the central Government have been revised. The habitations qualifying for the programme have been increased from 0.142 million to 0.172 million, envisaging a total investment of Rs 1,320 billion. Of this, a cumulative investment of Rs 600 billion has been planned until 2009-10.

A total of Rs. 153 billion has been released in the FY 2008-09. Nearly half of this amount has been funded through the NARBARD loan while the remaining amount is through World Bank/ADB assistance and cess on fuel.

**Table 1: Rural Roads Completion Status**

	New Connectivity (km)			Upgradation (km)		
	Target	Achievement	% Completed	Target	Achievement	% Completed
2005-06	15,493	18,054	116.5%	11,394	3,898	34.2%
2006-07	35,182	21,423	60.9%	54,669	44,307	81.0%
2007-08	43,990	21,902	49.8%	59,316	58,145	98.0%
2008-09 (provisional)	35,220	23,875	67.8%	52,720	48,960	92.9%

Source: PMGSY Online

### **States need to catch up through policy reforms and organisational restructuring**

Activity in the sector has been tardy in certain states because the implementing authority — usually state public works departments (PWDs) — suffer from multiple mandates, political interference, and weak organisational structures. However, there are some others (mostly southern and western states) that have created dedicated authorities (state road development corporations) to implement the projects, and hence, have seen greater activity. But some of them suffer from a weak financial profile and are therefore unable to raise adequate funds for road development activities. Even state road development corporations set up in these states suffer from weak financial structures, and thus, struggle to implement projects. Nevertheless, these states are making efforts to boost activity in the sector by offering various incentives for greater private sector participation, widening their sources of funding (through measures such as cess and motor vehicle taxes), and taking recourse to multilateral funds.

### **NHDP investments in road**

NHDP is the flagship programme initiated for modernising and upgrading national highways. Currently, NHDP is being implemented in four phases. Where Phase I and II show steady progress in their completion, major chunk of stretches in Phase III and Phase V are still under various stages of bidding. As on Nov 30, 2008, 31 per cent of the total length under NHDP has achieved completion NHAI has tried recently to kick-start the progress by restructuring 29 highway development BOT projects by changing the scope of the project and reduced their costs.

**Table 2: NHDP Completion Status (As on Nov 30, 2008)**

	Golden Quadrilateral	Port Connectivity	Others	NSEW	Phase 3	Phase 5	Total
Total Length (km)	5,846	380	962	7,274	12,109	6,500	33,071
Completed (as on Nov 30, 2008)	5,717	203	725	3,100	584	38	10,367
% Completed	97.8%	53.4%	75.4%	42.6%	4.8%	0.6%	31.3%
Under Implementation	129	171	217	3,300	1,490	992	6,299
% of Total	2.2%	45.0%	22.6%	45.4%	12.3%	15.3%	19.0%
Balance Length for Award	-	6	20	874	10,035	5,470	16,405
% of Total	0.0%	1.6%	2.1%	12.0%	82.9%	84.2%	49.6%
Costs Incurred (Rs. Billion)	284.1		66.6	243.0	67.2	8.7	669.6

Source: NHAI and CRISIL Research

## Irrigation

Irrigation is expected to drive infrastructure investments. According to CRISIL Research, irrigation construction investment is expected to grow from Rs. 155 billion in 2007-08 to 241 billion in 2009-10. . Consequently, the share of irrigation in total infrastructure construction investments is expected to increase from 15.7 per cent during 2007-08 to 18.6 per cent in 2009-10.

Irrigation projects include construction of dams, water reservoirs, small hydropower projects (10-20 mw capacity) and lift and gravity technology to create water distribution networks. IVRCL leads the irrigation construction segment followed by other companies like Gammon, Hindustan Construction Company (HCC), Nagarjuna Construction Company (NCC), Patel Engineering etc.

According to CRISIL, in the medium term, Andhra Pradesh, Gujarat, Maharashtra, Karnataka and Uttar Pradesh are expected to witness substantial investments in the irrigation sector. Over the next 5 years, around Rs 400 billion worth of irrigation projects have been envisaged by Andhra Pradesh alone, and therefore, it will be the key focus area of implementation of irrigation projects. However, currently there is a slowdown in the implementation schedule of major irrigation projects due to delays in Government al clearances. Though the State Government largely funds irrigation projects, central assistance, if required, is routed through the Accelerated Irrigation Benefit Programme (AIBP). Under this scheme, funds are allocated to help states finance incomplete irrigation projects.

## OUR BUSINESS

*In this section any references to 'we', 'us', 'our' wherever relating to past history or activities, refers to the history of or activities carried out by our Company.*

Our Company is engaged in construction activities in India. We undertake construction of railway infrastructure, roads, highways, bridges and irrigation projects. We started as a construction company in the field of railway infrastructure development, mainly in the state of Orissa and subsequently expanded our business activities in the zonal jurisdictions of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway. We have developed expertise in railway construction projects, which includes earthwork, major and minor bridges, supply of ballast, sleepers, laying of sleepers and rails, linking of tracks etc. Over the years we have diversified our field of activities into other construction segments such as development and construction of roads, highways, bridges, irrigation projects, EPC activities for railways.

Construction projects are typically awarded through competitive bidding process to bidders with certain eligibility requirements based on their past experience, technical capabilities and financial strength. We bid for projects both on a standalone basis as well as through project specific joint ventures. We have entered into joint ventures with national and international players such as PT Adhikarya (Persero), Harish Chandra (India) Limited, Triveni Engicons Private Limited, RITES, Kalindee Rail Nirman (Engineers) Limited, Patel Engineering Ltd, Rohit Kumar Das Construction Private Limited, Backbone Enterprises Ltd. and Atlanta Ltd.

Our clients include Ministry of Railways, State Government of Orissa, Rail Vikas Nigam Limited, RITES Limited, IRCON International Limited, National Thermal Power Corporation, Hindustan Steel Corporation Limited, PWD – Orissa, IOCL, National Highway Authority of India, Vendata, Nalco, Jindal Steel & Power Limited, etc. We have successfully completed over 200 km rail line and more than 300 km of roads and highways.

We have presence in Eastern India, particularly in the state of Orissa. However, in recent years we have pursued opportunities in other parts of India including states of Chhattisgarh, Rajasthan, Jharkhand, Haryana, Kerala, Andhra Pradesh, Assam, Maharashtra, Tamil Nadu, Gujarat, Uttar Pradesh and Madhya Pradesh.

**Some of the important projects being currently executed by us on standalone/joint venture basis are as follows:**

- Construction, rehabilitation and widening of Cuttack - Paradeep road, Orissa, for a contract value of Rs. 20,826.77 lacs.
- Construction of Roadbed including Major and Nior Bridges, Facilities and General Electrification in connection with construction of New BG line between Haridaspur and Paradeep in East Coast Railway in the State of Orissa, India. The contract value for the project is Rs. 10,096.66 lacs.
- Work Order for execution of Rail Infrastructure Work of Rs.26,100.00 lacs for the Angul project of Jindal Steel & Power
- Construction of new broad gauge line, bridges, earthwork cuttings, road over bridges, road under bridges and sub ways between Salem-Karur, Chennai. The contract value for the project is Rs. 5,139.05 lacs.
- Construction of Kaushilia Dam and appurtenant works in Panchkula district of Rs. 11299.19 lacs

As of December 31, 2009, our work force consisted of approximately 2,725 full time employees. We have track record of timely execution of our projects. We adhere to international best practices standards and have been certified with ISO 9001: 2008 Quality Management System Standard Certificate by Moody International Certification Limited for "Construction of Civil and Infrastructure Work like Highways Roads, Bridges, Railway Track Linking Works (including OHE SNT), Earth Works, Irrigation Projects Like Dams etc" We are committed to adhering to health, safety and environment policies and practices in the execution of our projects.

In the FY 2009, our total income was Rs. 62,822.52 lacs and we earned net profit of Rs. 5,118.64 lacs. Our revenues have grown at a CAGR of 116.7 % for the period FY 2007 – FY 2009 and our profit after tax has grown at a CAGR of 120.2 % over the same period. For the nine month period ending December 31, 2009, our total income stood at Rs. 60,991.28 lacs and we earned a net profit of Rs. 5,008.53 lacs

**(Rs. in lacs)**

Particulars	Nine months ended December 31, 2009		2008-09		2007-08		2006-07	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Railway Work	27,593.68	45.63	16,884.75	27.04	10,195.75	32.50	7,626.42	57.34
Road Work	19,681.63	32.55	29,126.60	46.65	10,479.51	33.41	3,141.84	23.62
Irrigation	4,450.45	7.36	2,995.50	4.80	2,122.53	6.77	-	-
Other Work*	8,743.18	14.46	13,430.68	21.51	8,569.30	27.32	2,531.88	19.04
<b>Total Contract Income</b>	<b>60,468.94</b>	<b>100.00</b>	<b>62,437.53</b>	<b>100.00</b>	<b>31,367.09</b>	<b>100.00</b>	<b>13,300.14</b>	<b>100.00</b>

*\* Other work comprises of miscellaneous activities including siding work, earth filling, earth cutting and leveling, supply of chipps & metals for private organizations.*

As of January 10, 2010, total value of our Order Book is Rs. 287,753.11 lacs, which consists of the unexecuted portions of the ongoing projects and new confirmed projects awarded to us, which are yet to commence construction. The composition of the Order Book is as follows: -

## Order Book

(Rs. In lacs)

Particulars	January 10, 2010		2008-09		2007-08		2006-07	
	Amount	%	Amount	%	Amount	%	Amount	%
Railway work	118,414	41.15	99,121.48	39.25	81,222.98	52.6	27,628	42.65
Road work	116,405	40.45	42,149.41	56.29	60,854.35	39.41	37,156	57.35
Irrigation	7270	2.53	5,709.98	2.26	8,705.47	5.64		
Other work	45,664	15.87	5,545.00	2.20	3,648.00	2.36		
<b>Total</b>	<b>287,753.11</b>	<b>100</b>	<b>152,525.87</b>	<b>100</b>	<b>154,430.80</b>	<b>100</b>	<b>64,784</b>	<b>100</b>

The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010,

### **Our competitive strengths**

#### ***Project management expertise and track record***

We have successfully executed over 86 projects involving construction of over 300 km of roads and highways, 200 km of rail tracks, 10 minor and major bridges and other general civil engineering works over the span of nine years.

We have been able to mobilize resources including equipment, raw material and personnel to our project sites at short notice, while adhering to a track record of timely completion of projects. We believe that the breadth and depth of our experience, among other factors, enables us to pre-qualify for a greater number of potentially higher-margin projects.

#### ***Large fleet of construction equipment***

We have a fleet of strategic construction equipment assets. We believe that our investment in equipment and fixed assets is an advantage, which enables us to rapidly mobilize our equipment to project sites as needs arise. As of December 31, 2009 our total investment in plant, machinery and equipment was Rs. 22,470.39 lacs.

We have crusher plants at six locations in various districts of Orissa and equipment storage, maintenance and repair facilities in Crusher plants are required for quarrying and crushing granite stone to produce required sizes of rock products as per client specification be it for railway track ballast or highway work or any other civil construction work.

We own construction Equipment comprising of Hydraulic Excavator, Tippers, and Excavator cum Loader, Vibrator Roller, Vibrator Soil Contractor, Motor Grader, Hot Mix Plant, Batch Mix Plant, Concrete Batching Plant, Wet Mix Plant, Transit Mixture, Crane and other miscellaneous Equipment.

#### ***Long-term relationship with reputed clients***

Majority of the contracts are received from Government, Public Sector Undertakings and other Government agencies, which reduces the risk of default and delayed payment. As on January 10, 2010, the percentage of work order from Government and Government entities was 87.50 %. We believe that our client centric approach enables us to develop long-term relationships with our clients and receive repeat orders from them. As of January 10, 2010, 73.11 % of our Order Book of Rs. 287,753.11 lacs comprise of the repeat order works from Government and Government authorities. Clients from whom we have received repeat orders include State Government of Orissa, Railways Department, Rail Vikas Nigam Limited and RITES. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010.

#### ***Strong and diversified Order Book***

Our Order Book as on January 10, 2010, stands at Rs.287,753.11 lacs. The composition of Order Book is well diversified over various segments such as railways, roads and highways and road over bridges (ROB). In 2007, we diversified into execution of irrigation and canal construction works. Diversification into new areas of construction projects is expected to mitigate the risk of slowdown in revenues from any segment due to unforeseen circumstances. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010.

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

Our business and growth are dependent on our ability to bid and secure large and varied projects. Bidding for infrastructure projects is dependent on various criteria, including, bid capacity and pre qualification capability. Bid capacity represents the aggregate value of the contracts that can be awarded to us, and is computed based on pre-defined criteria of various authorities. Pre qualification capability includes various factors such as the technical capability, financial capability and past experience in similar projects. We have focused on increasing these parameters and continuously increased our bid capacity. As on January 10, 2010, our order book stands at Rs. 287,753.11 lacs. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010.

### **Future Prospects / Business Strategy**

***Continued focus on the high growth opportunities in the construction and infrastructure sector, while maintaining performance and competitiveness of existing businesses***

We believe that the increasing level of investment in infrastructure by Governments (state and central), international development bodies (like ADB, IFC, World Bank etc) and private parties will be a major driver for growth of our business in the foreseeable future. Investments in roads and railways take priority in the infrastructure development initiative by the Government of India. We intend to take advantage of such growing opportunities in infrastructure development by strengthening our existing expertise in executing the projects successfully and by continuing our focus on railways and roads.

***Building a pan-India presence by bidding & procuring Infrastructure projects funded by central & state Government or other recognized development organizations.***

We shall continue to bid for contracts from Government, quasi Government or development organizations across India. Over the last two years we have expanded our operations from Orissa to states like Chhattisgarh, Tamil Nadu, Rajasthan, Jharkhand, Andhra Pradesh, Kerala, Haryana, Assam, Maharashtra Gujarat, Uttar Pradesh and Madhya Pradesh etc. to avail of opportunities across different states of India. We have recently been successful in qualifying for six-laning of two stretches of National Highway No. 5 (NH-5) in southern states of Andhra Pradesh and Tamil Nadu.

***Enhancement of profitability and capital efficiency***

Infrastructure construction is a highly competitive and capital-intensive activity. We believe that optimal utilization of financial, human and other resources are crucial for achieving success in this industry. Going forward, our strategy will be to continue focusing and structuring on optimum capital utilization to enhance returns, by actively analyzing and identifying projects and assigning priority to high margin yielding projects. We also intend to improve capital efficiency by striving for accelerated completion of projects.

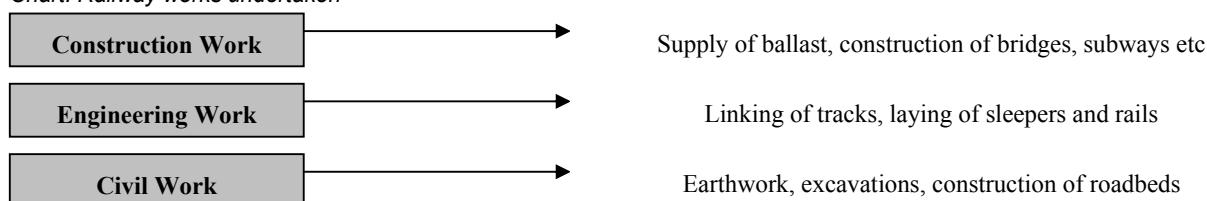
***Forging alliances with established Indian and international strategic partners***

We have formed Joint venture with domestic and international companies like PT Adhikaria (Persero), Harish Chandra (India) Limited, Triveni Engicons Private Limited, RITES, Kalindee Rail Nirman (Engineers) Limited, Patel Engineering Limited, Backbone Enterprises Limited, Somdatta Builders (P) Ltd and Atlanta Limited. For details of these memoranda of understanding, joint venture agreements / consortium agreements, see the section titled “History and Certain Corporate Structure” on page 94 of this Red Herring Prospectus. We intend to develop and continue to establish strategic alliances with companies, whose resources, skills and strategies are complementary to ours, which would enhance our business opportunities to achieve competitive bidding advantage.

**Railways**

We started as a construction company in the field of railway infrastructure development. We have developed an expertise in railway construction projects, which include earthwork, major and minor bridges, supply of ballast, sleepers, laying of sleepers and rails, linking of tracks etc. We execute orders for clients like Rail Vikas Nigam Limited, RITES, IRCON International Limited and railway authorities spread across various zonal jurisdictions of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway. Over the years we have acquired the strategic Equipment, intellectual know-how and technical manpower needed for executing railway works – for e.g. sophisticated design, drawing, and software.

**Chart: Railway works undertaken**



We started with basic construction activities like supply of ballast and earthworks. However, over the years we have built a credibility that has enabled us to diversify our scope of activities in rail works. We have entered into joint ventures/MOUs with reputed domestic and international companies like PT Adhikaria (Persero) Tbk, Harish Chandra (India) Limited, Triveni Engicons Private Limited, RITES, Kalindee Rail Nirman (Engineers) Limited, and Atlanta Limited to bid and execute engineering and design works like overhead electrification, signaling structures, major bridges, survey, design and final commissioning of rail track on EPC (engineering, procurement and construction) basis. For details of these memorandum of understanding / joint venture agreements / consortium agreements, see the section titled “History and Corporate Structure” on page 94 of this Red Herring Prospectus.

We employ well-qualified and experienced engineers to manage the construction activities. We source most of raw the materials like sleepers, linking material from railway authorities and its empanelled suppliers which are specified by Railway Department Specific Organization. Sourcing of boulders and spolls is either done from our crushing sites or procured from local markets.

As of January 10, 2010 we have Rs. 118,413.64 lacs of work order for railways. Some of the key projects that are currently under execution are:

Nature of Work	Client	Contract Value (Rs. In lacs)	Project Status	Start Date
Civil Engineering works including P.way works in connection with construction of new BG Railway line from New Maynaguri (Westbengal) to Jogighopa (Assam). The work includes	North East Frontier Railway	5367.60	Independent	March9,2009



Nature of Work	Client	Contract Value (Rs. In lacs)	Project Status	Start Date
construction of station building, platform, circulating area, approach road, Service building, quarters, L-xing permanent way works and Ballast supply etc. and all other ancillary works between Chainage Km 91/670 to Km 148/300 in between the existing station New Cooch Behar(exclusive) and Golokganj (exclusive)				
Supply of materials for road bed and laying of track installations in Cuttack	Rail Vikas Nigam Limited	6239.06	Independent	December 12,2006
Construction of major bridges including doubling of railway line between Barang-Rajatgarh (25km), Cuttack-Barang (12km) and 3 <sup>rd</sup> line between Barang-Khurda road (35km) in the state of Orissa.	Rail Vikas Nigam Limited	3930.89	Joint Venture	November 2,2006
Construction of new broad gauge railway line between Salem and Karur Namakkal and proposed construction of RCC 'T' Beam and slab road over bridges between Mohanur and Karur	Southern Railway	1621.83	Independent	November 14,2007
JSPL, Angul Project-Work Order for execution of Infrastructure Work	Rail Jindal Steel & Power Limited	26100.00	Independent	July 28,2008

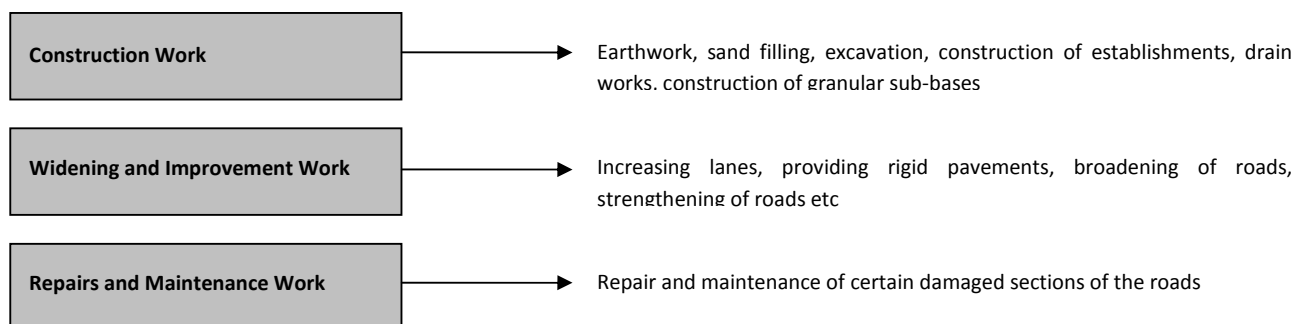
Some of the major projects executed by us are listed below: -

Nature of Work	Client	Contract Value (Rs. In lacs)	Project Status	Completion Date
Construction and other ancillary works for 5 major bridges	IRCON International Limited	967.00	Independent	June 15,2006
Supply of crushed ballast at Rajathagarh Depot	East Coast Railway	386.00	Independent	June 17,2006
Supply of crushed ballast at Hindol depot of Khurda division	East Coast Railway	364.00	Independent	July 27,2003
Construction of new broad gauge railway line between Tomka Keonjhar Banshpani (MDR-12B)	East Coast Railway	306.00	Independent	May 20,2007
Yard construction and supply of ballast at Kandarpur station yard	East Coast Railway	290.00	Independent	July 26,2004

## Roads

We have developed expertise in the business of road construction, which includes road widening, strengthen, repair and maintenance activities. Over last nine years, we have built over 300 km of road network (including highways), primarily in eastern India. Our clients include state Government organizations like Central PWD and the State PWD.

*Chart: Road works undertaken*



We undertake road projects on both standalone and joint venture basis. We have entered into joint ventures and MOUs with reputed domestic companies like Harish Chandra (India) Limited, Patel Engineering Limited, and Backbone Enterprises Limited to pre-qualify and bid for larger projects. For details of these memoranda of understanding / joint venture agreements / consortium agreements, see the section titled "History and Corporate Structure" on page 94 the Red Herring Prospectus.

As of January 10, 2010 we have Rs 116,405.49 lacs of work order for roads and highways. Some of the key projects that are currently under execution are:

Nature of Work	Client	Contract Value (Rs. in lacs)	Project Status	Start Date
Construction for widening & strengthening of existing	World Bank Project	21,623.17	Joint Venture	November 3,

Nature of Work	Client	Contract Value (Rs. in lacs)	Project Status	Start Date
carriageway to two lane for chandbali-Bhadrak-anadpur (Km 0/0 to Km 45/0 of sh-9 and Km 0/0 to Km 50/0 of sh-53				2008
Construction for widening & strengthening of existing carriageway to two-lane for Berhampur to taptapani(Km 0/0 to Km 41/0 of sh-17)	World Bank Project	8197.23	Joint Venture	September 5, 2008
Widening and Strengthening of Existing Carriageway to 2 lane Bhawanipatna to Khariar (2/0 Km to 70/0 Km SH-16	Govt of Orissa	10551.39	Joint Venture	December 2, 2008
Repair & Reconstruction to Cuttack-Govindpur-Banki-Simor Road(MDR-77) From 20/00 Km to 33/900Km Under 12th Finance Commission Award for 2007-08	Govt of Orissa	2933.07	Independent	September 19, 2008
Construction of BRTS corridor and development of road Jaipur Development (Package: 1B-C zone Bypass to Panipecth via: Sikar road	Authority	5461.68	Joint Venture	October 3, 2007

Some of the major projects executed by us are listed below: -

Nature of Work	Client	Contract Value (Rs. in lacs)	Project Status	Completion Date
Construction of Pipili-Nimapara-Gop-Konark-Puri road from 52.00 km to 80.00 km in joint venture with Harish Chandra (INDIA) Limited.	Puri(R&B) Division, Puri	836.00	Joint Venture	January 26, 2005
Construction of Fulnakhara-Madhab road from 19/000 km to 31/900 km in Cuttack	Jagatsinghpur R&B Division	585.00	Independent	February 15, 2007
Construction of Pipili-Gop-Konark Road 8/0 km to 18/0 km in joint venture with Harish Chandra (INDIA) Limited.	Puri(R&B) Division, Puri	569.00	Joint Venture	January 15, 2006
Improvement of road and CD works under PMGSY Pkg. No. OR-04-13 & 20 in the district of Bhadrak.	Ruralworks Division, Bhadrak	390.00	Independent	November 5, 2004

#### Irrigation

We ventured into irrigation projects during the year 2008-2009. Our scope of activities includes digging of canals and construction of dam. Currently we are involved in two irrigation projects. Our clients include state Government organizations like Haryana Irrigation Department and Executive Engineer Konar Canal Divisions.

We undertake irrigation projects on both standalone and joint venture basis. We have entered into joint venture and MOU with Patel Engineering Limited to pre-qualify and bid for larger projects. For details of these memoranda of understanding / joint venture agreements / consortium agreements, see the section titled "History and Corporate Structure" on page 94 the Red Herring Prospectus.

As of January 10, 2010 we have Rs. 7,270.34 lacs of work order for irrigation projects. The projects that are currently under execution are:

Nature of Work	Client	Contract Value (Rs. in lacs)	Project Status	Start Date
Construction of Koshallia dam and its appurtenant works	Haryana Irrigation Department	11299.19	Joint Venture	March 7, 2008
Construction of Baharagora distributory dam	Executive Engineer Konar Canal Division	3600.00	Independent	December 24, 2007

#### Order Book as on January 10, 2010

Our Order Book comprises of the ongoing projects undertaken by our Company. It also includes the value of sub-contracting agreements that we enter into with our joint ventures for work to be executed. Our Order Book is indicative of the projects that we will execute in the future and the revenues that will be generated from such projects. As of January 10, 2010, the total value of the projects/contracts is Rs. 287,753.11 lacs. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010.

#### Table: Order Book break-up by Sectors

##### Order Book

Particulars	January 10, 2010		2008-09		2007-08		2006-07	
	Amount	%	Amount	%	Amount	%	Amount	%
Railway work	118,414	41.15	99,121.48	39.25	81,222.98	52.6	27,628	42.65
Road work	116,405	40.45	42,149.41	56.29	60,854.35	39.41	37,156	57.35
Irrigation	7,270	2.53	5,709.98	2.26	8,705.47	5.64		
Other work	45,664	15.87	5,545.00	2.20	3,648.00	2.36		
<b>Total</b>	<b>287,753.11</b>	<b>100</b>	<b>152,525.87</b>	<b>100</b>	<b>154,430.80</b>	<b>100</b>	<b>64,784</b>	<b>100</b>

**Table: Order book as of January 10, 2010**

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
A.Road work								
1	Widening of single/Intermediate lane to two lane carriage way with strengthening from Km 75.00 to 82.00 Km of NH-224.	877	100%	877	October 12,2007	843	34	March 31,2010
2	Widening of single/Intermediate lane to two lane carriage way with strengthening from Km 82.00 to 89.00 Km of NH-224.	928	100%	928	August 29,2007	865	63	August 28,2009 (Ext. applied up to March 31,2010)
3	Special repair Such as widening to 6 lane Bhubaneswar Nandan Kanan Road from Damana Square to end of Municipality Area Raghunath Pur from 4.150Km to 8.150 Km	1,466	100%	1,466	August 31,2007	1437	28	August 30,2009 (Ext. applied up to March 31,2010)
4	Construction of BRTS Corridor and development of road Contract for Package No. IIB: Sanganer Airport to 22 Godam Via Rambagh crossing including Elevated Road at Durgapura (10.50 Km). (NCSL)	10,441	100%	10,441	April 23,2008	7265	3176	March 31,2010
5	Improvement to Tomka-Mangalpur Road from 10/0 Km. to 17/400km	1,074	100%	1,074	March 15,2008	1041	33	September 14,2009 (Extension applied up to March 31,2010)
6	Repair & Reconstruction to Cuttack-Govindpur-Banki-Simor Road(MDR-77) From 20/00 Km to 33/900Km	2,933	100%	2,933	September 19,2008	1756	1177	March 18,2010
7	Improvement & Widening the road to Double lane from Pitapalli to Chandaka of Old Cuttack Ganjam Road (MDR - 77) From 0/0Km to 8/400, 21/00 Km to 20/00 Km and CD Works from 8/400km to 14/00 km	783	100%	783	October 22,2008	529	254	September 21,2009 (Extension applied up to June 30,2010)
8	Improvement to Kundupur-Babar-Jamboor Road from R.D. 3/090 Km to 30/000 Km in the district of Kendrapara Under NABARD	1,386	100%	1,386	October 10,2008	511	875	April 09,2010
9	Special Repair such as widening to 6 lane BBSR-Nandakanan Road from the end of Municipality area	1,634	100%	1,634	October 27,2008	1151	483	September 26,2009 (extension)

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	Raghunathpur to Barang Nandankanan Zoo Sqr.(from 8.150 to 12.00 K.m)							applied up to March 31,2010)
10	Improvement to Badasank-Tarini-Hinjili-Sheragada-Sorada Road SH-36 from 40/400 to 54/200 Km	1,193	100%	1,193	October 01,2008	1152	41	September 30,2009
11	Special Repair such as widening And strengthening of Bolangir-Kantabanji-Bangomunda-Chandutora Road (SH-42) From 83/00 Km to 94/00 Km	717	100%	717	September 22,2008	635	82	December 21,2009 (extension applied up to June 30,2010)
12	Special Repair such as widening And strengthening of Bolangir-Kantabanji-Bangomunda-Chandutora Road (SH-42) From 46/00 Km to 60/00 Km	903	100%	903	September 22,2008	466	437	December 21,2009 (extension applied up to June 30,2010)
13	Special Repair such as widening And strengthening of Bolangir-Kantabanji-Bangomunda-Chandutora Road (SH-42) From 100/500 Km to 112/00 Km	632	100%	632	September 22,2008	384	248	December 21,2009 (extension applied up to June 30,2010)
14	Improvement to Nayagarh-Jagannathprasad-Bhanjanagar Road (SH-21) from 45/500 to 58/200 & 60/020 to 62/000 K.m Under Central Road Fund.	1,155	100%	1,155	October 17,2008	1109	45.59	September 16,2009 Ext. Applied up to March 31,2010
15	Construction of H.L. Bridge over river Badanadi near Nuagaon at 80th Km. on Nayagarh-jagannathprasad-Bhanjanagar Road in the district of Ganjam under NABARD	862	100%	862	October 17,2008	240	622	April 16,2010
16	Improvement to Vijaywada-Ranchi Corridor (Charichhak to Phulbani) From 179/500 to 182/000 Km of SH-1 i.e. Phulbani town portion and 0/000 to 8/000 km of phulbanitiktarpada road(MDR)	1,847	100%	1,847	October 24,2008	743	1104	April 23,2010
17	Improvement to Phiringia-Gochhapada Road (ODR) from 0/0 to 23/000 Km in the district Kandhamal under NABARD Assistance	973	100%	973	February 12,2009	141	832	August 11,2010
18	Improvement to Vijaywada-Ranchi Corridor (Charichhak to Phulbani) From 8/000 to 10/000 Km of phulbani-	444	100%	444	February 12,2009	241	203	January 11,2010

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	tikarpara road (MDR)							
19	Construction of 5 nos. minor bridges at 23.900 Km, 24.050 Km, 25.300 km of Phulbani Tikarapada Road (MDR) in the district of Kandhamal under NABARD	551	100%	551	February 12,2009	113	438	August 11,2010
20	Impvt. To Chikiti-Digapahandi-Aska Road from 4/200 Km to 21/000 Km in the Dist of Ganjam under NABARD	675	100%	675	February 25,2009	245	430	February 24,2010
21	Widening of Single/Intermediate lane to two lane with Strengthening from Km 205/0 to 211/0 Km of NH-224	871	100%	871	February 26,2009	227	644	August 25,2010
22	Widening to two lanes with Strengthening from Km 54.0 to 60.0 Km of NH-224.	727	100%	727	February 28,2009	-	727	August 27,2010
23	Construction of Railway over Bridge at Titilagarh in the Bolangir District	1,255	100%	1,255	March 02,2009	-	1,255	September 01,2010
24	Construction of H.L Bridge over river Baitarani at 8/050 Km on Dhamnagar Dobal Sendhapur Road in the district of Bhadrak	995	100%	995	February 06,2008	249	746	August 05,2009 (Ext. applied up to June 30,2010)
25	Improvement to Vijayawada-Ranchi Corridor (Berhampur to Phulbani) from 145/000 to 157/000 Km of Behampur-Phulbaniroad	2,293	100%	2,293	February 28,2009	212	2081	August 27,2010
26	Improvement to Vijayawada-Ranchi Corridor (Berhampur to Phulbani) from 182/000 to 188/000 Km of Banigochha-Madhapur-Khajuripada-Phulbani-Sarangada (SH-1) under Planning Commission Grant.	1,102	100%	1,102	February 27,2009	530	572	May 26,2010
27	Improvement to Vijayawada-Ranchi Corridor (Berhampur to Phulbani) from 128/000 to 134/000 Km of Behampur-Phulbaniroad(SH-7) under State Plan.	1,181	100%	1,181	February 27,2009	409	772	May 26,2010
28	Improvement to Phulbani Gochhapada Road (ODR) from 14/000km to 28/000 in the district of Kandhamal under NABARD	557	100%	557	February 27,2009	93	464	February 26,2010
29	Improvement to Butupali-Baghiapada Road(ODR) From	396	100%	396	February	130	266	February

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	2/500 to 18/000 Km in the district of Boudh Under NABARD				27,2009			26,2010
30	Improvement to Vijayawada-Ranchi Corridor (Charichhak to Phulbani) from 15/000 to 23/000 Km of Phulbani-Tikarpara road (MDR)	1,559	100%	1,559	March 04,2009	319	1240	February 03,2010
31	Improvement such as providing two lane carriageways to Jagannathpur-Berhampur-Phulbani road(SH-7) from 107/0 to 112/0 Km. as a part of Vijaywada-Ranchi Corridor under Central Road Fund.	971	100%	971	February 20,2009	486	485	January 19,2010
32	Improvement to Jagannathpur-Berhampur-Phulbani road(SH-21) from 38/000 to 45/500 & 58/200 to 60/020 km under Central Road Fund.	665	100%	665	February 20,2009	614	51	January 19,2010
33	Construction of Bituminous Road ( 2 Lane x 7 Mtrs x 3.5 Kms), Including Earth work, Sub-base, WBM, Drains, Footpath & Divider et. At JSPL Angul	716	100%	716	April 13,2009	186	530	March 31,2010
34	Construction of RCC Road ( 2 Lane x 7.5 x 10.2 Kms), Including Earth work, Sub-base, WMM, Drains, Footpath & Divider et. At JSPL Angul	3199	100%	3199	April 13,2009	877	2322	March 31,2010
35	Balance work of widening to 4/6 laning and strengthening of existing 2-lane carriageway from Ichapuram (km. 233.00) to Ganjam (km. 284.00) on NH-5 in the State of Orissa Contract Package	2,274	100%	2,274	June 15,2009	-	2,274	December 14,2010
36	Improvement to Vijaywada-Ranchi Corridor (Berhampur to Phulbani) from 134/000 to 145/000 km. of Berhampur-Phulbani Road (SH-7) under Planning Commission Grant	1,966	100%	1,966	June 15,2009	-	1,966	June 14,2011
37	Improvement of Riding quality from Km 23/0 to 37/0km of N.H. 203.	444	100%	444	July 01,2009	355	89	March 31,2010
38	Widening of existing single lane to two lanes with strengthening from km. 218.0 to 224.0km. Of N.H.-224	831	100%	831	August 10,2009	27	804	February 09,2011
39	Widening of existing single lane to two lanes with strengthening	579	100%	579	August 10,2009	12	417	February 09,2011

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	from km. 25/0 to 31/0km. Of N.H.-224							
40	Widening of existing single lane to two lanes with strengthening from km. 88/0 to 95/0 of NH.201.	938	100%	938	August 14,2009	154	784	February 13,2011
41	Improvement of Riding quality from Km 116/0 to 132/0 of N.H. 42.	654	100%	654	August 17,2009	137	517	July 16,2010
42	Construction of Underpass at Gurjar Ki Thadi Chauraha, Jaipur.	2827	100%	2827	October 13,2009	-	2827	April 12,2011
43	Improvement to Rairakhol-Deogarh portion i.e., from Naktideol to Telimunda from 65/00 km to 75/00 Km.	1262	100%	1262	October 16,2009	-	1262	January 15,2011
44	Improvement of riding quality from 256/0 to 270/0 km. of NH-201.	568	100%	568	October 21,2009	-	568	July 20,2010
45	Construction of Tailing Dam at Nalda	1268	100%	1268	October 23,2009	-	1268	February 22,2010
46	Improvement to Vijaywada-Ranchi Corridor (Charichhak to Phulbani) from 23/0 km to 35/0 km of Phulbani Tikarpara	1897	100%	1897	October 28,2009	-	1897	April 27,2011
47	Improvement to Marsaghai-Jambooo road from 0.00 to 24.500 km in the Dist of Kendrapara under NABARD Assistance	1729	100%	1729	October 30,2009	64	1665	April 29,2011
48	Const. of new embankment & road at submersible portion of Bolangir-Kantabanji-Bangomunda-Chandutara Road from 16/975 Km to 21/600 Km including Const. of H.L. Bridge over Chudapali Nallah at RD 20/750 Km.	2288	100%	2288	November 11,2009	98	2190	March 10,2011
49	Improvement to Sarankul-Darpanarayanpur road from 0.0 to 23.000 km. in the district of Nayagarh under NABARD	1694	100%	1694	November 25,2009	-	1694	June 24,2011
50	Construction of Barang Bye-Pass connecting (MDR-77) with Bhubaneswar Barang Road from 0/600 km. to 1/878 km.	603	100%	603	November 30,2009	-	603	November 29,2010
51	Improvement to Prayagi-Krushnaprasad road from 0.0 to 24.000 Km. in the district of Puri under NABARD Assistance.	1703	100%	1703	December 14,2009	-	1703	June 12,2011
52	Construction of a new H.L. Bridge over river Bansadhara at	2596	100%	2596	December 23,2009	-	2596	December 26,2011

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	141.300 km. of SH-17 near Gumuda in the district of Rayagada under NABARD Assistance							
53	Improvement to Kuchinda-Kusumi Road (MDR-26A) from 0.0 to 22/820 km. in the district of Sambalpur under NABARD Assistance	2254	100%	2254	December 18,2009	-	2254	June 17,2011
54	Improvement to Gogua-Choudakulat Road from 0.0 to 7/410 km. in the district of Kendrapara under NABARD Assistance	640	100%	640	December 17,2009	55	584	December 16,2010
55	Improvement of Old-Cuttack Ganjam Road from Baranga to Pitapali road such as Improvement & Widening to Old Cuttack Ganjam road (MDR-77) from (8/400 km. to 16/600 km.	465	100%	465	December 22,2009	-	465	November 21,2010
56	Improvement to road from Siripur Square to Fire Station Square via Delta Square	755	100%	755	December 28,2009	-	755	December 27,2010
57	Improvement to Koraput-Laxmipur-Rayagada road (SH-4) from 40/000 Km to 58/00 Km under Vijaywada-Ranchi Corridor	3610	100%	3610	January 06,2010	-	3610	January 05,2011
58	Improvement to Jeupore-Kota-Malkangiri-Motu road (SH-25) from 0/000 Km to 21/000 Km under Vijaywada-Ranchi Corridor	3343	100%	3343	January 07,2010	-	3343	January 06,2012
59	IRQP to NH.42 from Km 178/0 to 183/0 Km	217	100%	217	January 07,2010	-	217	January 06,2011
	Total	85,365		85,365		26,555	58,810	
(ii) ROAD WORK Under (J.V)		-		-		-	-	
a. NIRAJ ARSS JV		-		-		-	-	
1	Improvement to such as providing rigid pavement with paved shoulders to cuttack-Paradeep Road (SH12) from 43/000 to 82/000Km.	11,211	100%	11,211	July 01,2007	4603	6608	May 31,2010
2	Improvement to such as providing rigid pavement with paved shoulders to cuttack-Paradeep Road (SH12) from 0	9,616	100%	9,616	November 14,2007	4666	4950	May 19,2010



Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	to 43/000 Km							
3	Construction of BRTS Corridor and development of road (Package : 1B-C zone Bypass to panipech via: Sikar road (7.1 Km)	5,462	100%	5,462	October 10,2007	4999	463	December 31,2009
	Total	26,288		26,288		14,269	12,019	
b. SOM DATT BUILDERS-ARSS (JV)		-		-		-	-	
1	Construction for widening & strengthening of existing carriageway to two lane for chandbali-Bhadrak-anadpur	21,623	100%	21,623	November 03,2008	563	21,061	May 02,2011
	Total	21,623		21,623		563	21,061	
c. BACKBONE-ARSS (JV)		-		-		-	-	
1	Construction for widening & strengthening of existing carriageway to two-lane for Berhampur to taptapani (Km 0/0 to Km 41/0 of sh-17)	8,197	100%	8,197	September 05,2008	-	8,197	September 04,2010
2	Improvement to Vijaywada-Ranchi Corridor Rairakhole to Naktideol from 36/00 to 65/200 Km. of Kiakata Deogarh road - Drawal of Agreement.	6,027	100%	6,027	December 02,2008	1396	4631	December 01,2010
	Total	14,224		14,224		1396	4631	
d. PATEL-ARSS (JV)		-		-		-	-	
1	Widening and Strengthening of Existing Carriageway to 2 lane Bhawanipatna to Khariar (2/0 Km to 70/0 Km SH-16)	10,551	100%	10,551	December 03,2008	-	10,551	June 02,2011
	Total	10,551		10,551		-	10,551	
		-		-		-	-	
	Total Road Work	158052	-	158052	-	42782	115270	
B. RAILWAY WORK		-		-		-	-	
(i) Own Railway Work		-		-		-	-	
1	ADB Track Work	6,239	100%	6,239	November 02,2006	3057	3182	December 31,2009 (Extended up to June 30,2010)
2	New Broad gage line between SALEM and Karur (Via) Namakkal Proposed Construction of RCC 'T' Beam and slab road over bridges, Limited use Road Under Bridges/ Subway including Road approaches, Diversion	1,622	100%	1,622	October 30,2007	999	623	November 30,2009 (Extended up to June 30,2010)

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	road etc. between MOHANUR and KARUR							
3	Construction of Minor Bridges from Chainage 30000.00 to 38500.00 and Construction of Broad Gauge Formation From chainage 28000.00 to 38500.00 between Dausa and Lalsot in Connection with Dausa-Gangapur city New Broad Gauge Line Project.	531	100%	531	December 10,2007	283	248	November 20,2009 (Extension applied up to February 20,2010)
4	Construction of Broad Gauge Formation and Minor Bridges from Chainage 60000.00 to 75000.00 between Lalsot and Gangapur city in Connection with Dausa-Gangapur city New Broad Gauge Line Project	671	100%	671	December 11,2007	138	533	October 10,2009 (Extension applied up to June 10,2010)
5	Construction of Broad Gauge Formation and Minor Bridges from Chainage 45000.00 to 60000.00 between Lalsot and Gangapur city in Connection with Dausa-Gangapur city New Broad Gauge Line Project.	841	100%	841	December 21,2007	216	625	October 20,2009 (Extension applied up to March 31,2010)
6	Construction of Broad Gauge Formation and Minor Bridges from Chainage 75000.00 to 90000.00 between Lalsot and Gangapur city in Connection with Dausa-Gangapur city New Broad Gauge Line Project.	856	100%	856	December 21,2007	132	724	October 20,2009 (Extension applied up to March 31,2010)
7	Tomkar Railway Siding Work (A N Prasad Rao)	893	100%	893	September 30,2007	369	524	June 30,2010
8	Railway Track Work (Zone-15) (Specification No VSP-6.3-15-CVL-002 (R1))	3,762	100%	3,762	March 15,2008	1958	1804	March 14,2011
9	Earthwork information, Construction of bridges, Ballast less track, Supply of permanent way materials, Ballast & Linking of track for the Railway Siding for Inland container Depot (ICD) at Panchi Gujram Village, gannore Tehsil, Sonapat Dist., Haryana.	891	100%	891	February 26,2008	151	740	June 30,2010
10	Construction/extension of minor bridges, earthwork in formation in filling, cutting, side drains, construction of retaining walls, toe walls, pitching and supply of 50mm gauge stone ballast in stacks	1,291	100%	1,291	April 24,2008	870	421	September 30,2009 (Ext. Applied up to April 30,2010)

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	along the track between Bandikui BG Doubling Project.							
11	Gauge Conversion between POLLACHI and PALGHAT Jn.- Proposed Reconstruction of Minor Bridges, Earthwork excavation in cutting and forming bank including MEENACHIPURAM Yard and other protective works from Km. 0/0 to Km.22/5 in between POLLACHI JUNCTION and MUTHALMADA	1,993	100%	1,993	July 02,2008	377	1616	June 30,2010
12	Gauge Conversion between POLLACHI and PALGHAT Jn.- Proposed Reconstruction of Minor Bridges, Earthwork excavation in cutting and forming bank including Yards and other protective works from Km. 22/5 to Km.55/0 in between MEENACHIPURAM and PALGHAT TOWN Stations	2,973	100%	2,973	July 02,2008	332	2641	March 31,,2010
13	Earthwork in embankment, cutting , including bridge approaches, trolley refuges, blanketing materials, construction of side drains, etc. and construction of minor bridges from KM. 103 to KM. 119 in Pen-Roha section of Panvel-Pen-Roha Doubling Project.	1,476	100%	1,476	July 15,2008	230	1246	March 31,2010
14	Earthwork in embankment, cutting , including bridge approaches, trolley refuges, blanketing materials, construction of side drains, etc. and construction of minor bridges from KM. 121 to KM. 131.12 in Pen-Roha section of Panvel-Pen-Roha Doubling Project.	1,422	100%	1,422	July 28,2008	366	1056	March 31,2010
15	Earthwork in embankment, cutting , including bridge approaches, trolley refuges, blanketing materials, construction of side drains, etc. and construction of minor bridges from KM. 136 to KM. 144 in Pen-Roha section of Panvel-Pen-Roha Doubling Project.	1,038	100%	1,038	July 15,2008	-	1,038	July 14,2009 (Ext. Applied up to December 14,2010)
16	JSPL, Angul Project-Work Order	26,100		26,100		1875	24225	

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	for execution of Rail Infrastructure Work.		100%		July 28,2008			July 27,2010
17	Proposed Doubling of BG track between CHENGALPATTU and VILLUPURAM - Proposed construction of Major Bridges - Foundations, Sub-structure and Super-structure for Bridge Nos. 211, 253, 424 and 432 including Earthwork in forming bank, Transportation of staging materials, Dismantling / Demolishing of existing bridge structure and Other Protective works.	3,986	100%	3,986	August 01,2008	1046	2930	January 31,2010
18	Construction of station building & other misc., structures, ballast supply & linking of track with P. way material (except rails & sleepers) between Alwar-Harsauli section in connection with Alwar - Harssuli section in connection with Harsauli-Rewari Doubling BG Project.	2,672	100%	2,672	September 03,2008	991	1681	July 02,2009 (Ext applied up to June 30,2010)
19	Construction of major bridges (3nos) with PSC superstructures (12.2m post tensioned solid slabs as per RDSO drawing) Namely Br. No. 119/1 at Ch. 119067 m (nigade River), Br. No. 127075 m (nidhi River) and Br. No. 142/3 at CH. 142330 m (Astami River) on open foundations, in connection with Pen-Roha Doubling Project.	856	100%	856	October 31,2008	108	748	October 30,2009 (Ext applied up to July 31,2010)
20	Proposed Doubling of track between CHENGALPATU and VILLUPURAM-Proposed widening and re-grading of existing MG formation to BG standard, Construction of minor bridges, S & T Accommodation, Platform shelter, Circulating area, Approach road, Protective works, Passenger Amenities, Watering Arrangements, ballast supply, Stabling lines, Transportation of permanent way materials and Linking of track etc. at MELMARUVATHUR Station	1,065	100%	1,065	November 05,2008	204	861	March 31,2010
21	Gauge Conversion between	1,474		1,474	November	71	1403	

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	POLLACHI and PALGHAT Jn. - Proposed Reconstruction of Minor Bridges, Earthwork excavation in cuttings and forming bank and other Protective works from CH:121950 to 137000 in between POLLACHI JUNCTION and KINATTUKADAVU Station		100%		11,2008			June 30,2010
22	Construction of Rail Connectivity to Coal and Iron Ore yards-Civil Works	5,161	100%	5,161	December 12,2008	306	4855	June 11,2010
23	Gauge Conversion between POLLACHI and PALGHAT Jn. - Proposed Reconstruction of Major Bridge No.3, 10, 13,26 (including sub-structure & Super structure) and forming Earthwork in approaches, protective works etc. in between POLLACHI-MUDHALAMADA Station	1,342	100%	1,342	January 02,2009	-	1342	April 01,2010
24	Design, engineering, obtaining statutory approvals from Railways and other relevant authorities, necessary site preparation, mobilization of all labour, construction materials and equipment, transportation, unloading, civil works, storage, erection/construction, testing and commissioning of Railway Siding and Linkage from Ambadola Railway Station to the Alumina Plant including intra-plant network for Alumina Refinery at Lanjigarh, Dist-Kalahandi, Orissa on turnkey basis.	7,100	100%	7,100	January 02,2009	5056	2044	October 31,2009
25	MRTS - Phase-II-Tirumailai-Velachery - Proposed 18m wide approach road from Taramani to Velachery (approximately 3100m length) including drainage arrangements and provision of bus bays at Velachery.	3,077	100%	3,077	January 29,2009	250	2827	March 31,2010
26	MRTS - Phase-II-Tirumailai-Velachery - Proposed construction of RCC retaining wall from Mandaveli to Greenways Road stations and providing bituminous road, approach bridge, RCC pale	2,508	100%	2,508	January 29,2009	288	2220	January 28,2010

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	fencing etc. along Buckingham Canal from Kasturba Nagar to Tiruvanmiyur stations.							
27	Civil Engineering works including P.way works in connection with construction of new BG Railway line from New Maynaguri (Westbengal) to Jogighopa (Assam). The work includes construction of station building, platform, circulating area, approach road, Service building, quarters, L-xing permanent way works and Ballast supply etc. and all other ancillary works between Chainage Km 91/670 to Km 148/300 in between the existing station New Cooch Behar(exclusive) and Golokganj (exclusive).	5,368	100%	5,368	March 09,2009	565	4803	July 31,2010
28	Gauge conversion POLLACHI - PALGHAT Junction : Proposed reconstruction of major bridge Nos. 89,147 & 150 and forming Earthwork in approaches, protective works etc. in between MEENACHIPURAM & PALGHAT Stations	1,373	100%	1,373	February 02,2009	87	1286	February 01,2010
29	Construction of major bridges (4nos.) Bridge No 68/2; Bridge No. 70/2; Bridge No. 73/1 and Bridge No. 101/5 in PNVL-Pen section PNVL-Pen-Roha Doubling Project.	953	100%	953	January 30,2009	45	908	March 29,2010
30	Gauge Conversion between DINDIGUL - POLLACHI Section - Proposed Reconstruction of Minor Bridges of varying spans pre cast/cast in situ RCC BOX culverts and limited users' subway, including protective works and earth work in forming bank/cutting widening the existing formation to BG standard between PALANI - POLLACHI.	2,628	100%	2,628	June 01, 2009	190	2438	May 30,2010
31	Construction of Roadbed (Except Major Bridges), Facilities and General Electrification for doubling of Railway line between Baranga-Rajatgarh (25 km), Cuttack-Baranga (12 km) and 3rd line	2,038	100%	2,038	April 30, 2009	1,015	1,023	April 29,2011

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	between Barang-Khurda Road (35 km) in East Coast Railway in the State of Orissa, India.							
32	New BG Rail Link between Khurda Road-Bolangir in Khurda Road Division of E.Co. Railway-Balance work in connection with execution of Earthwork, Minor Bridges and other allied Works in Section-III between Km.12.10 to Km.36.00	2,083	100%	2,083	June 15, 2009	1503	580	June 14,2011
33	Construction of Roadbed including Major and Minor Bridges, Facilities And General Electrification in connection with construction of New BG line between Haridaspur and Paradeep in East Coast Railway in Orissa	10,097	100%	10,097	April 15, 2009	2853	7244	April 14,2011
34	Construction of Railway Formation, Minor Bridges and Permanent Way Linking Work for Nalco's Angul (Orissa).	3,635	100%	3,635	July 21,2009	-	3,635	September 20,2010
35	Supply and delivery in stacks of 50 mm. size 50,000 Cum. Of hard stone machine crushed ballast of approved quality at Rajathagarh Depot of Khurda Road Division and loading the same into any type of Railway Wagon.	417	100%	417	July 22,2009	168	249	July 21,2010
36	Supply and delivery in stacks of 50mm size 60,000 Cum. Of hard stone machine crushed ballast of approved quality at RCTC Depot of Khurda Road Division and loading the same into any type of Railway Wagon	539	100%	539	August 12,2009	93	446	August 11,2010
37	Supply and delivery in stacks of 50mm size 20,000 Cum. Of hard stone machine crushed ballast of approved quality at Baghuapal Depot and loading the same into any type of Railway Wagon	162	100%	162	November 13,2009	62	100	May 12,2010
38	Construction of Major Bridge No.131/2 (7x18.3m span Steel Plate Girder) at Ch.131790m on Amba River including transportation of plate Girders from Manmad Workshop and launching in position, Bridge No. 132/1 (1/9.15 x 2/12.20 m) PSC slab RUB at Ch. 132368	625	100%	625	November 12,2009	-	625	November 11,2010

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	Bridge No. 134/1 (ROB RCC Slab 1x9.15+2x6.1m) on Nagothane - Roha Road at Ch.134116 on proposed Down Main Line in connection with Panvel - Pen Doubling Project.							
39	Supply and delivery in stacks of 50 m size of 20,000 Cum of hard stone machine crushed ballast of approved quality at Baghuapal Depot and loading the same into any type of Railway Wagon.	162	100%	162	November 13,2009	-	162	May 12,2010
40	Lanjigarh Road-Junagarh New B.G Line: Supply, Transportation, stacking and spreading of 51,000 cum machine crushing hard stone ballast of 50mm size in between Chainage 0 to 56 km in Lanjigarh Road - Junagarh section.	526	100%	526	November 18,2009	-	526	November 17,2010
41	New B.G. link between Khurda Road-Bolangir of E.Co. Railway-machine crushing, Transportation and stacking of 1,00,000 Cum of 50 mm size Contractor's machine Crushed hard stone ballast between Khurda Road and Begunia between Km. 00.00 to km. 36.00.	702	100%	702	December 10,2009	-	702	June 09,2011
42	Construction of Rail Infrastructure facility for transportation of coal from Naila Railway Station to proposed site of 2*500 MW of CSPGCL for Marwa TPP for Package-III.	4154	100%	4154	December 07,2009	-	4154	June 06,2011
	Total	117302		117302		26253	91049	
(ii) Railway Work Under (J.V)		-		-		-	-	
a. ARSS HCIL CONSORTIUM		-		-		-	-	
1	New Broad gauge line between SALEM-KARUR (Via,) NAMAKKAL :- Earth work in cutting, forming bank, construction of Major/ minor bridges, Road Over Bridges, Road Under Bridges, Limited use sub ways etc. Between Km	2,783	100%	2,783	September 21,2007	1019	1764	May 30,2010



Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	0.00 to 25.50 between SALEM and RASIPURAM.							
2	New Broad gauge line between SALEM-KARUR (Via,) NAMAKKAL :- Earth work in cutting, forming bank, construction of Major/ minor bridges, Road Over Bridges, Road Under Bridges, Limited use sub ways etc. Between Km 25.50 to 52.00 between RASIPURAM and NAMA.	2,356	100%	2,356	September 20,2007	652	1704	June 30,2010
	Total	5,139		5,139		1672	3467	
b. ATLANTA ARSS (JV)		-		-		-	-	
1	Construction of Broad Gauge Formation and Minor Bridges from Chainage 41000.00 to 45000.00 between Dausa and Lalsot in Connection with Dausa-Gangapur city New Broad Gauge Line Project of North Western Railway Jajpur. Vide Group No-18	1,795	100%	1,795	January 31,2008	647	1148	January 31,2010
2	Construction of 12 Nos. Major Bridges having total 35nos. Span with 1200 mm Diameter cast in situated bored piles and PSC Girder super structure of 18.30m. between Dausa and Gangapur city in Connection with Dausa-Gangapur city New Broad Gauge Line Project Vide Group no-14	4,163	100%	4,163	January 17,2008	2911	1252	March 16,2010
3	Gauge Conversion works from TIRUNELVELI to TENKASI in QUILON – TENKASI – TIRUNELVELI – TIRUCHENDUR – TENKASI – VIRUDHUNAGAR : Proposed Earthwork in forming bank, Cutting, Re-grading, Construction of Major and Minor Bridges, Construction of Platforms, Station Buildings, Passenger Amenities, Platform Shelters, Improvements to Level Crossings, Providing Lifting barrier and other Miscellaneous Works between TIRUNELVELI and TENKASI JUNCTION STATIONS	7,206	100%	7,206	September 30,2008	812	6394	March 29,2010
	Total	13,165		13,165		4370	8795	
c. ARSS-TRIVENI (JV)		-		-		-	-	
1	Construction of 4-Lane	6717	100%	6,717	March	2048	4669	March

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	Approach Road from NH-31 to Plant site of Koderma TPS in Jharkhand including a road-over-bridge (RCB) on the Koderma-Ranchi Railway track.				18,2008			17,2010
2	Construction of Major and minor bridges, retaining walls, earthwork including blanketing, station building & other misc. structures, ballast supply, linking of track with P.Way material (except rails & sleepers) between Harsauli-Rewari section in connection with harsauli-Rewari Doubling BG Project.	5,656	100%	5,656	August 25,2008	1412	4243	February 24,2010
	Total	12,373		12,373		3461	8912	
d. ARSS-ANPR (JV)		-		-		-	-	
1	New Broad Gauge Line between Salem and Karur (via) NAMAKKAL -Proposed Construction of ROAD OVER between SALEM and NAMAKKAL	1,882	100%	1,882	September 02,2008	697	1184	June 30,2010
2	3rd line between Vizianagaram-Kottavalasa:- Execution of earthwork in formation, construction of Major & Minor Bridges, side & catch water drains, protection works, transportation and P.Way linking works and other miscellaneous works from Ch. 0.00 to Ch. 15.412 Km from CSB of VZM between sections VZM-KUK & KUK-ALM excluding VZM & KUK yard regarding works and major bridge portions (Br. nos 1553 & 1554) and including formation/through linking of new line in KUK yard	1,907	100%	1,907	January 29,2009	186	1721	July 28,2010
3	3rd line between Vizianagaram-Kottavalasa:- Execution of earthwork in formation, construction of Major & Minor Bridges, side & catch water drains, protection works, transportation and P.Way linking works and other miscellaneous works from Ch. 15.412 to Ch. 25.101 Km from CSB of VZM between sections KUK-ALM & ALM-KPL excluding ALM yard regarding works and	1,447	100%	1,447	January 29,2009		1,447	July 28,2010

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	including formation/through linking of new line in ALM yard (Section-II)							
	Total	5,236		5,236		884	4352	
	Total Railway Work	153215		153215		36640	116575	
	(iii) Irrigation Work							
A.								
2	Construction of Bhahogara Distributory Dam at Jharkhand	3,600	100%	3,600	February 22,2008	995	2605	February 21,2010
	Total	3600		3600		995	2605	
	B. PATEL-ARSS (JV)	-		-		-	-	
1	Construction of Kaushilia Dam and appurtenant works in panchkula district	11,299	100%	11,299	March 07,2008	6636	4663	June 30,2010
	Total	11,299		11,299		6636	4663	
	Total Irrigation Work	14899		14899		7632	7267	
		-		-		-	-	
	(IV) Other Work	-		-		-	-	
1	Land Levelling Work(PACL)	11,000	100%	11,000	June 15,2009	3965	7035	March 31,2010
2	Land Levelling Work(PACL)	20,000	100%	20,000	November 4,2009	1187	18813	March 31,2010
3	Land Levelling Work(PACL)	20,000	100%	20,000	October 18, 2009	185	19815	March 31,2010
	Total	51,000		51,000		5336	45664	
	(V) Other Small Works*	-		-		-	-	
		-		-		-	-	
	a. HCIL ARSS TRIVENI (J.V)	-		-		-	-	
1	Construction of Railway siding gatora to in plant yard (km. 0.963 to 12. 880) including earth work in formation of Railway, road, bridge work and P. Way work with supply of materials for NTPC-SIPAT STPP.	3,050	45%	1,372	February 08,2005	1,265	108	
2	Construction of MGR link from Ch. 35.00 km to ch. 40/955.3 km and loading bulb & yard including earth work in formation of Railway, Road, Bridge work & permanent-way works with supply at materials for NTPC, SIPAT, SSTPP-Pkg.-V	2,935	45%	1,321	March 08,2005	1,259	62	
3	Construction of RCC wharf Wall at Dipika, Korba	285	95%	270	April 01,2007	-	270	
	Total	6,270		2,964		2,523	440	
		-		-		-	-	
	b. ARSS-MVPL (JV)	-		-		-	-	
1	Hiring of HEMM for OB removal and its associated works at	963	51%	491	May 02,2008	79	412	

Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
	Eastern part of Dhanpuri OC Project - Sohagpur area.							
	Total	963		491		79	412	
d. Own Work		-		-		-	-	
1	Repair Such as widening & strengthening to road from Pokhariput level crossing to Khandagiri (N.H-5) Via Gandamunda from 0/00 to 4/300 K.m	772	100%	772	December 14,2006	560	212	
2	Improvement to Balugaon-Banpur & Maa Bhagabati Temple road (ODR) from 1/650 K.m & 0/000 to 0/8000 K.m	339	100%	339	December 26,2006	320	18	
3	Repair Such as Construction of Khandagiri-Udayagiri peripheral road from N.H-5 to Kolathia chhak Via-Craft Village & Sivananda High School (3.1000 Km) and widening to 4 Laning	954	100%	954	December 14,2006	924	30	
4	Improvement and widening to the road from N.H-5 to sijua (UP to Aims) to four laning and circular road.	403	100%	403	December 26,2006	261	142	
5	Special repair Such as Improvement to Jayadev Vihar Junction at Bhubaneswar for the year- 2007-08	348	100%	348	July 31,2007	285	62	
6	Repair & Re-construction to Cuttack-Govindpur-Banki-Simor Road (MDR-77) from 0/0 to 0/300 Km & 38/150 to 44/200 Km.	484	100%	484	August 23,2007	471	13	
7	Improvement such as four laning of Chorda- Duburi from 7/800 Km to 15/200 Km.	1,430	100%	1,430	December 20,2007	1023	406	
8	Improvement & Widening the road to Double lane from Pitapalli to Chandaka of Old Cuttack Ganjam Road (MDR - 77) From 22/0 to 30/400	434	100%	434	November 02,2007	410	24	
9	Construction of Tomka - Mangalpur, Concrete road for 4.60 Km i.e 33.450 Km to 38.050 of Tomka mangalpur Road - Inside TISCO	712	100%	712	December 13,2007	706	6	
10	Improvement to Chhatia Kalakala and Chhatia Bye pass road (connecting to Chhatia Temple)	622	100%	622	June 17,2008	596	25	
11	Repair & Re-construction to Cuttack-Govindpur-Banki-Simor Road (MDR-77) from 33/900 Km to 38/150Km	671	100%	671	February 20,2008	476	195	

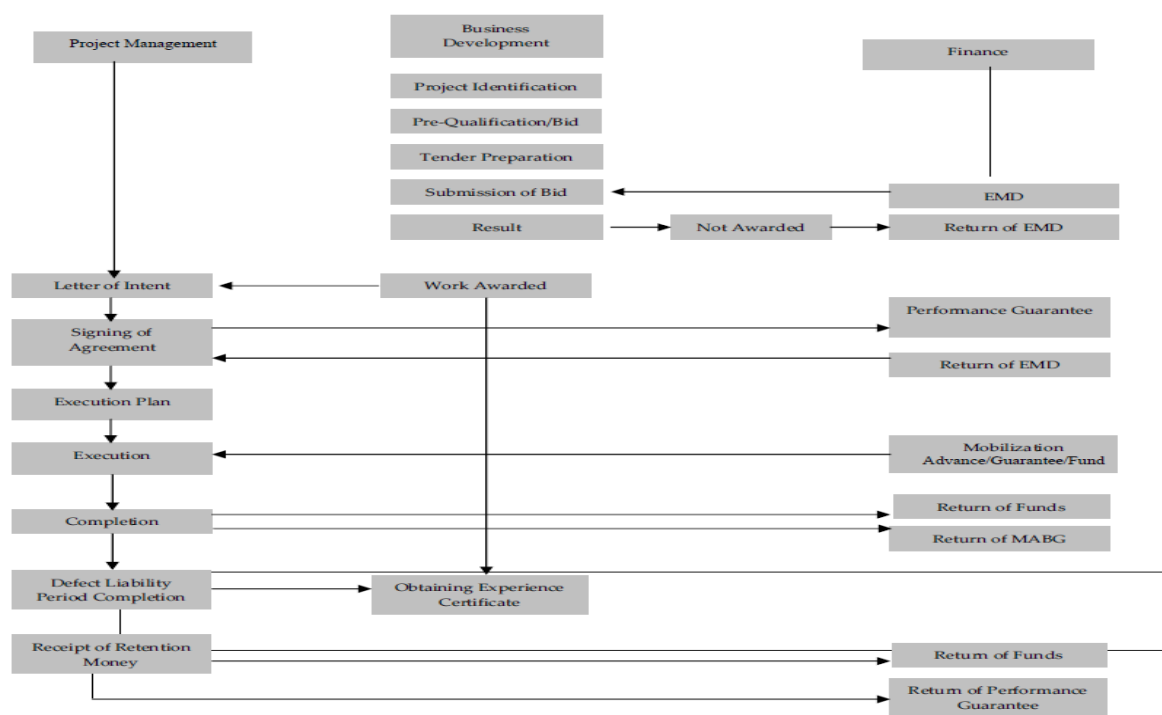
Sr .No.	Name of Work	Value of Contract (Rs. Lacs)	Company Share in %	Amount (Rs. Lacs)	Date of Commencement of Work	Work done up to January 10,2010 (Rs. Lacs)	Outstanding as on January 10,2010 (Rs. In lacs)	Schedule Date of Completion
12	New BG Railway line between Tomka Keonjhar Banshpani of Khurda road division in E.Co. Railway- 67/920 Km at 5th Km of Naranpur-pandarpada Road MDR-12B.	307	100%	307	June 21,2006	281	26	
13	Khurda Road Yard Remodelling : Supplying and stacking of hard durable stone machine crushed track ballast at Khurda Road.	45	100%	45	December 26,2006	12	33	
14	Construction of Major Road Bridge and Road Culverts executions of earthwork and protection work bet Km 145 & 151 bet Tangiripal Station in Keonjhar Dist of Orissa.	399	100%	399	March 26,2007	264	135	
15	ADB Chips Supply	750	100%	750	November 12,2006	63	687	
16	Earthwork in formation, Construction of Bridges, Supply of Ballast and Linking of Track, for construction of Y-connection for existing siding, taking off from Jaroli station	190	100%	190	April 13,2007	85	105	
17	Construction of Canal Earth work, Lining, Structures & services Road on Dhrangadhra Branch canal Ch 66.930 to 74.310.(HCIL)	1,520	100%	1,520	December 10,2007	1,517	3	
	Total	10379		10379		8254		
	Total Other Small Works (21 Nos)	17,611		13,833		10,856	2,977	
	Grand Total	394777		390999		103246	287753	
Note -* - Other small works as shown in Sl. No. V above are pending for miscellaneous reasons and actual date of completion not determinable								

### Competition

Our key competitors in the construction business are Tanta Constructions Limited, Maytas Infra Limited, IVRCL, Kalindee Rail Nirman (Engineers) Limited, Harish Chandra (India) Limited, Triveni Engicons Limited, Harish Chandra (India) Limited, Niraj Cement Structurals Limited.

### Project Cycle

The construction projects go through a series of events right from the expression of interest by the client till the handing over of the project to the client and the completion of the defect liability period. A schematic representation of the events is given below:



## Business Development

We are awarded contracts pursuant to a competitive bidding process. Government and other clients typically advertise their proposed projects in leading national newspapers or on their websites. Our tendering department reviews newspapers and websites to identify suitable projects. The tendering department evaluates bid opportunities and the project merits are discussed internally with the senior management based on parameters like client's reputation and financial strength, the geographic location, our current projects and order book, the project's cost and profitability estimates and our competitive advantage relative to other likely bidders. Once we have identified projects that meet our criteria, we submit our application as per the specified procedures.

## Tendering

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

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

If we pre-qualify for a project, the next step is to submit a financial bid. Prior to submitting a financial bid, our Company carries out a detailed study of the proposed project, including performing a detailed study of the technical and commercial conditions and requirements of the tender followed by a site visit. Our tendering department determines the bidding strategy depending upon the type of contract. For example, in the event of bid for a design-build project, we would appoint a competent consultant to design the project and provide us with drawings to enable further analysis of the various aspects of the project. This allows us to make a more informed bid. Similarly, a lump sum tender would entail quantity take-offs from the drawings supplied by the clients.

A site visit enables us to determine the site conditions by studying the terrain and access to the site. Thereafter, a local market survey is conducted to assess the availability, rates and prices of key construction materials and the availability of labor and specialist sub-contractors in that particular region. Sources of key natural construction materials, such as quarries for aggregates, are also visited to assess the availability,

leads and quality of such material. The site visit also allows us to determine the incidence and rates of local taxes and levies, such as sales tax or value added tax, octroi and cess.

Our representatives attend the pre-bid meetings convened by the clients, during which we raise any queries or requests for amendments to certain conditions of the proposed contract. Any ambiguities or inconsistencies in the document issued by the client are brought to the attention of the client for further clarification.

The tendering department invites quotations from vendors, sub-contractors and specialist agencies for various items or activities in respect of the tender. This data supplements the data gathered by the market survey. The gathered information is then analyzed to arrive at the cost of items included in the Bill of Quantities (BOQ). The estimated cost of items is then marked up to arrive at the selling price to the client. The basis of determination of the mark-up is based in part on the evaluation of the conditions of the contract.

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

### Pre qualification parameters

Typically a project owner/client conceives of a specific project and follows it up with the appointment of a consultant who prepares a detailed project report (DPR). This report addresses various aspects of project implementation commencing from obtaining clearances, right of ways, scope of work, technical parameters, etc., to related costs which define the approximate estimated cost of the project.

At the next level the project owner invites pre-qualifications from prospective bidders to assess and identify contractors who are capable of bidding for the project and subsequently implementing the same, if awarded. The project owner utilizes the detailed project report data to define the pre-qualification criteria. For projects across the various sectors, the project owner /client normally specify the qualifying criteria, which include:

- Technical Capability:** The Company should have the experience of having implemented projects of similar nature, necessary manpower with a relevant profile to suit the project and the experience to execute it. Depending on the project, relevant machinery as specified by the client should be available with the company. This may be owned or outsourced / hired from a third party.
- Financial Strength:** This includes the minimum annual turnover, net worth requirement as well as working capital requirements.
- Joint Venture Participation:** In the event the project allows for association of more than one company to participate in the contract to enable the partners to pool in their resources, thereby meeting the threshold pre-qualifying criteria, such a method of invitation is known as joint venture participation. Joint venture participation allows the individual partners of the proposed project to pool in their own resources for prequalification as well as submission of the techno-commercial bid. Joint venture may be entered into at the time of RFQ (request for qualification) or at tender stage in case of two-bid process. Normally a joint venture agreement is signed by the partners, which is in line with the guidelines provided by the client.

This Joint Venture agreement could be either project specific or generic.

- Project Specific JVs/MOUs** which are in existence till such time as the outcome of pre qualification or if awarded till the completion of the project.
- Generic JVs-** In these cases the JVs /MOUs are not formed for any specific project rather it is a partnership wherein the JV can submit their prequalification and bid for the projects. No technology transfer is involved and both the parties will be limited to their respective scope of work derived out of their expertise.

As of December 31, 2009, we have entered into memoranda of understanding, project specific joint venture agreements / consortium agreements in respect of projects being currently executed by us. The details are as follows: -

Joint Venture / Consortium	Project	Value of contract undertaken under the Joint Venture	Our Share	Value of our work	Place of Registration and year of incorporation	Paid up capital	Turnover of FY 2008
HCIL - Kalindee - ARSS (JV)	Installation of track, signalling of Keonjhar-Tomka new broad gauge railway	7239	69%	5003	New Delhi 22.10.2005	Nil	2.64
HCIL - ARSS - Triveni (JV)	Construction of railway siding (Package-I)	3050	45%	1372	New Delhi 28.09.2004	Nil	379.39
	Construction of MGR Link (Package-V)	2935	45%	1321	New Delhi 28.09.2004	Nil	

Joint Venture / Consortium	Project	Value of contract undertaken under the Joint Venture	Our Share	Value of our work	Place of Registration and year of incorporation	Paid up capital	Turnover of FY 2008
	Construction of RCC wharf wall at Dipika, Korba	285	95%	270	New Delhi 28.09.2004	Nil	
HCIL - Adhikaria - ARSS (JV)*	Construction of major bridges	13102	30%	3931	Bhubaneswar 18.12.2006	Nil	11310.19
	Construction of track	13085	30%	3926	Bhubaneswar 18.12.2006	Nil	
	Construction of road	15352	30%	4606	Bhubaneswar 18.12.2006	Nil	
Backbone - ARSS (JV)	Construction for widening and strengthening of existing carriage way to two lane for Behrampur to Taptapani (km 0/0 to km 41/0 of SH-17)	8197	100%	8197	Bhubaneswar 12.12.2007	Nil	390.43
	Improvement to Vijaywada to Ranchi corridor Rairakhole to Naktideol from 36/00 to 65/200 km of Kiakata Deogarh road-Drawal of Agreement	6027	100%	6027	Bhubaneswar 12.12.2007	Nil	
Atlanta-ARSS (JV)	Construction of Broad Gauge Formation and Minor Bridges from Chainage 41000.00 to 45000.00 between Dausa and Lalsot in Connection with Dausa-Gangapur city New Broad Gauge Line Project of North Western Railway Jajpur. Vide Group No-18	1795	100%	1795	Bhubaneswar 07.11.2007	Nil	3098.67
	Construction of 12 Nos. Major Bridges between Dausa and Gangapur city in Connection with Dausa-Gangapur city New Broad Gauge Line Project	4163	100%	4163	Bhubaneswar 07.11.2007	Nil	



Joint Venture / Consortium	Project	Value of contract undertaken under the Joint Venture	Our Share	Value of our work	Place of Registration and year of incorporation	Paid up capital	Turnover of FY 2008
	Gauge Conversion works from TIRUNELVELI to TENKASI in QUILON – TENKASI – TIRUNELVELI – TIRUCHENDUR – TENKASI – VIRUDHUNAGAR : Proposed Earthwork in forming bank, Cutting, Re-grading, Construction of Major and Minor Bridges, Construction of Platforms, Station Buildings, Passenger Amenities, Platform Shelters, Improvements to Level Crossings, Providing Lifting barrier and other Miscellaneous Works between TIRUNELVELI and TENKASI JUNCTION STATIONS	7206	100%	7206	Bhubaneswar 07.11.2007	Nil	
Niraj ARSS (JV)	Construction of BRTS corridor and development of road bypass to panipech via: Sikar road	5462	100%	5462	Bhubaneswar 18.05.2007	Nil	6831.28
	Improvement to such as providing rigid pavement with paved shoulders to cuttack-Paradeep Road (SH12) from 0 to 43/000 Km. <b>NCSL</b>	9616	100%	9616	Bhubaneswar 18.05.2007		
	Improvement to such as providing rigid pavement with paved shoulders to cuttack-Paradeep Road (SH12) from 43/000 to 82/000Km.	11211	100%	11211	Bhubaneswar 18.05.2007		
ARSS – HCIL	New broad gauge line between Salem and Rasipuram (km 0.00 to km 25.50)	2783	100%	2783	Bhubaneswar 09.06.2007		941.48

Joint Venture / Consortium	Project	Value of contract undertaken under the Joint Venture	Our Share	Value of our work	Place of Registration and year of incorporation	Paid up capital	Turnover of FY 2008
Consortium	New broad gauge line between Rasipuram and Namakkal (km 25.50 to km 52.00)	2356	100%	2356	Bhubaneswar 09.06.2007		
Patel - ARSS (JV)	Widening and strengthening of Existing carriageway to two lane Bhawanipatna to Khariar	10551	100%	10551	Bhubaneswar 23.10.2007		2423.53
	Construction of Kaushilia Dam and appurtenant works in Panchkula district	11299	100%	11299	Bhubaneswar 23.10.2007	Nil	
ARSS - Triveni (JV)	Construction of four lane road in Jharkhand	6717	100%	6717	Bhubaneswar 19.04.2007	Nil	973.31
	Construction of Major and minor bridges, retaining walls, earthwork including blanketing, station building & other misc. structures, ballast supply, linking of track with P.Way material (except rails & sleepers) between Harsauli-Rewari section in connection with harsauli-Rewari Doubling BG Project.	5656	100%	5656	Bhubaneswar 28.08.2008	Nil	

Joint Venture / Consortium	Project	Value of contract undertaken under the Joint Venture	Our Share	Value of our work	Place of Registration and year of incorporation	Paid up capital	Turnover of FY 2008
ARSS-ANPR (JV)	3rd line between Vizianagaram-Kottavalasa:- Execution of earthwork in formation, construction of Major & Minor Bridges, side & catch water drains, protection works, transportation and P.Way linking works and other miscellaneous works from Ch. 0.00 to Ch. 15.412 Km from CSB of VZM between sections VZM-KUK & KUK-ALM excluding VZM & KUK yard regarding works and major bridge portions (Br. nos 1553 & 1554) and including formation/through linking of new line in KUK yard	1907	100%	1907	Bhubaneswar 28.08.2008	Nil	281.36
	3rd line between Vizianagaram-Kottavalasa:- Execution of earthwork in formation, construction of Major & Minor Bridges, side & catch water drains, protection works, transportation and P.Way linking works and other miscellaneous works from Ch. 15.412 to Ch. 25.101 Km from CSB of VZM between sections KUK-ALM & ALM-KPL excluding ALM yard regarding works and including formation/through linking of new line in ALM yard	1447	100%	1447	Bhubaneswar 28.08.2008	Nil	

Joint Venture / Consortium	Project	Value of contract undertaken under the Joint Venture	Our Share	Value of our work	Place of Registration and year of incorporation	Paid up capital	Turnover of FY 2008
	New Broad Gauge Line between Salem and Karur (via) NAMAKKAL between SALEM and NAMAKKAL	1882	100%	1882	Bhubaneswar 28.08.2008	Nil	
SOM DATT BUILDERS -ARSS (JV)	Construction for widening & strengthening of existing carriageway to two lane for chandbali-Bhadrak-anandpur	21623	100%	21623	Bhubaneswar 28.01.2008	Nil	579.90

\* It is not included in the order book as there has been no sub contract agreement or MOU entered into by the JV and our Company.

For details of these memoranda of understanding, joint venture agreements and consortium agreements, see section titled “History and Corporate Structure” on page 94 of this Red Herring Prospectus.

#### Execution Process

Once the project is awarded to us, we prepare a detailed design in accordance with the project requirements. We are required to prepare detailed architectural and/or structural designs based on the conceptual requirements of the client and also conform to various statutory and other requirements. This may be done at our own or in collaboration with consultant appointed by client. Construction activity typically commences once the client approves working designs and issues drawings. The sequence of construction activities largely follows the construction schedule that was prepared initially, subject to changes in scope requested by the client.

On finalization of design, the process of execution starts subject to execution of necessary documentation as required by the client. An execution team is constituted under the leadership of project manager. The team selects the labour agencies, employs direct labour, plans purchasing of material, arranges for deployment of labour, and makes necessary arrangements for machines, power and water. Projects generally commence with excavation and earthmoving activities. Other major components of a typical construction project include concreting and reinforcement. Heavy earthmoving equipment, such as excavators, dumpers, loaders, dozers, graders and rock drilling tools, are used for excavation, whereas batching plants, transit mixers, tower cranes and concrete pumps, among other equipment, are used for concreting. Each stage of the construction activity is closely monitored for quality and timely execution of work. For this purpose, we prepare CPM and PERT Charts. The company also has a separate quality control department that supervises and ensures the quality of work done and to meet demands of Project Management / Employer.

#### Procurement / Raw materials

We believe that procurement of suitable quality material at competitive prices & management of our supply chain to ensure adequate supply of material to project sites are critical for timely execution of projects which in turn would ensure success & profitability in business. Material comprises of more than 50% of the total project cost. We have a team of experienced personnel who are responsible for procurement and the logistics to ensure timely availability of material at each of our project sites. Upon award of a contract, the purchase department is provided with the project details along with the budgeted rates for material, services and equipment as estimated by the engineering personnel from the project site.

Over the years, we have developed relationships with a number of vendors for key material, services and equipment and have developed an extensive vendor database for various materials and services. Our purchase department invites quotations from various vendors. Vendors are invited to negotiate before finalizing the terms and prices. The materials ordered are provided to the sites from time to time as per their scheduled requirements. We maintain material procurement, tracking and control systems, which enable us monitoring of our purchases.

The procurement process followed for key raw materials is detailed as under:

- (a) **Cement & Steel:** -We follow a centralized purchase system for the purchase of cement and steel. Almost 80% supply of cement and steel is done from our Head office and the remaining 20% is procured from cement and steel suppliers in the vicinity of the project.
- (b) **Diesel:** -We purchase diesel from Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOCL). Almost 95% of our requirement for diesel is supplied by HPCL and IOCL and in case of emergency we purchase diesel from local markets.
- (c) **Bitumen and Oil products:** -We purchase bitumen and oil products like Low Density Oil (LDO), which are required for the execution of the projects from Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOCL).

- (d) **Stone aggregates:** -The supply of stone aggregates is done from our stone crusher units. We own six crusher units in Orissa, from where the required supply of stone aggregate is made available.

#### Plant and machinery

We have a fleet of strategic construction equipment assets. We believe that our investment in equipment and fixed assets is an advantage, which enables us to rapidly mobilize our equipment to project sites as needs arise. This is an important advantage in serving the technically challenging and diverse nature of the construction projects in which we are engaged. As of December 31, our total investment in plant, machinery and equipment was Rs. 22,470.39 lacs.

We have crusher plants at eight locations in various districts of Orissa and equipment storage, maintenance and repair facilities in Crusher plants are required for quarrying and crushing granite stone to produce required sizes of rock products as per client specification be it for railway track ballast or highway work or any other civil construction work.

Our crushing plants are mostly used for production of stone ballast required for railway track and metal, chips, bajuri, road works, Bridge works and culverts and other structures. With the crusher plants detailed below, we can produce ballast / aggregate to tune of about 4000 cum per day.

#### Details of our crushing plants

Crusher Plants	Location	Capacity (Ton per Hour) per machinery
I	Champajhar in the district of Khurda	100
II	Chhatramain the district of Khurda	150
III	Nityanandpur in the district of Dhenkanal	350
IV	Bhanjanager in the district of Ganjam	100
V	Amalaguda in the district of Ganjam	200
VI	Kharbuin in the district of Boudh	200
VII	Bhudka, in the district of Ganjam	200
VIII	Digapandi in the district of Ganjam	200

The following table provides a list of our key Equipment:

#### Details of Equipment used

SL. No	Description	Quantity (Owned)
1	Crusher & Crusher plant	26
2	Hyva , Tipper & Ashok Leyland	334
3	Tipper Cabin	30
4	Batch Mix Plant	21
5	Dozer	2
6	Weigh Bridge	4
7	Mould	2
8	Loader	25
9	LPK Cabin Chacis	2
10	JCB 3DX	35
11	JCB 4DX	19
12	D.G. Set	52
13	MAIT Piling	2
14	Diesel Engine	4
15	Hot Mix Plant	1
16	Vibrator	17
17	Road Roller	5
18	VHF Instrument	2
19	Lathe Machine	2
20	Leveling Instrument	5
21	Lift	1
22	Drum Mix Plant	8
23	Water Tanker	61
24	Bitumen Tanker	1
25	Weigh Batcher	5
26	Wet mix Paver	17
27	Writing Paver (Imported)	1
28	Electronic Sencer paver	1
29	Wet Mix Plant	4
30	Tractor*	36
31	Trailer	6

SL. No	Description	Quantity (Owned)
32	Volvo DD 60	4
33	Weighing Machine	8
34	Transit Mixture*	29
35	Compressor	8
36	Tandom Rooler	13
37	Vibratory Roller	7
38	Mixture Machine	48
39	Concrete Mixture	5
40	Concrete Pump	1
41	Crain	12
42	Truck	4
43	Inspection Trolley	1
44	Survey Instrument	
45	Rail Trolley	2
46	Rail Cum Road Tipper	3
47	Rail Threader	1
48	Dip Lorry	2
49	Cutting Machine	4
50	Hydra Crain	2
51	Inno Disc Horrow	1
52	Soil Compactor	23
53	Welding Machine	40
54	Paver Finisher	6
55	Paver Block	1
56	Apollo Sencer Paver	2
57	Tata Hitachi	3
58	Kerb Lying Machine	3
59	Mico Text Bench	1
60	Cub Testing Machine	8
61	Drilling Machine	3
62	Vibrator screen Machine	8
63	Digital Balance Machine	2
64	Cat Motor Grader	5
65	Material Testing Machine	
66	Holland LP Container	2
67	Cement Scraw Pump	1
68	Writgen Texture Curing Mach	1
69	L T Komastu	2
70	Bar Cutting Machine	1
71	Light Max	2
72	Water Pump	64
73	Grooting Pump	7
74	Metro Pump	2
75	Atlas Copco Rock Breaker	5
76	Chilling Plant	2
77	Niddle Vibrator	3
78	Jack	3

**##\* Additionally 2 Tractors and 5 Transit Mixture have been hired by us.**

Our company has successfully bid for preused machinery on August 25, 2009. The machinery was purchased as a cluster and was not appraised individually. The life of the said machinery, therefore, cannot be ascertained in years, but the company believes, that upon overhauling, it will add significant prowess to the company's execution capabilities. Utilities

**The main utilities required in the construction activity are:**

**Power:** The construction projects are not power intensive. Power is required at site for running various machineries and Equipment and also for lighting. Generally power requirement is met at site through normal power distribution channel and is generally provided by clients. The power requirement at our crusher plant is met by supply of electricity from CESCO and Diesel Generator Sets Set owned by our Company. Further, if any need arises at site, the same can be met by installation of Diesel Generator Sets. Power requirement of our Company varies at each stage of project and depends upon the size and nature of the project.

**Fuel:** The fuel required to operate the machinery / heavy Equipment / D.G. Sets is met by supplies from the local depot / markets.

**Water:** We meet our water requirement largely through tube wells built at project sites.

## Human Resources

As on December 31, 2009 our Company employed approximately 2725 employees including professional engineers, supervisors, skilled and unskilled workers. These employees are employed in various categories and cadres at project sites as well as the corporate and registered office. The details of employees on the rolls of our Company are given below:

Sr. No	Category	No. of employees
1	Engineers	270
2	Technician & Machine Operators	290
3	Supervisors	673
4	Accounts & Administration	767
5	Human Resources	9
6	Purchase Marketing & Tendering	48
7	Skilled Workers	82
8	Unskilled Workers	240
9	Others	346
	<b>Total</b>	<b>2725</b>

Apart from the above employees we also employ temporary and casual labours on contract basis at our project sites for construction activities.

We have not experienced any materials strikes, work stoppages or action by or with our employees and we consider our relationship with our employees to be good.

## OUR PROPERTIES

### Intellectual Property

We have received a certificate of Registration from the Registry of Trademarks for the registration of ARSS logo under Class 37 dated March 13, 2008

### Properties owned by Our Company

Sr. No.	Description of Property	Area	Purpose
1.	Champajhar Khurda, Orissa	91,476 Sq.Ft.	Crushing plant
2.	Chhatrama & Jhinkijhari Khurda, Orissa.	2,97,514 Sq.Ft.	Crushing Plant
3.	Badapada, Bhanjanagar, Orissa.	5,42,322 Sq.Ft.	Crushing plant
4	Amalaguda in the district of Ganjam	2,06,822 Sq.Ft.	Crushing plant
5	Kharbuin in the district of Boudh	1,74,675 Sq.Ft.	Crushing plant
6	Mouza in the district of Khurda	3750 Sq. Ft	Residential

### Properties taken on license/lease by our Company

Sr. No	Description of Property	Name of Lessor	Agreement Date, Lease period and Khata No. and Plot No	Amount	Total Area	Purpose
1	Plot No-38, Sector-A, Zone-D, Mancheswar ind. Estate, Bhubaneswar-10 (Note:1)	IDCO	September 12, 2007 for a period of 64 years from the date of execution	Rs.270/- p.a	39,247 Sq. Ft.	Registered Office
2	141, ground floor, SBI Colony, Paschim Vihar, New Delhi-110063. (Note:2)	Rajesh Agarwal	October 4, 2007 5 years w.e.f. October 01, 2007	No rent payable Refundable Security Deposit of Rs.40 lacs.	2350 Sq.Ft	Corporate Office

Sr. No	Description of Property	Name of Lessor	Agreement Date, Lease period and Khata No. and Plot No	Amount	Total Area	Purpose
3	141, 1 <sup>st</sup> Floor, SBI Colony, Paschim Vihar, New Delhi-110063 (Note:2)	Sunil Agarwal	October 4, 2007 5 years w.e.f. October 01, 2007	No rent payable Refundable Security Deposit of Rs.40 lacs	2350 Sq.Ft.	Corporate Office
4	Nityanandapur, Gondia, Chadeidhara, Chandikhol, Orissa. (Note:2)	a) Sangita Agarwal	December 19, 2007 50 years w.e.f. December 19, 2007	Rs.32,000/- p.a	1,20,661 Sq. Ft.	Crushing plant
		b) Sanju Agarwal	December 19, 2007 50 years w.e.f. December 19, 2007	Rs.96,000/- p.a	2,59,182 Sq. Ft.	
		c) Seema Agarwal	December 19, 2007 50 years w.e.f. December 19, 2007	Rs.32,000/- p.a	1,01,930 Sq. Ft.	
		d) Sabita Agarwal	December 19, 2007 50 years w.e.f. December 19, 2007	Rs.16,000/- p.a	81,892 Sq.Ft	
5	Champajhar, Khurda, Orissa. (Note:2)	Sunil Agarwal	December 31, 2007 50 years w.e.f. December 31, 2007	Rs 32,000/- p.a	65,340 Sq. Ft.	Crushing plant
6	Plot No – 509 & 510 Sun and Moon Apartment, Sikar Road, near S.k.Soni Hospital, Jaipur. Rajasthan	Devendra singh Bhati Avinash Jodha	September 26, 2007 11 months w.e.f September 15, 2007. A fresh agreement is pending negotiations.	Rs. 14000/- p.a	1200 Sq.Ft	Branch Office
7	Block No.12 of Aminjekarai village, situated at New No.7 (Old No.30), East Park road, Shenoy Nagar, Chennai – 600030	R Gopinath. Surendra Gopinath and Sanaya Gopinath	10 <sup>th</sup> February 2009 11 months w.e.f 12 <sup>th</sup> February 2009. Lease was expired on 12 <sup>th</sup> January 2010 Lease agreement executed January 11, 2010 11 months w.e.f 11 <sup>th</sup> January 2010	Rs 44,000 p.m	4848 Sq. Ft	Branch Office

**Note:-**

- The original lessee of the leasehold land was owned by M/s. ARSS Engineering and Technology, our group company. By a Tripartite Lease Deed dated September 12, 2007 executed between IDCO ("the Lessor"), M/s. ARSS Engineering and Technology and our Company (Lessee) and our Company, M/s. ARSS Engineering and Technology has transferred and assigned unto our Company, the leasehold rights in respect of the said land for the remaining period of lease. Our Company has constructed a building structure on said leasehold land.
- Our Company has acquired aforesaid properties on lease basis from our Promoters and Promoter Group.

**Quality Certification**

We have been awarded ISO 9001:2000 Quality Management System Standard Certificate by Moody International Certification Limited (Certificate No. IDL-0002.06), issued on August 1, 2006 and valid up to May 27, 2009 for "Construction of Civil Work – Like Road Projects, Major Bridges, Minor Bridges, Earthwork and Railway Track Linking Work." On 15<sup>th</sup> June 2009, we have received ISO 9001: 2008 Quality Management System Standard Certificate by Moody International Certification Limited for "Construction of Civil and Infrastructure Work like Highways Roads, Bridges, Railway Track Linking Works (including OHE SNT), Earth Works, Irrigation Projects like Dams etc" and the same is valid up to June 14, 2012.

**Marketing**



The major part of the work executed by us is awarded by Government sector. A contract offered by Central or State Government is backed by budgetary support or financial support or grants from various institutions and agencies both Indian and International. As such, the normal course for awarding these contracts by the Government or their agency is through the process of tendering. In view of the nature of our market, the major sources of information of ensuing tenders for construction contracts are Newspapers and Government gazettes.

In order to ensure that we can effectively bid for these contracts we have a separate department, which is headed by General Manager - Business Development, which keeps track of these tender notifications or advertisements and prepares the tender document. As per the requirements of the tender and our bidding capacity, we take decision of forming Joint Venture with suitable partner(s) or sometimes, as a strategic decision we bid in consortium with other reputed companies. Our Company has consciously planned to move up the value chain by forming strategic Joint Ventures and bidding and securing high value projects and widening business segments.

Apart from the normal tendering process, we are always vigilant about maintaining a strong relationship not only with our present clientele but also to the opportunities foreseeable around the construction industry. Now substantial amount of construction contracts are being offered by the private sector also.

### **Insurance**

Our Company's operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, land mine blasts and other work accidents, fire, earthquake, flood and other force major events, acts of terrorism and explosions including hazards that may cause injury and loss of life, destruction of property and equipment and environmental damage. We may also be subject to claims resulting from defects arising from engineering, procurement or construction services provided by us.

We obtain specialized insurance for construction risks, third party liabilities for projects, as required and specified by our clients, for the duration of the project and the defect liability period. We maintain comprehensive insurance covering our assets and operations at levels, which we believe to be appropriate. Loss or damage to our materials, property and/or materials used in the project, including contract works, whether permanent or temporary, and materials or equipment whether supplied by us or supplied to us by the client, are generally covered by "Contractors' All Risks Policy" insurance against material damage to property. Under the all risk insurance policy we are also provided cover for price escalation, debris removal and surrounding properties.

The aggregate coverage under the policies currently is Rs. 88,555.67 lacs for the assets. We have taken following insurance policies as on December 31, 2009.

<b>Sr. No</b>	<b>Nature of Policy</b>	<b>Amount Insured (Rs.)</b>
1	Vehicle Insurance	104,510,570.00
2	Contractor's Plant & Machinery Insurance	1,229,189,282.00
3	Contractor's All Risk Policy	7,293,194,053.00
4	Special Contingencies Policy	3,291,910.00
5	Burglary Policy	18,459,658.00
6	Group Personal Accident Policy	52,850,000.00
7	Workmen's Compensation Policy	18,878,828.00
8	Fire and Perils Policy	135,192,588.00
<b>Total</b>		<b>8,855,566,859.00</b>

## KEY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The summary of regulations set out below is not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. There are no specific regulations in India governing the construction industry. Set forth below are however certain significant legislations and regulations that are generally adhered to by this industry in India:

### General

We are a construction company in India. We undertake construction activities in railways, roads, highways, bridges and irrigation projects. We started as a construction company in the field of railway infrastructure development mainly in the state of Orissa and subsequently expanded our business activities in the zonal jurisdictions of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway. We have developed expertise in railway construction projects, which include earthwork, major and minor bridges, supply of ballast, sleepers, laying of sleepers and rails, linking of tracks etc. Over the years we have diversified our field of activities into other construction segments such as development and construction of roads, highways, bridges, irrigation projects, EPC activities for railways mainly undertaken by Government organizations.

### Environmental and Labour Regulations

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

1. Contract Labour (Regulation and Abolition) Act, 1970;
2. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
3. Factories Act, 1948;
4. Payment of Wages Act, 1936;
5. Payment of Bonus Act, 1965;
6. Employees' State Insurance Act, 1948;
7. Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
8. Payment of Gratuity Act, 1972;
9. Shops and Commercial Establishments Acts, where applicable;
10. Minimum Wages Act, 1948;
11. Workmen's Compensation Act, 1923;
12. Maternity Benefit Act 1951;
13. Equal Remuneration Act 1979;
14. Industrial Disputes Act 1947;
15. Trade Union Act 1926;
16. Child Labour Prohibition & Regulation Act 1986;
17. Inter-State Migrant workmen's Regulation of Employment & Conditions of Service) Act 1979;
18. Environment Protection Act, 1986;
19. The Water (Prevention and Control of Pollution) Act, 1974; and
20. The Air (Prevention and Control of Pollution) Act, 1981.

### LABOUR REGULATIONS

#### 1. Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") has been enacted to regulate the employment of contract labor in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labor. The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, a contract labor cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labor except under and in accordance with the license issued.

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

**2. The Building and Other Construction workers Regulation of Employment and Conditions of Service Act 1996 and the Cess Act of 1996**

This Act provides for the levy and collection of a cess on the cost of construction, with a view to augmenting the resources of the Building and other Construction Workers Welfare Boards constituted under the Building and Other Construction Workers (regulation of Employment and Conditions of Service) Act, 1996. All the establishments who carry on any building or other construction work and employ 10 or more workers are covered under this Act. All such establishments are required to pay cess at the rate not exceeding 2% of the cost of construction as may be modified by the Government. The Employer of the establishment is required to provide safety measures at the Building or construction work and other welfare measures, such as Canteens, First-Aid facilities, Ambulance, Housing accommodations for workers near the work place etc. The Employer to whom the Act applies has to obtain a registration certificate from the Registering Officer appointed by the Government.

**3. Factories Act, 1948**

The Factories Act, 1948 (***“Factories Act”***) aims at regulating labor employed in factories. A “factory” is defined as *“any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...”*. The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules there under rests on the “occupier”, being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made there under or of any order in writing given there under, the occupier and the manager of the factory guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

**4. Payment of Wages Act 1936**

The Payment of Wages Act 1936 (***“PWA”***) makes provisions regarding the date by which wages are to be paid, when it will be paid and what deductions can be made from the wages of the workers.

**5. Payment of Bonus Act 1965**

The Payment of Bonus Act 1965 is applicable to all establishments employing 20 or more employees. The said Act provides for payments of annual bonus subject to a minimum of 8.33% of wages and maximum of 20% of wages to employees drawing Rs.3500/- per month or less. The bonus to be paid to employees getting Rs.2500/- per month or above up to Rs.3500/- per month is worked out by taking wages as Rs.2500/- per month only. The Act does not apply to certain establishments. The newly set-up establishments are exempted for five years in certain circumstances. Some of the State Government has reduced the employment size from 20 to 10 for the purpose of applicability of this Act.

**6. Employee State Insurance Act, 1948**

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

Under the ESIA, every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to Rs.7,500/- per month is entitled to be insured. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation. Currently, the employee’s contribution rate is 1.75% of the wages and that of employer’s is 4.75% of the wages paid/payable in respect of the employee in every wage period.

The ESIA states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by

deduction from any amount payable to him by the principal employer under any contract, or as a debt payable by the immediate employer.

#### **7. Employees' Provident Funds and Miscellaneous Provisions Act, 1952**

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

#### **8. Payment of Gratuity Act, 1972**

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

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

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

#### **9. Local Shops and Establishments Legislations**

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

#### **10. Minimum Wages Act, 1948**

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

#### **11. Workmen's Compensation Act, 1923**

The Workmen's Compensation Act, 1923 (**"WCA"**) has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/ loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

#### **12. Maternity Benefit Act 1951**

The Maternity Benefit Act, 1951 provides for leave and some other benefits to women employees in case of confinement or miscarriage etc.

#### **13. Equal Remuneration Act 1979**

The Equal Remuneration Act 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against Female employees in the matters of employment and for matters connected therewith.

#### **14. Industrial Disputes Act 1947**

The Industrial Disputes Act 1947 lays down the machinery and procedure for investigation, settlement and resolution of Industrial disputes in what situations a strike or lock-out becomes illegal and what are the requirements for laying off or retrenching the employees or closing down the establishment.

**15. Trade Union Act 1926**

The Trade Union Act 1926 lays down the procedure for registration of trade unions of workmen and employers. The Trade Unions registered under the Act have been given certain immunities from civil and criminal liabilities.

**16. Child Labour Prohibition & Regulation Act 1986**

The Child Labour Prohibition & Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour is prohibited in Building and Construction Industry.

**17. Inter-State Migrant workmen's Regulation of Employment & Conditions of service) Act 1979**

The Inter-State Migrant workmen's Regulation of Employment & Conditions of Service) Act 1979 is applicable to an establishment which employs 5 or more interstate migrant workmen through an intermediary (who has recruited workmen in one state for employment in the establishment situated in another state). The Inter-State migrant workmen, in an establishment to which this Act becomes applicable, are required to be provided certain facilities such as housing, medical aid, traveling expenses from home up to the establishment and back, etc.

**ENVIRONMENTAL LEGISLATIONS**

**18. Water (Prevention and Control of Pollution) Act 1974**

Our Company is required to obtain consent under the Water (Prevention and Control of Pollution) Act 1974 for discharge of sewage and trade effluent.

**19. Air (Prevention and Control of Pollution) Act 1981**

Our Company is required to obtain consent under the Air (Prevention and Control of Pollution) Act, 1981 for establishing and operating industrial plant.

## HISTORY AND CORPORATE STRUCTURE

Our Company was incorporated as ARSS Stones Private Limited on May 17, 2000 under the Companies Act, 1956, with its registered office at N-1/93, IRC Village, Nayapalli, Bhubaneswar. The registered office of our Company was shifted to the Plot No. 38, Sector –A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar-751010 with effect from July 1, 2003. On May 20, 2005, the name of our Company was changed to ARSS Infrastructure Projects Private Limited. Our Company has been converted to a public limited company in pursuance of a special resolution passed by the members of our Company at the Extraordinary General Meeting held on November 15, 2005. The Fresh Certificate of Incorporation consequent on change of name as a result of conversion of our Company to a public company was issued on April 3, 2006 by the Registrar of Companies, Orissa.

Major events in the History of our Company

Sr. No.	Major Events	Year
1	Our Company ARSS Stones Private Limited was incorporated with its identity as ARSS Stones Private Limited.	2000
2.	Our Company established a crusher unit at Nityananpur, in the district of Dhenkanal, Orissa.	2000
3	Our Company established two more crusher plants, one at Rambha in the district of Ganjam, Orissa (which was subsequently shifted to Champajhar) and other at Champajhar situated in the district of Khurda, Orissa.	2002
4	Our Company diversified into the field of earthwork, rock excavation, construction of bridges & roadways and boring piles of large diameter. Our Company was awarded projects of constructing 5 (five) major bridges at Bhubaneswar.	2003
5	Our Company entered into the first joint venture with Triveni Engicons Private Limited (previously carrying on the business as a partnership firm in the name and style of M/s. Triveni Enterprises) so as to undertake and execute railway project.	2004
6	The name of our Company was changed to ARSS Infrastructure Projects Private Limited. Our Company entered into joint ventures with other domestic and international partners viz, Harish Chandra (India) Limited (“HCIL”), Kalindee Rail Nirman (Engineers) Limited (“Kalindee”), PT Adhikaria (Persero) etc for executing road and railway projects.	2005
7	Our Company was converted to a public limited company Our Company received ISO 9001:2000 rating from Moody International in relation to construction of civil work like Road projects, Major Bridges, Minor Bridges. Earthwork, railway track linking work. Our Company established another crusher unit, at Chhatrama in the district of Khurda.	2006
8	Our Company entered into a joint venture agreement with M/s. Niraj Cement Structural Limited and the said joint venture was awarded the project for reconstruction rehabilitation of Cuttack- Paradeep road (SH- 12) from 0 to 43 kms and 43 to 82 kms. Our Company established another crusher unit at Bhanjnagar in the district of Ganjam. Our Company has expanded the business into other parts of India viz; Rajasthan, Jharkhand, Haryana and Tamil Nadu for undertaking project work of railways and roadways.	2007
9	Our Company entered into a Joint venture agreement dated January 28, 2008 with Somdatta Builders for the construction for widening and strengthening of existing carriage way to 2-lane for Chandbali- Bhadrak- Anandpur road (km. 0/0 to 45/0 of SH-9 and km. 0/0 to 50/0 of SH-53) work under world bank assisted project to government of Orissa Received Trade mark registration from the Registrar of Trade Mark.	2008

### Change in our Registered Office of our Company

The Registered Office of our Company is situated at Plot No. 38, Sector –A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar-751010. Earlier the registered office of the company was situated at N-1/93, IRC Village, Nayapalli, Bhubaneswar-751015, Orissa.

### Changes in the Memorandum of Association of our Company

Since Incorporation, the following changes have been incorporated in Memorandum of Association of our Company, after approval of the members:

Sr. No.	Changes	Date	Type of Meeting
1.	Increase in authorized share capital from Rs.20 lacs to Rs.50 lacs	December 18, 2000	EGM
2.	Increase in authorized share capital from Rs.50 lacs to Rs. 60 lacs	October 18, 2001	EGM
3.	Increase in authorized share capital from Rs.60 lacs to Rs.100 lacs	November 03, 2003	EGM
4.	Change in the of name of our Company pursuant to conversion from ‘ARSS Stones Private Limited’ to ‘ARSS Infrastructure Projects Private Limited’	April 19, 2005	EGM
5.	Alteration of Objects Clause to include clause no. 2 and 3 as mentioned under the heading “ Our Main Objects”	May 26, 2005	EGM
6.	Increase in authorized share capital from Rs.100 lacs to Rs.1000 lacs	May 27, 2005	EGM
7.	Amendments pursuant to the conversion of our Company from a private	November 15, 2005	EGM

Sr. No.	Changes	Date	Type of Meeting
	limited company to a public company.		
8.	Sub-division of the equity shares of the nominal value of Rs.100/- each into 10 equity shares of Rs.10/- each	April 4, 2006	EGM
9.	Increase in authorized share capital from Rs.1000 to Rs.1500 lacs	December 08, 2006	EGM
10.	Alteration of Objects Clause to include clause no. 4 as mentioned under the heading “ Our Main Objects”	April 20, 2007	EGM
11.	Increase in authorized share capital from Rs.1500 lacs to Rs.2000 lacs.	November 05, 2007	EGM

### **Our Main Objects:**

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

2. To carry on in India or elsewhere the business to manufacture, produce, prepare, polish, cut finish, process, mine, treat, acquire convert, commercialize, crush, grave, design, develop, export, import, buy, sell, resell, explore, excavate, quarry, grind, handle, transport, turn to account, market, promote, manage, organize, establish, store, shape and to act as agent, broker, aditia franchiser, distributor, stockiest, mine owners, quarry owners, suppliers, vendor, consignor, transporters, consultants, collaborators, export houses, warehouses or otherwise to deal in all shapes, sizes & varieties of rough and polish stones, slabs, logs, rocks and chips of all natural stones including granite, hemathist, radaita, laterite, coloured stones, their residues, cuttings, byproducts, ingredients, powers, monuments, articles or things and to undertake search, survey, discover, find out and to acquire, by concession, grant, purchase, barter, lease, license, degrees & tenders the allotment or otherwise of land or water area from Government , semi Government , local authorities, private bodies, corporations and other persons such rights powers and privileges for the accomplishment of above objects whatsoever and to do all incidental acts and things necessary for the attainment of above objects.
3. To carry on in India or elsewhere the business of builders, contractors, designers, architects, decorators, furniture, consultants, constructors, financiers and brokers of all types of buildings, bridges and structures including houses, flats, apartments, office, godowns, warehouses, shops, factories, sheds, hospitals, hotels, holiday resorts, shopping-cum-residential complexes and to develop, erect, install, alter, improve, add, establish, renovate, recondition protect, participate, enlarge, repair, demolish, remove, replace, maintain, manage, buy, sell, lease, let on hire, commercialise, turn to account, fabricate handle and control all such buildings and structures and to purchase, sell, or deal in all types of movable or immovable properties for development investment or for resale and to act as buyer, seller, importer, exporter, agent, distributor, stockists or otherwise to deal in all types of raw materials, goods, fittings, parts, accessories, know-how, consumable, plant and machinery, tools and tackles used for the foregoing purpose and to do all incidental acts and things necessary.
4. To act as industrial, technical and commercial project consultants and advise on all and any matters relating to promotion, planning, establishment and development of an organization, selection and recruiting personnel, sales, imports and exports, purchases, marketing and market research and administration of any project, industry business or enterprise in India or out of India and to undertake, provide, procure, maintain and promote administration, and any other services and facilities required by or in connection with any project, industry or business including undertaking complete turnkey jobs and comprehensive management of unit and/or groups thereof and to carry on the business as civil, mechanical, engineering and electrical contractors, builders, road makers, engineers, and to take up turnkey projects, construction, manufacturing, building, road making engineering and all other allied works of any nature for any person, firm, company, public body, Government , army, navy, railways, to execute projects under Built Operate Lease & transfer (BOLT) under central govt, railways & various other public bodies etc., either itself or in partnership with any person, firm, company or Government body or corporation.
5. To carry on the business of manufacturing tipper, cabin body and engineering works includes repairing of vehicles, such as cars, trucks and buses in the workshop of the Company of its own, outsiders and to undertake as well as carry out directly or in connection with other agencies scientific and technical research experiments ad tests of all kinds and also to take up processing, assembling and manufacturing of all machinery, electronic goods, communication equipment fiber optic related equipment software for computers and telecommunications.

### **Subsidiaries of Our Company**

Our Company does not have any subsidiary.

### **Shareholders' Agreement**

Shareholders and Share Subscription Agreements with State Bank of India ('the Investor')

Pursuant to a Share Subscription Agreement dated 7th January 2008 ("the Share Subscription Agreement") read with the Shareholders Agreement of even date ("the Shareholders Agreement") entered into by and between our Company and the State Bank of India ("SBI") read with two letters dated 21st January, 2008 and 22nd January, 2008 respectively issued by SBI, SBI has subscribed to 10,00,000 (ten lacs) equity shares of Rs.10/- (ten) each of our Company at a premium of Rs.305/- per equity share. Upon allotment of the said equity shares, SBI holds 7.97% of the pre-issue paid up share capital of our Company. By virtue of execution of the Agreements aforesaid, SBI is entitled to certain special rights. By a Special Resolution dated January 24, 2008, our Company has amended its Articles of Association to incorporate the certain provisions of the Share Holders Agreement, some of which are briefly set out herein below: -

1. SBI would be entitled to appoint its nominee as a non-executive and non retiring director;
2. In case a general meeting of our Company is requisitioned by SBI, SBI would have the right to appoint the Chairman for that meeting;

3. The quorum of the general meeting would not be deemed to be present unless an authorized representation of SBI is present and voting at such meeting;
4. The annual operating budget and Business Plan adopted by our Board of Directors would be subject to the approval and consent of SBI.

For particulars of the provisions of the Articles of Association, please see section titled “Main Provisions of Articles of Association of our Company” on Page 248 of this Red Herring Prospectus. The aforesaid rights would continue to be available to SBI even after the listing of the shares of our Company.

In addition to the aforesaid, SBI is pursuant to the Agreements aforesaid, inter-alia, entitled to the following rights in relation to our Company, which would not be exercisable if our Company is listed on the Stock Exchanges in India before December 31, 2009.

1. Preferential dividends rights of 20% per annum in addition to the dividends declared by our Company from time to time as also liquidation preference in the event of liquidation of our Company under certain circumstances;
2. In the event any shareholder of our Company desires to sell or transfer any of the shares or any part thereof or any interest therein to any third party, it is required to first offer such shares to SBI and the other non-selling shareholders (not being Affiliates of the Selling Shareholder) in proportion to their shareholding calculated on a fully diluted basis;
3. If the shareholders have not accepted the offer to purchase all or part of the offered shares within 21 (twenty one) days of the date of the offer made from time to time, the shares so offered may be sold by the selling shareholder to a third party purchaser on certain terms and conditions no more favorable than those specified in the offer notice, subject to the Tag Along Right and any such sale of the offered shares to a third party purchaser would be subject to a specific undertaking from the third party purchaser that the third party purchaser will also purchase such number of shares that the Continuing Shareholders wish to sell (“Tag Along Right”) on the same terms and conditions as offered shares.
4. In the event our Company is not listed on the stock exchanges by 31st December 2009, SBI shall have an option to call upon our Company to purchase its shares at such price that provides SBI with a 20% IRR on the investment amount or at the Fair Market Value of the shares.
5. In the event our Company is not listed on the stock exchanges by 31st December 2009 and SBI locates a buyer or a strategic investor, it shall have an option to require the other Shareholders who shall be obligated to sell along with SBI such shares as may be required by the strategic investor or buyer.
6. SBI is also entitled to affirmative voting rights on certain reserved matters like alter or change the rights, preferences or privileges of the ordinary shares, creation of any new class of shares having preference over or on parity with the shares held by SBI or issue any Shares to any person outside the ESOP, amending our Company’s Articles and Memorandum of Association, redemption or repurchase of any shares (except for the buyback of SBI shareholding or repurchase of shares at cost upon termination of employees, consultants, and directors or the exercise of any right of first refusal, dividend distribution, increase in authorized share capital, sale of all or a substantial portion of our Company’s assets, liquidation of our Company, material agreements with subsidiary of our Company or an affiliate of our Company, reclassification any capital or shares of our Company, merger, consolidation or acquisition of our Company’s voting power by a person or affiliated group, take on debt an amount greater than Rs.1 million, transfer of all or substantially all of the assets or the Business or any IP Rights of our Company, decision to hire or terminate the services of the top management employees (CEO level and/or designated heads) or any decision to change their terms of employment, decision pertaining to fire the top management employees, allocation of the ESOP and/or ESOP grants, finalizing, approving, varying the Business Plan and the annual operating budget or any matter relating to the Business Plan, the annual operating budget or any related party transactions, change in the scope of Business, entry into a new line of business, suspension or cessation of business or transfer of all or material portion of the Business, or the creation of any new subsidiary/subsidiaries of our Company or its/their winding up, incurrence or discharge of indebtedness by our Company exceeding the amount set out in the annual operating budget, terms, as may be, in the usual course of business, agreed between the Parties and their legal advisors

Our Company has included some of its aforesaid rights in its AOA to the extent the same are exercisable by SBI till the listing of the shares of our Company.

Our Company had included some of its aforesaid rights in its AOA vide resolution dated August 14, 2009 to the extent the same are exercisable by SBI till the listing of the shares of our Company.

SBI vide letter no. GM/AA/1936 dated October 23, 2009 gave its consent to remove Clause no.192 to 210 from Articles of Association for removal of such restrictive clauses from the Articles of Association of the Company. Accordingly, the Company has obtained shareholders’ approval at the EGM held on October 28, 2009 for removal of such clauses from the AOA. The said rights of SBI would not be exercisable if our Company is listed on the Stock Exchanges in India before December 31, 2009.

Further, SBI vide its letter dated December 29, 2009 bearing Reference No. GM/AA/2506, agreed to extend the IPO deadline and a waiver of their superior rights till 31st March 2010 subject to the condition that the promoters provide an unconditional undertaking that they will buy back the entire shareholding of SBI at an IRR of 25% if the Company fails to bring an IPO till 31st March 2010

#### **Other Agreements**

Except as stated in the section titled “History and Corporate Structure” in this Red Herring Prospectus and the contracts, which have been entered in regular course of business, there are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of this Red Herring Prospectus, which are subsisting as on date.



## Joint Venture Partners

Our Company has entered into joint ventures with various established construction houses viz; Harish Chandra (India) Limited, Kalindee Rail Nirman (Engineers) Limited, Triveni Engicons Private Limited, PT Adhikaria (Persero) and Niraj Cements Private Limited. The joint venture partners aforesaid have vast experience and expertise in execution of civil construction, bridge construction, earth excavation, road construction works and civil engineering works awarded by Government departments and authorities. Our Company together with the joint venture partners aforesaid has undertaken projects awarded by Government authorities and Public Sector Units such as NABARD, RITES, and NTPC etc.

The joint venture partners, in mutual consultation with one another determine the quantum of work to be executed by each joint venture partners vide entering into memoranda of understanding/joint venture agreement. The work awarded to joint venture is executed by them independently or through the sub-contracting to the third party including the joint ventures partners.

Our Company has entered into following joint venture agreements: -

1. HCIL - ARSSSPL - TRIVENI (JV)
2. HCIL - KALINDEE - ARSSSPL (JV)
3. HCIL - ADHIKARIYA - ARSS (JV)
4. NIRAJ - ARSS (JV)
5. ARSS - HCIL CONSORTIUM
6. ATLANTA - ARSS (JV)
7. PATEL - ARSS (JV)
8. ARSS - TRIVENI (JV)
9. SOM DATT BUILDERS -ARSS (JV)
10. ARSS-MVPL (JV)
11. BACKBONE-ARSS (JV)
12. ARSS-ANPR (JV)

### 1. HCIL-ARSSSPL-TRIVENI (JV)

Our Company has entered into a joint venture Agreement with Harish Chandra (India) Limited ("HCIL") and M/s. Triveni Engicons Private Limited, was previously carrying on the business as a partnership firm in the name and style of M/s Triveni Enterprises ("TRIVENI") for the execution of following projects:

- a. Joint venture agreement dated September 10, 2004 for the carrying out civil/P-Way work consisting of earthwork in formation, construction of minor and major bridge and laying of track including supply and spreading of hard stone, ballast, supply of monoblocks pre-stressed concrete sleepers for 52 kg Rails and for points and crossing along with fittings and fixtures, supply of points and crossing complete etc. package-1 for CH-0.963 km to 12.88 km for railway siding including apron/spurs in plant yard vide NIT No. RITES /CO/CP/TC/NTPC/STPP/Pkg-1/2004. The share of profits between the partners for said work is in the ratio of 40:30:30, HCIL: ARSSSPL: TRIVENI.
- b. Joint venture agreement dated September 28, 2004 for the purpose of construction of MGR link line from Ch-35.00 km to Ch-40/955.30 km and loading Bulb and yard, including earthwork in formation of railway, road, bridge works and permanent way work with supply of Materials for NTPC, SSTPP in package V vide NIT NO-RITES/CO/CP/TC/NTPC/STPP/Pkg-V/2004. The share of profits between the partners for the joint venture is in the ratio of 40:30:30, HCIL: ARSSSPL: TRIVENI.
- c. Joint venture agreement dated September 28, 2004 for the purpose of carrying out civil/P-way work consisting of earthwork in formation, construction of minor and major bridge and laying of track including supply and spreading of hard stone, ballast, supply of monoblocks pre-stressed concrete sleepers for 52 kg Rail and for points and crossing along with fittings and fixtures, supply of points and crossing complete etc. P/package II up to CH-5.0 km vide NIT No.RITES/CO/CP/TC /NTPC/STPP/Pkg-II/2004. The share of profits between the partners for executing of said work is in the ratio of 40:30:30, HCIL: ARSSSPL: TRIVENI.

The parties to the joint venture have entered into a memorandum of understanding whereby all the aforesaid three projects were subcontracted to HCIL after retaining 10% of total project amount towards the administration expenses. Further, HCIL has entered into sub-contract with ARSS and TRIVENI whereby HCIL has sub-contracted its entire share in project work to ARSS and Triveni in the ratio of 50:50.

Financial Information (Audited)

(Rs. in lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	379.39	614.62	2955.44
Net Profit	25.20	60.93	41.83
Share Capital	274.34	248.62	178.63
- HCIL	89.54	79.46	55.09
- TRIVENI	87.69	80.53	62.25
- ARSS	97.09	88.62	61.28
Loans Funds	NIL	NIL	NIL

## 2. HCIL-KALINDEE-ARSSPL (JV)

Our Company has entered into a joint venture agreement with Harish Chandra (India) Limited (“HCIL”) and Kalindee Rail Nirman (Engineers) Limited (“KALINDEE”) on October 20, 2005 for the purpose of execution of supply and installation of track, signaling and yard lighting works for Construction of Keonjhar – Tomka New B.G. Line in Orissa. The share of profits between the partners for the execution of this work under the joint venture is in the ratio of 40:30:30, HCIL: ARSSPL: KALINDEE

The said joint venture has entered in to a sub-contracting agreement dated December 26, 2005 with KALINDEE and HCIL whereby the entire project was sub-contracted to HCIL and Kalindee in the ratio of 61:39 after retaining 2% towards the administration expenses. Further HCIL has entered into sub-contract agreement dated January 28, 2006 whereby HCIL sub-contracted its entire 61% share of work to ARSS. Further vide a letter dated April 14, 2006; KALINDEE subcontracted 8% of its share of work to our Company.

The work has been completed and the bill is yet to be raised.

### Financial Information (Audited)

(Rs. in lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	2.64	774.01	6040.29
Net Profit	1.74	15.30	70.07
Share Capital	99.74	97.99	82.69
- HCIL	38.88	38.18	32.06
- Kalindee	29.16	28.64	24.04
- ARSS	31.69	31.17	26.58
Loan Funds	NIL	NIL	NIL

## 3. HCIL-ADHIKARYA-ARSS (JV)

Our Company has entered into a joint venture agreement with Harish Chandra (India) Limited (“HCIL”) and PT Adhikaria Persero (“ADHIKARYA”) for the execution of following projects:

- The parties have entered into a joint venture agreement dated December 16, 2005 for construction of Major Bridges in connection with Doubling of Railway line between Barang-Rajatgarh (25 km), Cuttack-Barang (12 km) and 3rd line between Barang-Khurda Road (35 km) in the state of Orissa, India. The share of profits amongst the partners for executing the said work is in the ratio of 40:30:30, HCIL: ADHIKARYA: ARSS.
- The parties have entered into a joint venture agreement dated December 16, 2005 for construction of roadbed (except major bridges) facilities and general electrification in connection with doubling of railway line between Barang-Rajatgarh (25 km), Cuttack-Barang (12 km) and 3rd line between Barang-Khurda Road (35 km) in the state of Orissa, India. The share of profits amongst the partners for executing the said work is in the ratio of 40:30:30, HCIL: ADHIKARYA: ARSS (JV).
- The parties have entered into a joint venture agreement dated December 16, 2005 for supply and installation of track (excluding supply of rails), signaling and overhead equipment (OHE) and associated equipment for 25 KV AC traction in connection with doubling of railway line between Barang-Rajatgarh (25 km), Cuttack-Barang (12 km) and 3rd line between Barang-Khurda Road (35 km) in the state of Orissa, India. The share of profits amongst the partners for executing the said work is in the ratio of 40:30:30, HCIL: ADHIKARYA: ARSS.

HCIL, ARSS and ADHIKARYA have entered into a sub-contracting agreement dated December 26, 2005 whereby the entire track linking work was subcontracted to ARSS, major bridges and road bed work was subcontracted to HCIL under the technical knowhow of Adhikaria after retaining 10% of total project amount towards the administration expenses. Under the said subcontract, ARSS will be supplying material chips for the purpose of executing major bridges and road bed work. There has been no sub contract agreement or MOU entered into by the JV and our Company so the same has not been reflected in the Order Book.

### Financial Information (Audited)

	(Rs. in lacs)		
Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	11310.19	9560.17	1917.37
Net Profit	1.95	4.14	11.00
Share Capital	103.48	99.34	88.33
- HCIL	6.06	4.4	4.40
- ADHIKARIYA	92.68	91.63	3.30
- ARSS	4.54	1.24	3.30
Loans Funds	1337.80	3819.25	6207.82

#### 4. NIRAJ-ARSS (JV)

Our Company has entered into a joint venture agreement with M/s. Niraj Cement Structural Limited Joint Venture ("NIRAJ") for the following projects:

- Joint venture agreement dated January 22, 2007 for the purpose of Improvement such as providing two lanes rigid pavement carriageway with paved shoulders of 1.5m on both sides with reconstruction/rehabilitation/ widening of CD works to Cuttack-Paradeep road (SH-12) the share of profits between the partners for the joint venture is in the ratio of 40:60, ARSS: NIRAJ.

However on May 18, 2007 a supplementary joint venture agreement had been entered between the partners and the works has been allocated between two partners as follows: -

- NIRAJ: Entire project work from chainage 00.00 to 43.00 KM for contract price of Rs. 112.69 Crore
- ARSS: Entire project work from chainage 43.00 to 82.00 KM for contract price of Rs. 112.11 Crore.

Further, vide a letter dated November 14, 2007; NIRAJ subcontracted the entire project work from chainage 00.00 to 43.00 KM to ARSS on certain terms and conditions contained therein

- Joint venture agreement dated August 17, 2007 for the purpose of construction of BRTS corridor and development of road contract package No. PACKAGE 1B: C-Zone bypass to Panipech via sikar road (7.1 km). The share of profits between the partners for the joint venture is in the ratio of 51:49, NIRAJ: ARSS.

Financial Information (Audited)		(Rs. In Lacs)		
Particulars	March 31, 2009	March 31, 2008	March 31, 2007	
Sales	6,131.28	740.10	-	
Net Profit	15.68	2.18	-	
Share Capital	18.22	2.43	-	
NIRAJ		9.08	1.10	-
ARSS		9.14	1.34	-
Loans Funds	-	-	-	-

#### 5. ARSS-HCIL CONSORTIUM

Our Company has entered into a joint venture agreement June 7, 2007 with Harish Chandra (India) Limited ("HCIL") for the following projects

- Construction of New Broad Gauge Line Salem- Karur (via) Namakkal: earthwork in cutting, forming bank, construction of major/minor bridges, Road over bridges, Road under-bridges use sub way etc. between Km 0.00 and Km 25.50 between Salem and Rasipuram stations. The share of profits between the partners for the joint venture is in the ratio of 60:40, ARSS: HCIL.
- Construction of New Broad Gauge Line Salem- Karur (via) Namakkal: earthwork in cutting, forming bank, construction of major/minor bridges, Road over bridges, Road under-bridges use sub way etc. between Km 25.50 and Km 52.00 between Rasipuram and Namakkal stations. The share of profits between the partners for the joint venture is in the ratio of 60:40, ARSS: HCIL.

Further, HCIL has subcontracted its entire 40% share of work in both the joint ventures to ARSS for the above-mentioned projects as per the sub-contracting agreement dated November 26, 2007.

Financial Information (Audited)		(Rs. In Lacs)		
Particulars	March 31, 2009	March 31, 2008	March 31, 2007	
Sales	961.94	153.35	-	
Net Profit	5.37	0.61	-	
Share Capital	6.08	0.71	-	

ARSS	3.69	0.47	-
HCIL	2.39	0.24	-
Loans Funds	-	-	-

## 6. ATLANTA-ARSS (JV)

Our Company has entered into two separate joint venture agreements dated November 7, 2007 with Atlanta Limited ("Atlanta") for the following projects

- Construction of broad gauge formation and minor bridges from chainage 41000.00 to 45000.00 between Dausa and Lalsot in connection with Dausa Gangapur city new broad gauge line project. The share of profits between the partners for the joint venture is in the ratio of 51:49, Atlanta: ARSS
- Construction of 12 Nos. major bridges having total 35 spans with 1200 mm diameter cast and PSC girder super structure of 18.30 m between Dausa – Gangapur city section in connection with Dausa – Gangapur city new broad gauge line project. The share of profits between the partners for the joint venture is in the ratio of 51:49, Atlanta: ARSS

Further, Atlanta has entered into memorandum of understanding dated November 7, 2007 whereby Atlanta subcontracted its entire 51% share of work to our Company.

Our Company has entered into a joint venture agreements dated May 21, 2008 with Atlanta Limited ("Atlanta") for Gauge Conversion works from TIRUNELVELI to TENKASI in QUILON – TENKASI – TIRUNELVELI – TIRUCHENDUR – TENKASI – VIRUDHUNAGAR : Proposed Earthwork in forming bank, Cutting, Re-grading, Construction of Major and Minor Bridges, Construction of Platforms, Station Buildings, Passenger Amenities, Platform Shelters, Improvements to Level Crossings, Providing Lifting barrier and other Miscellaneous Works between TIRUNELVELI and TENKASI JUNCTION STATIONS. The share of profits between the partners for the joint venture is in the ratio of 51:49, Atlanta: ARSS

Further, Atlanta has entered into memorandum of understanding dated May 21, 2008 whereby Atlanta subcontracted its entire 51% share of work to our Company.

The value of work is Rs.7206 lacs. The work started on September 30, 2008 and scheduled date of completion is March 29, 2010.

### Financial Information (Audited)

(Rs. In Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	3,098.67	-	-
Net Profit	40.53	(0.12)	-
Share Capital	40.62	(0.12)	-
ATLANTA		20.62	(0.05)
ARSS		20.00	(0.07)
Loans Funds	-	-	-

## 7. PATEL - ARSS (JV)

Our Company has entered into a joint venture agreement with M/s Patel Engineering Limited ("Patel") on October 23, 2007 for the purpose of constructing Koshallia Dam and its appurtenant works in Panchkula District, Haryana. The share of profits between the partners for the execution of this work under the joint venture is in the ratio of 51:49, Patel: ARSS

Further, Patel has entered into a sub-contracting agreement dated October 23, 2007 with our Company whereby Patel sub-contracted its entire 51% share of work to ARSS.

Our Company has entered into a joint venture agreement with Patel on January 5, 2008 for Widening and Strengthening of Existing Carriageway to 2 lane Bhawanipatna to Khariar (2/0 Km to 70/0 Km SH-16). The share of profits between the partners for the execution of this work under the joint venture is in the ratio of 51:49, Patel: ARSS

Further, Patel has entered into a sub-contracting agreement dated January 8, 2008 with our Company whereby Patel sub-contracted its entire 51% share of work to ARSS.

### Financial Information (Audited)

(Rs. In Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	2,423.53	-	-
Net Profit	11.87	-	-
Share Capital	(8.91)	-	-
PATEL		(15.05)	-

ARSS	6.14	-	-
Loans Funds	-	-	-

#### 8. ARSS - TRIVENI (JV)

Our Company has entered into a joint venture agreement with Triveni Engicons Private Limited (“Triveni”) on January 7, 2008 for construction of four lane approach road from NH-31 to plant site of Kodherma Thermal Power Station in Jharkand including a road over bridge on the Kodherma - Ranchi railway track. The share of profits between the partners for the execution of this work under the joint venture is in the ratio of 51:49, ARSS: TRIVENI.

Our Company has entered into a joint venture agreement with Triveni on April 19, 2008 for Construction of Major and minor bridges, retaining walls, earthwork including blanketing, station building and other miscellaneous structures, ballast supply, linking of track with P.Way material (except rails & sleepers) between Harsauli-Rewari section in connection with Harsauli-Rewari Doubling BG Project. The share of profits between the partners for the execution of this work under the joint venture is in the ratio of 51:49, ARSS: TRIVENI.

Financial Information (Audited) (Rs. In Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	973.31	-	-
Net Profit	7.44	-	-
Share Capital	7.86	-	-
ARSS		3.99	-
TRIVENI		3.87	-
Loans Funds	-	-	-

#### 9. SOMDATT-ARSS (JV)

Our Company has entered into joint venture agreement with M/s. Som Datt Builders Private Limited (“SOMDATT”), for the following projects:

Joint venture agreement dated January 28, 2008 for the construction for widening and strengthening of existing carriage way to 2-lane for Chandbali- Bhadrak- Anandpur road (km. 0/0 to 45/0 of SH-9 and km. 0/0 to 50/0 of SH-53) work under world bank assisted project to government of Orissa. The share of profits between the partners for the joint venture is in the ratio of 51:49, Som Datt Builders: ARSS. The value of work is Rs.21,623.18 lacs. However on January 25, 2008 a Memorandum of understanding had been entered between our Company and Somdatt that our Company will execute the entire work under the contract. Hence our Company will execute entire 21623.18 lacs of work.

Financial Information (Audited) (Rs. In Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	579.90	-	-
Net Profit	17.28	-	-
Share Capital	(15.05)	-	-
SOMDATT		(15.10)	-
ARSS		0.05	-
Loans Funds	-	-	-

#### 10. ARSS- MVPL (JV)

Our Company has entered into a joint venture agreement dated November 8, 2007 with Maateshwari Vanijya Pvt. Ltd. (“MVPL”), for hiring of HEMM for OB removal and its associated works at Eastern part of Dhanpuri OC Project-Sohagpur area. The share of profits between the partners for the joint venture is in the ratio of 51:49, ARSS: MVPL.

Further a deed of supplementary joint venture agreement has been entered on January 27 2009 between our Company and Maateshwari Vanijya Pvt Limited whereby ARSS has sub-contracted its entire share of work to MVPL. Hence entire work of Rs.963.07 lacs will be executed by MVPL.

The value of work is Rs.963.07 lacs. The work started on February 02, 2008 and scheduled date of completion is March 31, 2009. The work under the said agreement is completed

Financial Information (Audited) (Rs. In Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	78.74	-	-
Net Profit	(0.12)	-	-
Share Capital	(0.01)	-	-

ARSS	(0.06)	-	-
MVPL	0.05	-	-
Loans Funds	-	-	-

## 11. BACKBONE- ARSS JV

Our Company has entered into a joint venture agreement on December 12, 2007 with Backbone Enterprises Limited (“Backbone”) for execution of following project:

Construction of widening and strengthening of existing carriageway to two lane for Berhampur to Taptapani (km 0/0 to km 41/0 of SH-17). The share of profits between the partners for the joint venture is in the ratio of 51:49, Backbone: ARSS. The value of work undertaken by the ARSS is Rs. 8197.23 lacs. The work started on November 22, 2008.

Further a memorandum of understanding has been entered on December 12, 2007 between our Company and Backbone Enterprises Limited whereby Backbone has sub-contracted its entire 51% share of work to ARSS. Hence entire work of Rs. 8197.23 lacs will be executed by our Company.

Our Company has entered into a joint venture agreement on September 5, 2008 with Backbone Enterprises Limited (“Backbone”) for execution of following project:

Improvement to Vijaywada-Ranchi corridor Rairakhole to Naktideol from 36/00 to 65/200 km of Kiakata Deogarh road- Drawal of Agreement. The share of profits between the partners for the joint venture is in the ratio of 51:49, Backbone: ARSS. The value of work undertaken by the ARSS is Rs. 6026.66 lacs. The work started on December 2, 2008.

Financial Information (Audited) (Rs. In Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	390.43	-	-
Net Profit	15.47	-	-
Share Capital	1.39	-	-
BACKBONE		(6.30)	-
ARSS		7.69	-
Loans Funds	-	-	-

## 12. ARSS -ANPR (JV)

Our Company has entered into a joint venture agreement with Harish Chandra (India) Limited (“HCIL”) and A.N.Prasad Rao (“ANPR”) for the execution of following projects:

- The parties have entered into a joint venture agreement dated December 16, 2005 for new Broad Gauge Line between Salem and Karur (via) Namakkal. The share of profits between the partners for executing the said work is in the ratio of 40:60, ARSS:ANPR.

The value of work is Rs. 1,881.56 lacs. The work started on September 2, 2008 and scheduled date of completion is June 06, 2009. The Joint Venture has made an application for extension of schedule date of completion of project to December 31, 2009

- The parties have entered into a joint venture agreement dated August 28, 2008 for 3rd line between Vizianagaram-Kottavalasa Execution of earthwork in formation, construction of Major & Minor bridges, side & catch water drains, protection works, transportation and P way linking works and other miscellaneous works from Ch. 0.00 to Ch. 15.412 Km from CSB of VZM between sections VZM-KUK & KUK-ALM excluding VZM & KUK yard regarding works and major bridge portions and including formation through linking of new line in KUK yard (Section I). The share of profits between the partners for executing the said work is in the ratio of 51:49, ARSS: ANPR (JV).

The value of work is Rs.1,907.13 lacs. The work started on January 29, 2009 and scheduled date of completion is September 28, 2010. The parties have entered into a joint venture agreement dated August 28, 2008 for 3rd line between Vizianagaram-Kottavalasa. Execution of earthwork in formation, construction of Major & Minor bridges, side & catch water drains, protection works, transportation and P way linking works and other miscellaneous works from Ch. 15.412 to Ch. 25.101 Km from CSB of VZM between sections KUK-ALM & ALM-KPL excluding ALM yard regarding works and including formation/through linking of new line in ALM yard regarding works and including (Section II). The share of profits between the partners for executing the said work is in the ratio of 51:49, ARSS:ANPR. The value of work is Rs.1,447.24 lacs. The work started on January 29, 2009 and scheduled date of completion is September 28, 2010.

Financial Information (Audited) (Rs. In Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	281.36	-	-
Net Profit	1.04	-	-
Share Capital	1.15	-	-
ARSS	0.64	-	-

ANPR	0.51	-	-
Loans Funds	-	-	-

#### **Financial Partners**

Presently, our Company does not have any financial partners.

## OUR MANAGEMENT

### Board of Directors

Under the Articles of Association our Company cannot have less than 3 Directors and more than 12 Directors. Currently, our Company has 8 Directors.

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

Sr. No.	Name, Fathers' Name, Designation, Age, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships
1	Mr. Subash Agarwal Son of Mr. Mohanlal Agarwal Chairman Non-Independent and Executive 44 years N-1/93, IRC Village, Nayapalli, Bhubaneswar Orissa -751015. Business DIN: 00218066	Appointed as Chairman for a period of five years with effect from November 5, 2007.  Not liable to retire by rotation	Anil Contractors Private Limited  ARSS Engineering Limited  ARSS Developers Limited
2	Mr. Rajesh Agarwal Son of Mr. Mohanlal Agarwal Managing Director Non-Independent and Executive 36 years N-1/93, IRC Village, Nayapalli, Bhubaneswar Orissa -751015 Business DIN: 00217823	Appointed as Managing Director for a period of five year with effect from October 1, 2006.  Not liable to retire by rotation	ARSS Developers Limited
3	Mr. Soumendra Keshari Pattanaik Son of Satchidananda Pattanaik Director (Finance) Non-Independent and Executive 38 years 1354\9619, Satya Vihar, Rasulgarh, Bhubaneswar-751010. Company Executive DIN: 00009924	Appointed as Whole Time Director with effect from October 01, 2006 for a period of five years.  Liable to retire by rotation	None
4	Mr. Sudhendu Sekhar Chakraborty Son of Sailendra Nath Chakaraborty Director (Technical) Non-Independent and Executive 68 years Flat No.13, Sayak Apts, H/J- 1811, S.L.Sarani, Baguihati, Kolkata West Bengal 700059 Company Executive DIN: 00549731	Appointed as Whole Time Director for a period of five years with effect from November 05, 2007.  Liable to retire by rotation	None
5	Dr. Bidhubhusan Samal Son of Late. Nabagham Samal Independent and Non-Executive 66 years Flat No.1101, Lokhandwala Galaxy, Junction of NM Joshi, Near S. Bridge, Byculla (West), Mumbai 400 011. Profession DIN: 00007256.	Appointed as Director with effect from November 27, 2007.  Liable to retire by rotation	1. Industrial Investment Trust Limited  2. Surana Industries Limited  3. Zicom Electronic Security System Limited  4. Mayfair Hotels and Resorts  5. Shriram Life Insurance Company Private Limited  6. IIT Investrust Limited  7. Jaypee P Infratech



Sr. No.	Name, Fathers' Name, Designation, Age, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships
			Limited
			8. Indo Green Projects Limited
			9. Krishna Life Style Technologies Limited
			10. Asahi Fibres Limited
			11. Jaiprakash Associates Limited
			12. Reliance Capital Limited
			13. Money Matters Financial Services Limited.
			14. Jaypee Karcham Hydro Corporation Limited
6	Mr.Dipak Kumar Dey Son of Radha Mohan Dey Independent and Non-Executive Plot No.3C/469, Sector-8, C.D.A.,Cuttack 14, Orissa. 60 years Profession DIN: 01092357	Appointed as Director with effect from November 27, 2007.  Liable to retire by rotation	None
7	Mr. Swarup Chandra Parija Son of Mr. Sarat Chandra Parija Independent and Non-Executive Director Flat No.3 & 6, W-151 (1 <sup>st</sup> Floor), G.K. Part-I, New Delhi 110048. 68 years Profession DIN: 00363608	Appointed as Director with effect from November 27, 2007.  Liable to retire by rotation	Filatex India Limited
8	Mr. Sujit Ranjan Chaudhuri Son of Late Makhon Lal Chaudhur Independent and Non-Executive Director EE-118, Flat No.6, Salt lake, Sector II, Kolkatta 700091. 63 years Profession DIN: 019301 33	Appointed as Director with effect from November 27, 2007.  Liable to retire by rotation	None

*In terms of Article 112 of the Articles of Association of our Company read with Clauses 9.2 and 5.3 (d) of the Shareholders Agreement and the Share Subscription Agreement respectively, State Bank of India is entitled to appoint 1 (one) nominee director on the Board, who will not be liable to retire by rotation. SBI has communicated to us vide letter dated November 17, 2009, the name of its representative who would be appointed as Director of our Company. The company is in the process of arrangement in this regard under advice of SBI. The Company undertakes to comply with Clause 49 of the Listing Agreement as a when SBI appoints a Nominee Director.*

#### **Brief Profile of the Directors**

**Mr. Subash Agarwal** is the Chairman and Promoter of our Company with 18 years of industrial and entrepreneurial experience in the execution of railway and road projects. He is a commerce graduate from Behrampur University, Orissa. He is responsible for expanding our clientele, tendering, price negotiation, project programming, scheduling and commissioning. He has played a vital role in formulating the overall business strategy of our Company.

**Mr. Rajesh Agarwal** is the Managing Director and Promoter of our Company. He has over 14 years of industrial and entrepreneurial experience. He is a Civil Engineer from Nagpur University. He has been instrumental in conceptualization of the road and railway projects from their inception to commissioning.

Under his able guidance our Company has successfully completed numerous projects including construction of roads, bridges, fly over and railway projects. He is involved into managing day-to-day affairs of our Company.

**Mr. Soumendra Keshari Pattanaik** is the Director (Finance) of our Company. He is a post graduate in Commerce from Utkal University. He is also a law graduate and has a Masters degree in commerce with specialization in Finance. He has been associated with our Company since its inception. He manages the finances of our Company and is actively involved with preparation of project reports and dealing with bank. He has been involved in dealing with Sales Tax/ VAT, Income-tax and other regulatory authorities on behalf of our Company. He also advises our Company in matters relating to customer segmentation, marketing, geographical deployment etc.

**Mr. Sudhendu Sekhar Chakraborty** is the Director (Technical) of our Company. He is Bachelor in Civil Engineering from Jadavpur University. He is a post-graduate degree in Science with specialisation in Mathematics from Ravishankar University. He has more than 30 years of work experience in the field of construction in the railway sector. He was previously employed as Deputy Chief Engineer of South Eastern Railway and has also worked in various capacities in the engineering division of Eastern Railway. Mr.Chakraborty is a member of Indian Railway Services of Engineers, Indian Council of Arbitration and Consulting Engineers Association of India. He manages the designing and engineering division of our Company and is also in charge of execution of certain projects. He has been involved in proper implementation of management information systems in our Company. He has taken the initiative of overhauling old practices infusing the best available management expertise in the company.

**Dr. Bidhubhusan Samal** is an Independent Director of our Company. He holds a Master's degree in Agriculture and is Ph. D in Economics from Kalyani University, West Bengal. He also holds Post Graduate Diploma in Bank Management, Pune. He has more than 30 years of work experience in the field of Banking – Rural Credit, Security Markets and Industrial Finance. He has served as Chairman of Allahabad Bank, Chairman and Managing Director of Industrial Investment Bank of India, Director of Agriculture Finance Corporation Limited, President of Bankers Club, Chairman of IBA Working Group on Agriculture Credit and as Member of the Securities Appellate Tribunal. Presently, he is a member of the Task Force set up by the Ministry of Heavy Industries and Public Enterprises and Employment Mission set up by the Government of Orissa.

**Mr. Dipak Kumar Dey** is an Independent Director of our Company. He holds a Bachelor Degree of Science (Civil Engineering) from the University College of Engineering, Burla and a Masters Degree of Science (Civil-Structural Engineering) from Sambalpur University, Orissa. He has worked as a Civil Engineer with the Works Department, Government of Orissa for 34 years in various capacities. He has served as Engineer in Chief cum Secretary, in the Works Department, Government of Orissa and during his appointment as such, he was in charge of implementation of various projects such as construction of national highways, state roads, bridges and buildings undertaken by the Government of Orissa in association with the World Bank, National Bank for Agricultural and Rural Development ("NABARD") and Government of India. Presently, he is member of the Indian Road Congress, the Indian Building Congress and the Orissa Engineering Congress, which are Government affiliated institutions. He is also a member of the Indian Road Congress Highway Research Board.

**Mr. Swarup Chandra Parija** is an Independent Director of our Company. He holds a Master's Degree in Political Science from Allahabad University and a Master's Degree in Fiscal Studies from University of Bath (U.K). During his 38 years of services with the Government of India, he was involved in various administrative assignments as the Director of Income-tax Investigation, Commissioner of Income-tax and Director General of Income-tax, Investigation. He has also served as Chairman of Income-Tax Settlement Commission and as Chief of Administration and Finance of All India Institute of Medical Sciences). Presently, he is the Chairman of the Executive Committee of International Fiscal Association, Northern Region (India).

**Mr. Sujit Ranjan Chaudhuri** is an Independent Director of our Company. He holds Bachelor's Degree in Civil Engineering. He has been employed with the Indian Railways in various capacities for 36 years and retired as the General Manager, East Coast Railway. Mr Chaudhuri was involved in execution of overseas projects and his work profile included management of international tender documents, finalization of tenders and management of international contracts. He has also published various books on construction of buildings and rail infrastructure such as "Transport Infrastructure – Role of Railways as cost effective transport provider and future challenges", "Rail Infrastructure – Development in Orissa", "Analysis of Construction Cost and Problems of financial Viability of Calcutta Metro Railway" etc.

#### **Borrowing Powers**

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 July 28, 2008 our Board has been authorized to borrow sums of money for the purposes of our 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 our Company does not exceed, a sum of Rs.1000 crore.

#### **Compensation to Chairman / Managing Directors / Whole time Directors**

*Mr. Subash Agarwal, Chairman*

The remuneration of our Chairman, Mr. Subash Agarwal, is Rs.1,20,00,000/- (Rupees One crore Twenty lacs) per annum with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, not exceeding the limits specified under schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof. The remuneration aforesaid is approved by a resolution in meeting of the Board of Directors held on December 8, 2008 which was subsequently ratified by the Shareholders in the Extra Ordinary General Meeting held on January 5, 2009

*Mr. Rajesh Agarwal, Managing Director*

The remuneration of our Managing Director, Mr. Rajesh Agarwal is Rs 60,00,000/- (Rupees sixty lacs) per annum with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, not exceeding the limits specified under schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof. The remuneration aforesaid is approved by a resolution in meeting of the Board of Directors held on December 8, 2008 which was subsequently ratified by the Shareholders in the Extra Ordinary General Meeting held on January 5, 2009

*Mr. Soumendra Keshari Pattanaik, Director (Finance)*

The remuneration of our Whole Time Director, Mr. Soumendra Keshari Pattanaik, is Rs.12,00,000/- (Rupees Twelve lacs) per annum with effect from April 1, 2008, with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof. The remuneration aforesaid is approved by a resolution in meeting of the Board of Directors held on May 5, 2008, which subsequently was ratified by the Shareholders in the General Meeting held on June 16, 2008.

*Mr. Sudhendu Sekhar Chakraborty Director (Technical)*

The remuneration of our Whole Time Director, Mr. Sudhendu Sekhar Chakraborty, is Rs. 1500,000/- (Rupees Fifteen lacs) per annum with effect from April 1, 2008 with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof. The remuneration aforesaid is approved by a resolution passed in meeting of the Board of Directors held on May5, 2008, which subsequently was ratified by the shareholders in the General Meeting held on June 16, 2008.

### **Corporate Governance**

The provisions of the listing agreement to be entered into with BSE and NSE with respect to corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. The Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following

Committees of the Board:

- a. Audit Committee;
- b. Shareholders'/Investors' Grievance Committee;

#### **a) Audit Committee**

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act and clause 49 of the Listing Agreement. The constitution of the Audit Committee was approved at a meeting of the Board of Directors held on November 27, 2007.

In terms of the said Resolution, the Committee consists of 3 members:

- i. Mr. Swarup Chandra Parija (Chairman)
- ii. Dr. Bidhubhusan Samal
- iii. Mr. Sujit Ranjan Chaudhuri

All the above members of the Audit Committee are Non-Executive Independent Directors. Our Company Secretary and Compliance Officer, Mr. Bibhuti Bhusan Sahoo is the Secretary of the Audit Committee.

The terms of reference of the Audit Committee are as follows:

#### **A. Powers of Audit Committee**

The Audit Committee has the following powers:

- 1) To investigate any activity within its terms of reference.
- 2) To seek information from any employee.
- 3) To obtain outside legal or other professional advice.
- 4) To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **B. Role of Audit Committee**

The role of the audit committee is as follows:

- 1) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement of removal of the statutory auditor and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

- b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit finding.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualification in the audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  - 6) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control system.
  - 7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - 8) Discussion with statutory auditors before any significant findings and follow up there on.
  - 9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - 10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - 11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
  - 12) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  - 13) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  - 14) To see and review utilization of issue proceeds as required in terms of the Listing Agreement.

**C. Review of information by Audit Committee**

The Audit Committee shall review the following information:

- 1) 1. Management discussion and analysis of financial condition and results of operation;
- 2) 2. Statement of significant related party transactions submitted by management;
- 3) 3. Management letters/letters of internal control weakness issued by the statutory auditors;
- 4) 4. Internal audit reports relating to internal control weakness; and
- 5) 5. The appointment, removal and terms of remuneration of the Chief internal auditor; shall be subject to review by the Audit Committee.

**b) Shareholders Grievance Committee**

Our Company has constituted a Shareholders Grievance Committee. The constitution of the aforesaid Committee was approved by a meeting of the Board of Directors held on November 27, 2007. The Committee consists of 3 members:

- i. Dr. Bidhubhusan Samal (Chairman)
- ii. Mr. Sujit Ranjan Chaudhuri
- iii. Mr. Dipak Kumar Dey

Our Company Secretary and Compliance Officer, Mr. Bibhuti Bhusan Sahoo is the Secretary of the said Committee.

***IPO Committee***

In addition to the two committee's specified hereinabove, our Company has also constituted IPO Committee in a meeting of the Board of Directors held on January 04, 2008 comprising of 3 members:

- i. Mr. Subash Agarwal
- ii. Dr. B. Samal
- iii. Mr. S.K. Pattanaik

Our Company Secretary and Compliance Officer, Mr. Bibhuti Bhusan Sahoo is the Secretary of the Committee.

## Terms of reference of the IPO Committee

- (a) To make applications to such authorities as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- (b) To decide on the timing, pricing and all the terms and conditions of the issue of the Equity Shares for the Issue, including reservation, if any, for any category of investors, including the permanent employees and directors of our Company and its subsidiaries, the price at which the Equity Shares are offered or issued/allotted to investors in the Issue, the price band for the purpose of bidding, any revision to the price band and the final Issue price after bid closure, the bid opening and closing dates, the allotment of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers in consultation with the book running lead managers, the Stock Exchanges and/or any other entity, and to accept any amendments, modifications, variations or alterations thereto;
- (c) To appoint and enter into arrangements with the book running lead managers, underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, registrars, legal advisors, credit rating agencies and any other agencies or persons or intermediaries to the Issue, including any successors or replacements thereto, and to negotiate and finalize the terms of their appointment, including but not limited to execution of the Book Running Lead Managers (“BRLMs”) mandate letter, negotiation, finalization and execution of the memorandum of understanding with the BRLMs, registrar to the Issue, etc.;
- (d) To finalize and settle and to execute and deliver or arrange the delivery of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the preliminary and final international wrap, syndicate agreement, underwriting agreement, escrow agreement, and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Issue, and any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto;
- (e) To open with the bankers to the Issue such bank accounts, share/securities accounts, escrow or custodian accounts, as are required by the regulations issued by SEBI in accordance with applicable laws, rules, regulations, approvals and guidelines, including the SEBI Regulations;
- (f) To authorize and approve the incurring of expenditure and payment of commission, brokerage, fees or the like, in connection with the Issue;
- (g) To approve a suitable policy on insider trading as required under applicable laws, regulations and guidelines and to approve any other corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under applicable laws, regulations or guidelines in connection with the Issue;
- (h) To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalize the basis of allocation and to allot the Equity Shares to the successful allottees as permissible in law and issue of share certificates in accordance with the relevant rules;
- (i) To do all such acts, deeds and things as may be required to dematerialize the Equity Shares of our Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited and such other agencies, authorities or bodies as may be required in this connection;
- (j) To seek, if required, the consent of the our Company’s lender/s, parties with whom our Company has entered into various commercial and other agreements, all concerned Government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue, if any;
- (k) To make applications for listing of the Equity Shares in one or more Stock Exchange(s) for listing of the Equity Shares of our Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned Stock Exchange(s), including, without limitation, entering into the Listing Agreements; and
- (l) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, in its absolute discretion deem fit.”

### *Policy on Disclosures and Internal Procedure for Prevention of Insider Trading*

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

### *Code of Conduct for Directors and Senior Management Personnel*

Our Board of Directors have approved and adopted the Code of Conduct for Directors and senior management personnel in view of the proposed public issue.

### **Shareholding of Directors in our Company**

Our Articles of Association do not require our Directors to hold any qualification shares. However share holding of our Directors is as under:

Sr. no.	Directors	No. of Equity shares
1.	Mr. Subash Agarwal	11,73,500
2.	Mr. Rajesh Agarwal	6,56,000
3.	Mr. Soumendra Keshari Pattanaik	3,000

#### Interest of Directors

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meeting so of the board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees, out of the present offer and also to the extent of any dividends payable to them and other distributions in respect of the said equity shares. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated in the section titled “ the section titled “Financial Statement” and “Related Party Transactions” in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Directors 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.

Further except as stated under the heading Related Party Transaction under the section titled “Financial Statement” on page no. 118 of this Red Herring Prospectus, the Directors do not have any other interest in the business of our Company.

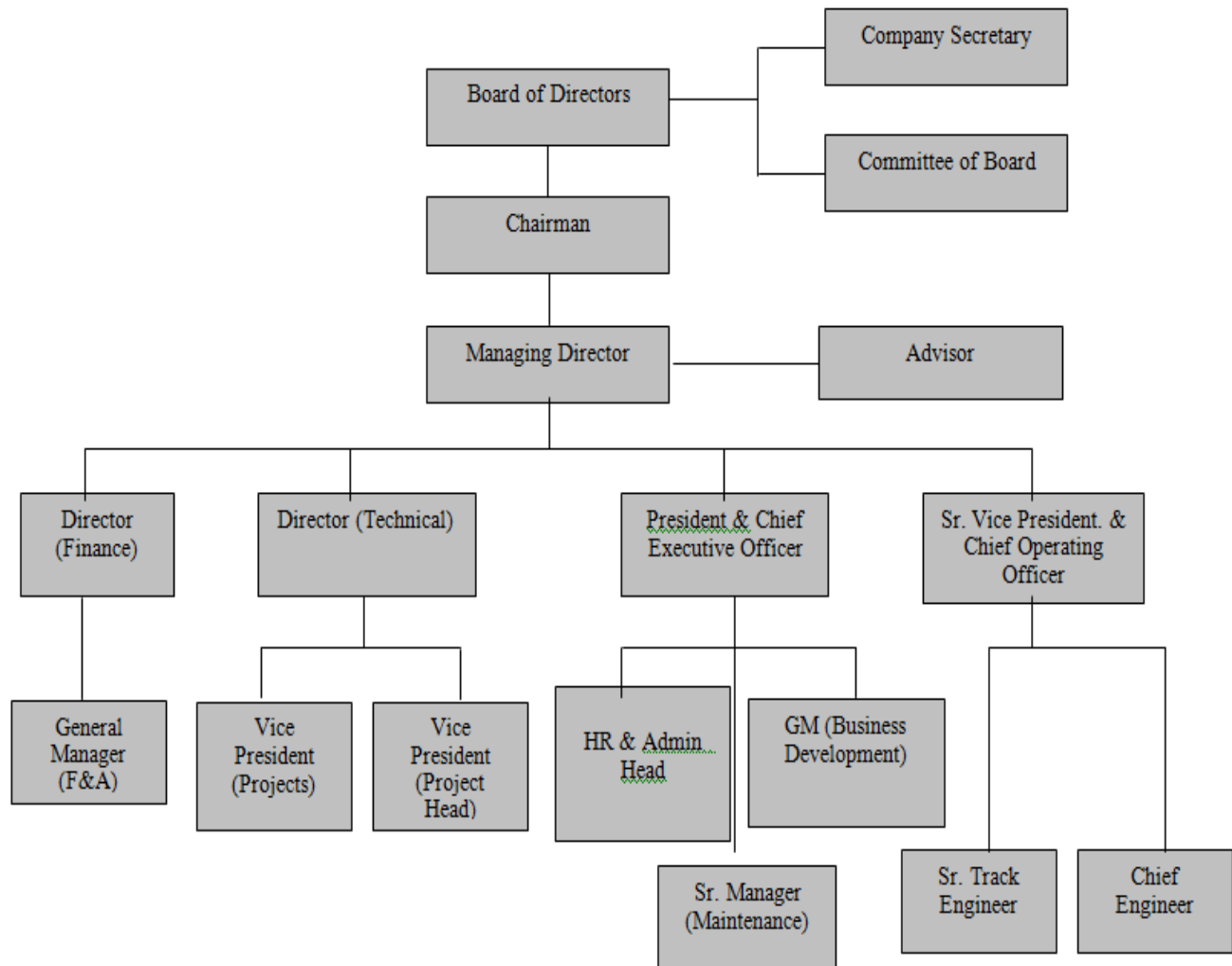
#### Changes in our Board of Directors during the last three years

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

Sr. No.	Name	Date of change	Reason
1	Mr. Tulsian Shashikant Parmanand	February 24, 2007	Appointed as Director to broad base the Board
2	Mr. Tulsian Shashikant Parmanand	March 26, 2007	Resignation due to pre-occupation
3	Mr. Deven Jitendra Mehta	July 26, 2007	Appointed to broad base the Board
4	Mr. Deven Jitendra Mehta	September 18, 2007	Resignation due to pre-occupation
5	Mr. Sunil Agarwal	October 31, 2007	Resignation due to appointment as President & Chief Executive Officer
6	Mr. B.L. Aggarwal	October 31, 2007	Resignation due to pre-occupation
7	Mr. Shivkumar Singla	October 31, 2007	Resignation due to appointment as Senior Vice President & Project Head
8	Mr. Subash Agarwal	November 05, 2007	Appointed as Director
9	Mr. S.C. Parija	November 27, 2007	Appointed as independent director
10	Dr. Bidhubhusan Samal	November 27, 2007	Appointed as independent director
11	Mr. Dipak Kumar Dey	November 27, 2007	Appointed as independent director
12	Mr. S.R. Chaudhuri	November 27, 2007	Appointed as independent director

Please note that the appointment of all Independent Directors has been confirmed and ratified in the Annual General Meeting of our Company held on June 16, 2008.

## ORGANISATIONAL CHART



## KEY MANAGERIAL PERSONNEL

In addition to our Whole-Time Directors, following are our key managerial employees. All of our key managerial employees are permanent employees of our Company.

- 1) **Mr. Sunil Agarwal**, aged 33 years, is the President and Chief Executive Officer of our Company. He is a commerce graduate from Utkal University. He has 10 years of work experience in the field of construction. He has joined our Company in April, 2005. Before joining our Company, he was associated with M/s. Hindustan Construction, M/s. ARSS Construction Company and M/s ARSS Engineering and Technology. The gross remuneration paid to Mr. Sunil Agarwal is Rs.34,80,000/- per annum.
- 2) **Mr. Anil Agarwal**, aged 40 years, is the Senior Vice President & Chief Operating Officer of our Company. He is a commerce graduate from Berhampur University. He has 14 years of work experience in railway and road projects. He has joined our Company on April 1, 2006. The gross remuneration paid to Mr. Anil Agarwal is Rs. 34,80,000 /- per annum.
- 3) **Mr. S. K. Singla**, aged 45 years, is the Vice President (Project Head) of our Company. He is qualified as B.Tech. (Civil). He has 15 years of work experience in the field of civil engineering. Before joining our Company, he was working with M/s. Hindustan Construction. He has joined our Company on July 1, 2006. The gross remuneration paid to Mr. S. K. Singla is Rs.42,00,000/- per annum.
- 4) **Mr. Y Rama Rao**, aged 71 years, is an Advisor to the Engineering Section of our Company. He is a science graduate from Utkal University with specialization in engineering. He holds an LLB degree from Utkal University. He has 48 years of work experience in the field of civil engineering. Before joining our Company, he has worked as Civil Engineer with the Department of water resources, Government of Orissa. He has joined our Company on April 1, 2007. The gross remuneration paid to Mr. Y Rama Rao is Rs.7,20,000/- per annum.
- 5) **Mr. Syamtanu Datta**, aged 46 years, is the Project Head of our Company. He is qualified as B.E (Civil Engineering). He has 21 years of work experience in the field of Civil engineering, during which he undertook projects related to construction of national highways, Coal Handling Plants (CHP), expressways, and construction of buildings. He was previously working with Stanley Consultants Inc. USA as a Material Engineer and an Acting Resident Engineer. He has joined our Company on November 01, 2008. The gross remuneration paid to Mr. Syamtanu Datta is Rs 18,00,000/- per annum.
- 6) **Mr. Bibhuti Bhusan Sahoo**, aged 39 years, is the Company Secretary & Compliance Officer of our Company. He holds an LLB degree and is a fellow member of the Institute of Company Secretaries of India. Mr. Sahoo has 11 years of work experience as a Company Secretary. He has worked with Orissa Industries Limited as an Assistant Company Secretary for more than 10 years. He has also worked with Vedavyas Cements Limited, Rourkela as a Company Secretary. He has joined our Company on July 12, 2007. The gross remuneration of Mr. Bibhuti Bhusan Sahoo is 3,60,000/- per annum.
- 7) **Mr. Somnath Chatterjee**, aged 37 years is the Senior Manager (HR) of our Company. He is qualified Bachelor of Commerce from Calcutta University and has also graduated as a Master of Business Administration (MBA) from the Calcutta University. He has 14 years of work experience in the field of HR in the infrastructure/construction sector. He was previously working in SPML as an Assistant Manager. He has joined our Company on November 10, 2008. The gross remuneration of Mr. Somnath Chatterjee is Rs 4,50,000/- per annum
- 8) **Mr. Abhishek Jajoo**, aged 25 years, is the Head, Southern Region of our Company. He is a Post Graduate in Commerce from Gujarat University and is member of the Institute of Chartered Accountants of India. He has 2 years of work experience in the field of finance. He was previously employed with Infosys BPO Limited as a Senior Associate. He is also qualified as a CISA (Certified Information System Auditor). He has joined our Company on September 15, 2007. The gross remuneration paid to Mr. Abhishek Jajoo is Rs. 8,08,500/- per annum.
- 9) **Mr. Rashmi Ranjan Singh**, aged 36 years, is the General Manager (Finance and Accounts) of our Company. He is a commerce graduate from Utkal University, Orissa and member of the Institute of Chartered Accountants of India. He has 6 years of work experience in the field of finance. He was previously employed with Kwaliti Milk Foods Private Limited as a Manager (F&A). He was a Partner of M/s. K.C.Jena & Company, a firm of Chartered Accountants. He has joined our Company on August 1, 2007. The gross remuneration paid to Mr. Rashmi Ranjan Singh is Rs. 5,10,000/- per annum.
- 10) **Mr. Bijay Kumar Sahoo**, aged 64 years, is the Chief Engineer of our Company. He holds a Bachelors degree in Civil and Municipal Engineering from the University College of Engineering, Burla in the year 1967. He has 35 years of work experience in the field of civil engineering. He was previously employed with Government of Orissa as a Senior Inspector, Weight & Measures. He has also worked as a Construction Management Expert on a Project "Minor Irrigation in Orissa", Bhubaneswar. He was employed as a senior manager (Civil) by the Orissa Construction Corporation Limited. He has joined our Company on November 7, 2006. The gross remuneration paid to Mr. Bijay Kumar Sahoo is Rs.10,08,000/- per annum.
- 11) **Mr. S. P. Dash**, aged 34 years, is the General Manager (Business Development) and Head of the tendering department of our Company. He is a commerce graduate from Utkal University. He has 4 years of work experience in the field of accountancy and 8 years in the field of tendering. He was previously employed with M/s. K. C. Jena and Company, a firm of chartered Accountants and M/s. C. R. Swain a construction firm. He has joined our Company on September 1, 2003. The gross remuneration paid to Mr. S. P. Dash is Rs. 6,93,000/- per annum.



- 12) **Mr. M. M. Singh**, aged 37 years, is the Senior Manager (Maintenance) of our Company. He holds a Masters Degree in Arts from Utkal University. He was previously employed with NALCO as an Office Assistant. He has been associated with our Company since its inception and joined on September 1, 2003. The gross remuneration paid to Mr. M.M Singh is Rs. 3,60,000/- per annum.
- 13) **Mr. Subrata Chaudhary**, aged 66 years, is the Senior Track Engineer of our Company. He holds a Diploma in Civil Engineering from West Bengal University. He has been working in our Company since past three years. He was previously employed with South Eastern Railway as an Assistant Inspector of works. He held various designations in the field of Sectional Engineering (P Way). He has joined our Company from December 1, 2005. The gross remuneration paid to Mr. Subrata Chaudhary is Rs. 4,15,800/- per annum.

**Notes:**

- All the key managerial personnel mentioned above are permanent employees of our Company.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
- Our Company has made necessary applications to Central Government for the terms of appointment and remuneration of Key Managerial Personnel, Mr. Sunil Agarwal, Mr.S.K.Singla and Mr. Anil Agarwal being personnel related to our Directors.
- As per provision of Sec 314 of the Companies Act, 1956 Mr. Sunil Agarwal and Mr. Anil Agarwal being relatives of directors cannot hold office or place of profit under the company as defined in that section without prior approval of Shareholders. By way of a Special Resolution passed by the shareholders at an Extra-Ordinary meeting of our Company held on December 28, 2007 , the remuneration paid to Mr. Sunil Agarwal , Mr.S.K.Singla & Mr. Anil Agarwal is within the limits specified in Sec 314 of the Companies Act, 1956

**Shareholding of Key Managerial Personnel**

Key Managerial Personnel	No. of Equity shares
Mr. Abhishek Jajoo	2,450
Mr. Anil Agarwal	290,000
Mr. Sunil Agarwal	365,398

**Changes in the Key Managerial Personnel during last three years**

Following have been the changes in the key managerial personnel during the last three years:

Sr. No.	Name	Date of Joining	Date of Leaving	Designation
1	Mr.Y Rama Rao	April 1, 2007		Advisor (Engineering Section)
2	Mr. Provat.P.Konwar	May 16, 2007	April 30, 2008	Vice President (Commercial and P&A) and head of purchase department
3	Mr. B.B.Sahoo	July 12, 2007	-	Company Secretary
4	Mr. R.R.Singh	August 1, 2007	-	General Manager (Finance and Accounts)
5	Mr.B.K.Rao	September 1 , 2007	May 02, 2008	Vice President (Projects)
6	Mr. Abhishek Jajoo	September 15, 2007		Head, Southern Region
7	Mr. Syamtanu Datta	November 01,2008	-	Project Head
8	Mr. Somnath Chaterjee	November 10, 2008	-	Senior Manager (H.R)

**Bonus or Profit Sharing Plan**

There is no fixed or certain bonus or profit sharing plan for the Key Managerial Personnel.

**Employees**

As of December 31,, 2009 our work force consisted of approximately 2725 full time employees. For more details about our employees please refer to section titled "Our Business" on page 54 of this Red Herring Prospectus.

**ESOP/ESPS Scheme to Employees**

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

**Payment or benefit to our officers**

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment/ engagement and the dividend, if any, that may have been declared on the Equity Shares held by our officers, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Red Herring Prospectus with SEBI.

## OUR PROMOTERS AND PROMOTER GROUP



**Mr. Subash Agarwal**, aged 44 years, is the Chairman and Promoter of our Company with 18 years of industrial and entrepreneurial experience in the field of railway and road projects. He is a commerce graduate from Berhampur University, Orissa. He is responsible for expanding our clientele, tendering, price negotiation, project programming, scheduling and commissioning. He has played a vital role in formulating the overall business strategies of our Company.

PAN No. : AATPA3716A

Voter ID Card : KLX4064275

Driving License Number : -



**Mr. Rajesh Agarwal**, aged 36 years, is the Managing Director and Promoter of our Company. He is a Civil Engineer from Nagpur University. He has over 14 years of industrial and entrepreneurial experience. He has been instrumental in conceptualization of the road and railway projects from their inception to commissioning. Under his able guidance our company has successfully completed numerous projects including construction of roads, bridges, fly over and railway projects. He is involved into day to day affairs of our Company.

PAN No : ACEPA5209R

Voter ID Card : KLX4063236

Driving License Number : 39/2002



**Mr. Sunil Agarwal**, aged 33 years, is the President, Chief Executive Officer and a Promoter of our Company. He is a commerce graduate from Utkal university Orissa. He has over 11 years of in the field of construction industry. He is responsible for business development activities and maintaining oversees business relationship.

PAN No : AATPA3718Q

Voter ID Card : KLX4063202

Driving License Number : 290



**Mr. Anil Agarwal**, aged 40 years, is the Senior Vice President, Chief Operating Officer and a Promoter of our Company. He has vast experience in execution of railway projects and is involved in day-to-day monitoring of field activities. He is a commerce graduate from Berhampur University, Orissa. Mr. Anil Agarwal has independently monitored the execution of large projects like Tomka-Keonjhar new broad gauge line railway project for Rail Vikas Nigam Limited in Joint Venture with Harish Chandra (India) Limited and Kalindee Rail Nirman (Engineers) Limited. He has been instrumental in establishing relationships with dealers supplying raw material to our Company.

PAN No : AATPA3717B

Voter ID Card : KLX4063152

Driving License : -



**Mr. Mohanlal Agarwal**, aged 64 years, is the father of Mr. Subash Agarwal, Mr. Rajesh Agarwal, Mr. Anil Agarwal and Mr. Sunil Agarwal. He is instrumental in giving guidance to our Company in respect of its overall business strategies.

PAN No : AATPA3715D

Passport Number : D0114596

Driving License : -

Our aforesaid Promoters are also promoters in their capacities as Kartas of their respective HUFs. The PAN Numbers of the HUFs are given herein below:

Subash Agarwal (HUF) : AACHA4110K

Rajesh Agarwal (HUF) : AAFHA2513R

Sunil Agarwal (HUF) : AAFHA2514 J

Anil Agarwal (HUF) : AAFHA2515K

Mohanlal Agarwal (HUF) : AACHA4111J

*We confirm that the permanent account number, bank account number and passport number of aforesaid promoters has been submitted to the BSE and the NSE, at the time of filing the Draft Red Herring Prospectus with them.*

## PROMOTER GROUP

### i. Individuals

The relatives of the promoters that form a part of the Promoter Group are as set forth below:-

Sr.No.	Name	Relationship
1.	Sanju Agarwal	Wife of Subash Agarwal
2.	Ramdulari Agarwal	Wife of Mohanlal Agarwal
3.	Seema Agarwal	Wife of Anil Agarwal
4.	Sangita Agarwal	Wife of Rajesh Agarwal
5.	Sabita Agarwal	Wife of Sunil Agarwal
6.	Megha Singla	Niece of Subash Agarwal
7.	Shilpa Agarwal	Daughter of Subash Agarwal
8.	Archit Agarwal	Cousin of Subash Agarwal
9.	Vijay Agarwal	Uncle of Subash Agarwal
10.	Ajay Agarwal	Uncle of Subash Agarwal
11.	Ramesh Agarwal	Cousin of Subash Agarwal
12.	Poonam Agarwal	Aunt of Subash Agarwal

### ii. Body Corporates

The body corporates that form a part of the Promoter Group are as set forth below:-

- Anil Contractors Private Limited** is a private limited company promoted by Mr. Subash Agarwal, Mr. Mohanlal Agarwal, Anil Agarwal, Rajesh Agarwal and Mr. Sunil Agarwal. It was incorporated on July 1, 1996 with its registered office at N-1/93, IRC village Nayapalli, Bhubaneswar, Orissa. It is carrying on the business of contract works including transport, civil, service contracts.
- ARSS Biofuel Private Limited** (earlier known as ARSS Sponges Private Limited) is a private limited company. It was incorporated on April 17, 2003 with its registered office at Plot No.38; Sector a, Zone D, Mancheswar Industrial Estate, Bhubaneswar. It was promoted by amongst others, Mr. Sunil Agarwal, Mrs. Sabita Agarwal and Mr. Anil Agarwal. The name of the company was changed from ARSS Sponges Private Limited to ARSS Biofuel Private Limited and pursuant thereto; a fresh Certificate of Incorporation was issued on June 25, 2003. It is carrying on the business of manufacturing, purchasing, selling, distributing and dealing of rectified spirit, ENA, absolute alcohol, specially denatured spirit from molasses grains and any other non-molasses sources, basically for lubricants.
- ARSS Engineering and Technology Private Limited** (previously carrying on the business as a partnership firm in the name and style of M/s ARSS Engineering and Technology) was incorporated on June 21, 2007 as a private limited company with an object to take over the business of the existing business carried on in partnership under the name and style of M/s ARSS Engineering and Technology. The company is engaged in the business of providing technical, commercial & project consultancy, constructing, contracting and designing all type of buildings, bridges and structures.
- ARSS Developers Limited (formerly named as Impex Developers Private Limited)** was incorporated on March 7, 2007 as a private limited company with its registered office at Plot Number- 38, Sector- A, zone-D, Mancheswar Industrial Estate, Bhubaneswar-751010. It was promoted by Mr. Rajesh Agarwal and Mr. Anil Madanlal Raika. The company is engaged in the business of purchasing, selling or dealing in immovable properties, constructing, contracting and designing all type of buildings, bridges and structures.
- M/s Anil Agarwal** is a proprietorship firm. It was initially constituted as a partnership firm on January 1, 1994 by Mr. Mohanlal Agarwal, Mr. Subash Agarwal and Mr. Anil Agarwal. By a deed of reconstitution dated April 1, 1999, Mr. Subash Agarwal retired from the firm and by another Deed of reconstitution dated April 1, 2001, the said firm was dissolved and the all the assets and liabilities of the firm were taken over by Mr. Anil Agarwal. Currently, the said proprietorship firm is carrying out the business of carrying out works of transportation, supply of ballast, civil work and other works.

6. **M/s Hindustan Constructions** is a proprietorship firm. It was constituted as a partnership firm on August 1, 1995 by Mr. Sunil Agarwal, Mr. Subash Agarwal and Mr. Rajesh Agarwal. By a deed of reconstitution dated April 1, 1999. M/s. Hindustan Constructions was dissolved and Mr. Subash Agarwal took over all the assets and liabilities of the firm and became the sole proprietor of the said firm. Its office is located at N-1/193, IRC Village, Nayapalli, and Bhubaneswar. Currently the said proprietorship firm is carrying out the activities of contract work for Railways.
7. **ARSS Engineering Limited** is a Limited Company promoted by Mr. Suresh Gaggar, Mr. Ramakant Gaggar, Mr. Subash Agarwal, Mr. Anil Garwal, Mr. Rajesh Agarwal, Mr. Sunil Agarwal and Mr. Abhishek Jajoo. It was incorporated on April 8, 2008 as a public limited company with its registered office at 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai –400 021, Maharashtra, India. The main object of the company is to provide consultancy and engineering services to infrastructure and construction sector and to enter into core infrastructure projects.
8. **Brahmani Cements Private Limited** is a private limited company promoted by Mr. Sunil Agarwal and Mr. Pramod Jain. It was incorporated on August 25, 2009 as a private limited company with its registered office at 802, Sudersan Tower, Plot No.7, Sahid Nagar, Bhubaneswar, District Khurda, Orissa - 751007. The main object of the company is producing, manufacturing, trading etc. and to act as agents, stockist, distributors, and suppliers of all kinds of cement.

For further details on the above listed companies please refer to Section titled ‘Group Companies’ on Page 145 of this Red Herring Prospectus.

### Common Pursuits

Except as described below the Promoters/ any member of Promoter Group do not have interest in any venture that is involved in any activities similar to those conducted by our Company.

Sr. No	Name of Company/ Partnership firm	Activity
1.	Anil Contractors Private Limited	Contract works including transport, civil, service contracts and to act as transport contractor of goods
2.	M/s Hindustan Construction	Contract work for Railways
3.	M/s Anil Agarwal	Contract works of transportation, supply of ballast, civil work and other work
4	ARSS Engineering and Technology Private Limited	Providing technical, commercial & project consultancy, constructing, contracting and designing all type of buildings, bridges and structures

### Interest of Promoters

The aforementioned Promoters of our Company are interested to the extent of their shareholding in our Company and the dividend they are entitled to receive, if declared, by the 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.

Our Company has acquired certain properties on lease basis from our Promoters and Promoter Group. Our Promoters or Promoter Group will be deemed to be interested to the extent of the lease rent received by them from our company. For further information, please refer heading Our Property under section titled “Our Business” on page no.54 of this Red Herring Prospectus. Further, our Promoters have provided to our Company various machineries/equipments and four wheelers on lease basis, for which our Company has been paying lease rental to our Promoters.

Except as stated in the section “Our Promoters and Promoter Group” in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made 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.

Further except as stated otherwise stated section titled “Financial Statement” under the heading Related Party Transaction on page no. 118 of this Red Herring Prospectus, the promoters do not have any other interest in the business of our Company.

### Payment or Benefit to Our Promoter

For details of payments or benefits paid to our promoters, please refer to paragraph “Compensation to Managing Directors / Whole time Directors”, “Interest of Promoter” and “Related Party Transactions” beginning on page 106,116 and 142 respectively of this Red Herring Prospectus.

### Dissociation Details

Except as described below, none of the promoters have disassociated themselves from any of the Companies/ firms during preceding three years

#### *M/s Hindustan Constructions*

In the year 1995, Mr. Subash Agarwal, Mr. Sunil Agarwal and Mr. Rajesh Agarwal constituted a partnership firm known as M/s Hindustan Constructions. Subsequently, the said partnership firm was dissolved in the year 1999 and Mr. Subash Agarwal took over all the assets and liabilities of the firm and became the proprietor of the firm. Mr. Sunil Agarwal and Mr. Rajesh Agarwal have disassociated themselves from the aforesaid firm on dissolution of the said firm.

#### *M/s Anil Agarwal*

In the year 1994, Mr. Mohanlal Agarwal, Mr. Subash Agarwal and Mr. Anil Agarwal constituted a partnership firm known as M/s Anil Agrawal. By a deed of reconstitution dated April 1, 1999, Mr. Subash Agarwal retired from the firm and by another deed of reconstitution dated April 1, 2001, the said firm was dissolved and the all the assets and liabilities of the firm were taken over by Mr. Anil Agarwal. By virtue of change in the constitution of the firm Mr. Mohanlal Agarwal and Mr. Subash Agarwal have disassociated themselves from the business of the aforesaid firm.

#### *M/s ARSS Construction Company*

In the year 1997, Mr. Sunil Agarwal and Mrs. Sabita Agarwal constituted a partnership firm known as M/s ARSS Construction. The said firm has been dissolved with effect from December 13, 2007 and by virtue of which Mr. Sunil Agarwal and Mrs. Sabita Agarwal have dissociated themselves from the business of the aforesaid firm.

#### *M/s ARSS Engineering & Technology*

In the year 2003, Mr. Mohanlal Agarwal and Mr. Sunil Agarwal constituted a partnership firm known as M/s ARSS Engineering & Technology. In the year 2007 the business of M/s. ARSS Engineering and Technology has been taken over by ARSS Engineering and Technology Private Limited. Mr. Sunil Agarwal and Mohanlal Agarwal are dissociated from the said partnership firm by virtue of the dissolution of the said firm.

### **Related Party Transactions**

For details on related party transactions refer to Related Party Transaction under the section titled “Financial Statements” beginning on page 118 of this Red Herring Prospectus.

### **Currency of presentation**

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

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

### **Dividend Policy**

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

## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### AUDITORS REPORT

(As required by Part II of Schedule II of the Companies Act, 1956)

To

The Board of Directors  
ARSS Infrastructure Projects Limited  
Plot No. 38, Sector – A, Zone – D  
Mancheswar Industrial Estate  
Bhubaneswar – 751010  
Orissa

Dear Sirs,

We, P.A. & Associates have examined the attached Statement of Restated Financial Information of ARSS Infrastructure Projects Limited ('ARSS' or 'the Company') (formerly known as ARSS Stones Pvt. Ltd.) as 31<sup>st</sup> December, 2009, 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2006 and 31<sup>st</sup> March, 2005, annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

- a. Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b. The Securities and Exchange Board of India ("SEBI") – Issue of Capital and Disclosure Requirements, ("SEBI Regulations"), 2009 and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') and related amendments, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;
- c. The terms of reference received from the Company, requesting us to carry out the engagement, in connection with the offer document of the Company for its proposed Initial Public Offer (IPO); and
- d. The revised Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (ICAI).

The Company proposes to make an IPO.

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

1. We have examined the attached 'Restated Summary Statement of Assets and Liabilities' and 'Restated Summary Statement of Profits and Losses' and 'Restated Statement of Cash Flows' of the Company as on 31<sup>st</sup> December, 2009, 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2006, and 31<sup>st</sup> March, 2005 together referred to as 'Restated Summary Statements'. (See annexure I, II and III) as prepared by the Company and approved by the Board of Directors. Audit for the Nine month ended 31<sup>st</sup> December, 2009 and for the Financial Year ended 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008 and 31<sup>st</sup> March, 2007 was conducted by us and audit for the financial year ended 31<sup>st</sup> March, 2006 and 31<sup>st</sup> March, 2005 was completed by the previous auditor M/s. K.C. Jena & Co., Chartered Accountants, and accordingly reliance has been placed on the financial statements audited by them for the said years.
2. Based on our examination of these Summary Statements, we state that:
  - a) The 'Restated Summary Statements' reflect the assets and liabilities, profits and losses and cash flows extracted from the Balance Sheets, Profit and Loss Accounts and Cash Flow Statement for those years, and after considering the impact of retrospective adjustments and regroupings as were, in our opinion, appropriate and required to be made, more fully described in the notes on adjustments appearing in Annexure IV and summary of significant accounting policies adopted by the Company pertaining to the financial statements for the nine month ended 31<sup>st</sup> December, 2009 are enclosed as Annexure V to this report.
  - b) the 'Restated Summary Statements' have been made after incorporating :
    - i. The impact arising on account of changes in accounting policies adopted by the Company as at and for the Nine month ended 31<sup>st</sup> December, 2009 have been adjusted with retrospective effect in the summary statements;
    - ii. The prior period items have been adjusted in the restatements in the years to which they relate.
    - iii. There are no extraordinary items which need to be disclosed separately in the summary statements; and there are no qualifications in the auditors' reports, which require any adjustments to the summary statements.
  - c) Qualifications in the Auditors' Report which do not require any corrective adjustments in the financial statements are disclosed in *point (g)* of Annexure IV.

#### B. Other Financial Information:

We have also examined the following other financial information relating to the Company, as at 31<sup>st</sup> December, 2009, 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2006 and 31<sup>st</sup> March, 2005 set out in the Annexure VI to XXV and proposed to be included in the offer document, as prepared by the management and approved by the Board of Directors of the Company and annexed to this report:

- i) Details of Secured Loans and assets charged as securities, enclosed as Annexure VI
  - ii) Details of Unsecured Loans, enclosed as Annexure VII
  - iii) Details of Investments, enclosed as Annexure VIII
  - iv) Details of Inventories, enclosed as Annexure IX
  - v) Details of Sundry Debtors, enclosed as Annexure X
  - vi) Details of Loans and Advances, enclosed as Annexure XI
  - vii) Details of Current Liabilities, enclosed as Annexure XII
  - viii) Details of Provision for Income Tax, enclosed as Annexure XIII
  - ix) Details of Preliminary Expenses, enclosed as Annexure XIV
  - x) Details of Sales and operating income, enclosed as Annexure XV
  - xi) Details of items of Other Income, enclosed as Annexure XVI
  - xii) Details of Direct Construction Expenses, enclosed as Annexure XVII
  - xiii) Details of Administrative and Selling Expenses, enclosed as Annexure XVIII
  - xiv) Details of Finance Expenses, enclosed as Annexure XIX
  - xv) Statement of Tax Shelters, enclosed as Annexure XX
  - xvi) Statement of Accounting Ratios based on the adjusted profits relating to earnings per share, net asset value, return on net worth, enclosed as Annexure XXI.
  - xvii) Statement of Dividend paid/proposed, enclosed as XXII
  - xviii) Capitalization Statement as on 31<sup>st</sup> December, 2009, enclosed as Annexure XXIII
  - xix) Details of Contingent Liabilities, enclosed as Annexure XXIV
  - xx) Details of Related Party Transactions, enclosed as Annexure XXV
3. In our opinion, the financial information as disclosed in the annexure to this report, read with the notes thereon and significant accounting policies disclosed in Annexure V, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Regulations issued by SEBI.
4. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by M/s. K.C. Jena & Co., Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to herein.
5. This report is intended solely for your information and for 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 P. A. & Associates  
Chartered Accountants

Sd/- (CA. H. Dash )  
Partner  
Place : Bhubaneswar  
Dated: January 9, 2010  
Registration no. 313085E

M. No. 63523

**Restated Summary Statement of Assets and Liabilities**

(All amounts Rupees in Lakhs)

Particulars	As at 31 <sup>st</sup> December, 2009	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007	As at 31 <sup>st</sup> March, 2006	As at 31 <sup>st</sup> March, 2005
<b>Fixed Assets</b>						
Gross Block	22470.39	16,113.68	8,643.48	3,151.46	1,533.09	1,223.64
Less: Depreciation	2347.12	1,599.94	868.25	473.24	298.14	186.70
Net Block	20123.28	14,513.75	7,775.23	2,678.22	1,234.95	1,036.94
Capital WIP	1258.38	148.28				
<b>Total (A)</b>	<b>21381.66</b>	<b>14,662.03</b>	<b>7,775.23</b>	<b>2,678.22</b>	<b>1,234.95</b>	<b>1,036.94</b>
<b>Investments (B)</b>	<b>336.68</b>	<b>382.13</b>	<b>226.79</b>	<b>154.98</b>	<b>63.03</b>	<b>23.52</b>
<b>Current Assets, Loans &amp; Advances</b>						
Inventory	28657.81	18,827.05	6,221.03	732.99	1042.06	584.30
Sundry Debtors	7807.19	4,285.33	6,523.34	1,436.57	708.43	3.92
Cash and Bank Balances	6637.04	7,172.15	3,739.99	1,164.26	506.49	191.00
Loans and Advances	9002.41	5,574.10	4,352.19	1,907.81	715.66	401.81
<b>Total (C)</b>	<b>52104.46</b>	<b>35,858.64</b>	<b>20,836.56</b>	<b>5,241.62</b>	<b>2,972.64</b>	<b>1,181.02</b>
<b>Total Assets (A+B+C) = D</b>	<b>73822.80</b>	<b>50,902.80</b>	<b>28,838.57</b>	<b>8,074.82</b>	<b>4,270.63</b>	<b>2,241.48</b>
<b>Liabilities and Provisions</b>						
Current Liabilities	14440.29	11506.14	8594.51	1,078.53	1,240.64	456.73
Provisions	1416.20	1696.33	254.62	202.28	46.34	28.13
Secured Loans	36233.51	21,821.94	9,752.77	3,786.66	1,814.65	1,203.31
Unsecured Loans	855.54	410.61	100.00	-	2.00	7.10
Deferred Tax	1035.80	636.26	264.49	138.19	106.28	99.30
(Asset)/Liabilities (net)						
<b>Total (E)</b>	<b>53981.34</b>	<b>36071.29</b>	<b>18966.41</b>	<b>5,205.65</b>	<b>3,209.91</b>	<b>1,794.58</b>
<b>Net Worth (D-E)</b>	<b>19841.46</b>	<b>14831.51</b>	<b>9872.16</b>	<b>2,869.17</b>	<b>1,060.71</b>	<b>446.90</b>
<b>Net Worth represented by</b>						
Equity Share Capital	1,255.40	1,255.40	1,255.40	1,079.61	259.70	100.00
Reserve and Surplus						
Securities Premium Account	4,663.74	4,663.74	4,663.74	368.00	206.00	42.00
General Reserve	281.82	281.82	31.39	-	-	-
Profit & Loss account	13642.48	8633.96	3926.94	1,426.34	598.77	305.16
<b>Sub-Total</b>	<b>19843.43</b>	<b>14834.91</b>	<b>9,877.46</b>	<b>2,873.95</b>	<b>1,064.47</b>	<b>447.16</b>
Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	1.97	3.40	5.30	4.78	3.76	0.26
<b>Net Worth</b>	<b>19841.46</b>	<b>14831.51</b>	<b>9872.16</b>	<b>2,869.17</b>	<b>1,060.71</b>	<b>446.90</b>

**Notes:** The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting policies and notes to Accounts as appearing in Annexure IV and V.

Bhubaneswar,

January 9, 2010



**Restated Summary Statement of Profits and Losses**

(All amounts Rupees in Lakhs)

Particulars	For the 9 months period ended 31 <sup>st</sup> December, 2009	For the year ended 31st March, 2009	For the year ended 31st March, 2008	For the year ended 31st March, 2007	For the year ended 31st March, 2006	For the year ended 31st March, 2005
<b>INCOME</b>						
Contract Revenues	60,525.73	62,437.52	31,367.09	13,300.14	6,006.07	2,957.77
Other Income	465.55	385.00	174.51	83.95	58.06	8.97
<b>Total</b>	<b>60991.28</b>	<b>62,822.52</b>	<b>31,541.61</b>	<b>13,384.09</b>	<b>6,064.13</b>	<b>2,966.75</b>
<b>EXPENDITURE</b>						
Direct Contract Expenses	44875.71	48,923.36	25,305.81	10,682.85	4,967.60	2,290.85
Personnel Expenses	1812.63	1,404.61	298.28	128.90	30.93	12.50
Administrative & Selling Expenses	2468.78	2007.56	903.46	559.26	304.63	232.25
Finance Expenses	3520.57	2,701.74	946.80	375.59	201.92	121.83
Depreciation	748.24	734.88	395.01	175.10	116.04	77.07
Preliminary Expenses written off	1.43	1.90	1.98	1.48	1.00	0.35
<b>Total</b>	<b>53427.35</b>	<b>55774.05</b>	<b>27851.35</b>	<b>11,923.18</b>	<b>5,622.12</b>	<b>2,734.86</b>
<b>Adjusted Profit before tax</b>	<b>7563.43</b>	<b>7048.47</b>	<b>3690.26</b>	<b>1,460.91</b>	<b>442.01</b>	<b>231.89</b>
<b>Provision for Tax</b>						
Current Tax	2,155.87	1545.55	871.05	367.78	100.47	46.91
Deferred Tax	399.53	371.77	126.31	31.90	6.98	34.27
Fringe Benefit Tax	-	26.83	12.74	5.58	2.31	-
<b>Profit after Tax</b>	<b>5008.53</b>	<b>5104.33</b>	<b>2,680.16</b>	<b>1,055.63</b>	<b>332.24</b>	<b>150.71</b>
Surplus brought forward from Previous Year	8633.96	3926.94	1,426.34	598.77	305.17	139.01
<b>Adjustment due to change in Accounting Policy</b>						
-Depreciation related to earlier years	-	-	-	-	-	128.76
<b>Other Adjustments</b>						
Adjustment of deferred tax of earlier years	-	-	-	-	-	(43.13)
Prior Period Income/(Expenses)	-	-	-	-	-	18.02
Prior Period income tax /FBT	-	-	(1.31)	-	(38.64)	(88.20)
<b>Appropriations</b>						
Dividend, Dividend tax and General reserve	-	397.31	178.26	-	-	-
Capitalization for issue of Bonus Shares	-	-	-	(228.07)	-	-
<b>Adjusted Available Surplus carried forward to Balance Sheet</b>	<b>13642.48</b>	<b>8633.96</b>	<b>3926.94</b>	<b>1,426.34</b>	<b>598.77</b>	<b>305.17</b>

Bhubaneswar,

January 9, 2010

## Restated Statement of Cash Flows for the year/period ended

(All amount in Rupees in lakhs)

Particulars	31 December ,09	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
Cash flows from Operating Activities						
Net profit before taxation, and extraordinary item	7563.93	7048.47	3690.26	1,460.91	442.01	231.89
Adjustments for:						
Depreciation	748.24	734.88	395.01	175.10	116.04	77.07
Profit on sale of Fixed Assets	5.32	6.32	-	-	(0.11)	-
Interest received	(372.48)	(275.15)	(82.82)	(17.47)	(11.06)	(7.16)
Preliminary Expense written off	1.43	1.90	1.98	1.48	1.00	0.35
Share of Profit from JV	(57.83)	(86.43)	(52.10)	(48.66)	(34.86)	(1.21)
Interest expenses	3011.96	2,397.93	740.16	289.29	164.39	105.96
Operating Profit before Working Capital Changes	10900.56	9827.93	4,692.50	1,860.65	677.39	406.90
Decrease / (Increase) in sundry debtors	(3521.86)	2,238.00	(5,086.77)	(728.14)	(704.51)	17.08
Decrease / (Increase) in inventories	(9830.76)	(12,606.02)	(5,488.04)	309.08	(457.77)	(331.08)
Decrease / (Increase) in loans and advances	(3428.30)	(1,221.91)	(2,444.39)	(1,192.15)	(313.85)	(297.86)
Increase / (Decrease) in current liabilities & provisions	2654.02	4353.33	7568.33	(6.17)	802.11	378.55
Cash Generated from Operations	(3226.35)	2591.33	(758.36)	243.27	3.38	173.59
Income taxes paid	2155.87	1572.38	885.10	373.37	141.42	109.83
Cash flow before extraordinary item	(5382.22)	1,018.96	(1643.46)	(130.10)	(138.05)	63.76
Extra Ordinary Items	-	-	-	-	-	-
Net Cash from Operating Activities	(5382.22)	1,018.96	(1643.46)	(130.10)	(138.05)	63.76
Cash flows from Investing Activities						
Purchase of Fixed Assets	(7473.18)	(7,637.18)	(5,492.02)	(1,618.36)	(328.35)	(541.19)
Sale of Fixed Assets	-	9.17	-	-	14.41	-
(Increase) in Investments	45.44	(155.34)	(71.81)	(91.95)	(39.52)	(11.50)
Share of Profit from JV	57.83	86.43	52.10	48.66	34.86	1.21
Interest received	372.48	275.15	82.82	17.47	11.06	7.16
Net cash from Investing Activities	(6997.43)	(7,421.77)	(5,428.92)	(1,644.19)	(307.53)	(544.31)
Cash flows from Financing Activities						
Proceeds from Issue of Share Capital	-	-	175.80	117.34	159.70	-
Share Premium of Issue of Share Capital	-	-	4,295.74	624.01	164.00	-
Share Application Money received	-	-	-	12.50	-	-
Increase/(Decrease) in unsecured loans (Short term)	444.92	310.61	100.00	(2.00)	(5.10)	-
Increase/(Decrease) in unsecured loans (Long Term)	-	-	-	-	-	(0.50)
Increase/(Decrease) in secured loans	14411.58	12,069.16	5,966.12	1,972.00	611.35	680.56
Preliminary Expenditure	-	-	(2.50)	(2.50)	(4.50)	-
Interest paid	(3011.96)	(2,397.93)	(740.16)	(289.29)	(164.39)	(105.96)
Dividend paid and tax on it	-	(146.88)	(146.88)	-	-	-
Net cash used in Financing Activities	11844.54	9,834.97	9648.11	2,432.06	761.06	574.10
Net increase in Cash and Cash Equivalents	(535.11)	3,432.16	2,575.73	657.77	315.49	93.54
Add : Cash and cash equivalents at beginning of period	7,172.15	3,739.99	1,164.26	506.49	191.00	97.46
Cash and Cash Equivalents at end of Period	6637.04	7,172.15	3,739.99	1,164.26	506.49	191.00

**Break up of Cash and Bank Balances***(All amount in Rupees in lakhs)*

Particulars	31st December,09	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
-Bank Balances						
In Current Account	737.18	647.21	204.05	445.50	115.44	23.09
In Fixed Deposits	5267.12	4,486.25	1,639.30	374.22	200.62	128.88
Interest Accrued on Above	547.09	227.23	52.20	14.72	10.74	4.24
Cheques in Hand		1,710.84	1,780.17	294.45	160.52	27.47
		-	-	-	-	-
Cash Balances	85.65	100.62	64.27	35.38	19.16	7.33
	6637.04	7,172.15	3,739.99	1,164.26	506.49	191.00

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

**NOTES TO RESTATED FINANCIAL STATEMENTS****Annexure – IV**

1. The summary of the adjustments on account of changes in the accounting policies and its impact on profit and losses of the Company for those years is given below:

(All amount in Indian Rupees)

	For the nine months ended for the period .31st December ,2009	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
<b>Adjustments on account of:</b>						
Change in the method of depreciation	-	-	-	-	-	71,70,835
Prior period Adjustments	26,85,378	10,79,412	(62,02,740)	61,64,303	13,50,169	(9,94,742)
Impact of Current Tax	-	(3,66,891)	35,80,306	(20,74,905)	(4,43,614)	3,64,001
Impact of Deferred Tax	-	-	1,35,476	66,98,072	(2,65,870)	(22,54,490)
<b>Total:</b>	<b>26,85,378</b>	<b>7,12,521</b>	<b>(24,86,958)</b>	<b>107,87,470</b>	<b>6,40,685</b>	<b>42,85,604</b>

**Note:**

Restatements for the years prior to 31<sup>st</sup> March, 2005 have been accounted for in the opening reserves for the year ended 31<sup>st</sup> March, 2005.

The explanatory notes of these adjustments are discussed below:

**a) Depreciation**

Up to 31<sup>st</sup> March'2005 the company had provided depreciation on Written Down Value method at the prescribed in schedule XIV of the Companies Act, 1956. From the year ended 31st March, 2006, depreciation has been provided on Straight Line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Accordingly, depreciation based on Straight Line method has been recomputed and accounted for the year ended 31st March, 2005 and 31st March, 2004. The depreciation prior to 31st March, 2005 amounting to Rs.1,28,75,539/- have been adjusted in the opening Reserves & Surplus as on 1st April, 2004.

**b) Provision for deferred tax**

The Accounting Standard-22 on Accounting for taxes on income issued by the Institute of Chartered Accountants of India became applicable to the Company with effect from 1<sup>st</sup> April, 2002. The deferred tax liability amounting to Rs. 43,13,188/- relating to years prior to 1<sup>st</sup> April, 2004 have been adjusted against brought forward balance of Profit & Loss Account as on 1<sup>st</sup> April, 2004. The deferred tax liability has also been recomputed taking into consideration the change in method of depreciation as detailed above and accordingly adjustments have been made in the respective years.

**c) Prior Period Adjustments**

Certain items, identified and disclosed as prior period income/expenditure in the audited financial statements for the period ended 31<sup>st</sup> March, 2008, have, for the purpose of this statement, been restated to the extent identified, in the respective years/ periods in which such adjustments arose. However, income tax demand of Rs. 88,20,015 and interest on income tax Refund of Rs. 1,61,256 pertaining to year prior to year ended 31<sup>st</sup> March'2005 has been adjusted during the year ended 31<sup>st</sup> March'2005.

**d) Provision for current tax**

The Restated Statement of Profit and Loss has been adjusted for respective years in respect of short/excess provision for income tax as compared to the tax payable as per income tax returns filed by the Company for these years. Further, advance taxes paid towards current tax liability which were hitherto disclosed as separate assets in some years have now been adjusted against the balance in the provision for taxation and the resultant net debit or credit balance has been shown under the head 'Loans and Advances' or 'Provision for tax' as the case may be.

**e) Material regrouping****i) Other Income:**

Consistent with the manner of presentation adopted in the financial statements as at 31st December, 2009, 'Other Income' has been separately disclosed in the Profit and Loss account in the financial year ended on 31<sup>st</sup> March, 2005, 31 March, 2006, 31 March, 2007 and 31 March, 2008.

**ii) Repairs and Maintenance Plant & Machinery and vehicles:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2009, insurance claims have been regrouped under the head 'Repairs and Maintenance', previously shown under the head 'Other Income' in Profit and Loss Account in the financial year ended on 31 March, 2005. Further, Repairs and Maintenance pertaining to office vehicles is regrouped and included in the Repairs and Maintenance, previously grouped under 'Administrative Expenses' in the Profit and Loss Account in the year ended 31<sup>st</sup> March, 2005.

iii) Financial Expenses:

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2009, Bank Commission and Charges have been regrouped under the head 'Financial Expenses', previously grouped under the head 'Administrative Expenses' in Profit and Loss Account in the year ended 31<sup>st</sup>. March, 2007, 31<sup>st</sup>. March, 2006 and 31<sup>st</sup>. March 2005.

iv) Preliminary Expenses:

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2009, Preliminary Expenses written off have been shown separately in the Profit and Loss Account, previously grouped under the head "General Expenses" in Profit and Loss Account in the financial year ended on 31<sup>st</sup> March, 2007, 31<sup>st</sup> March 2006, 31<sup>st</sup>. March 2005.

v) Margin of HSCL

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2009, margin of HSCL has been regrouped and reduced from sales, previously grouped under the head 'General Expenses' in the Profit & Loss Account in the financial year ended 31<sup>st</sup> March, 2006.

f) **Restated Profit and Loss Account as on 1st April, 2004**

Particulars	Amount (in Rs.)
<b>Profit and Loss Account as per Audited Accounts as on 1<sup>st</sup> April, 2004</b>	1,39,01,333
Adjustment on account of Deferred Tax of earlier years	(43,13,188)
Adjustment on account of Depreciation on account of change in the accounting policy.	1,28,75,539
Adjustment on account of income tax paid for earlier years	(25,27,827)
Adjustment on account of Prior Period Income of earlier years	18,02,280
<b>Restated Profit and Loss Account as on 1<sup>st</sup> April, 2004.</b>	<b>2,17,38,137</b>

g) **Qualifications in the Auditors Report:**

The statutory auditor of the Company for the past five fiscal were as follows:

Sr. No.	Fiscal Year	Name of the Auditor
1.	F.Y. 2006-2007, F.Y. 2007-2008 & F.Y. 2008-09	P.A. & Associates
2.	F.Y. 2004-2005 to F.Y. 2005-2006	K. C. Jena and Co.

There is neither any qualification nor any adverse remark/observation by the Statutory Auditors in their Statutory Audit Report for the Financial Statements as at 31<sup>st</sup> December, 2009, 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March 2006, and 31<sup>st</sup> March 2005 except enumerated below:

**Required no adjustment in the restated financial statements:**

Following remark/observation does not require any quantification and accordingly not provided in the restated financial statements.

**In CARO :**

a. For Year ended 31.03.2005.

'as explained, a provision of Provident Act has not been implemented by the Company.'

b. For Year ended 31.03.2005, 31.03.2006.

In our opinion and according to the information and explanation given to us, the company has defaulted in repayment of dues to financial institutions and bank

(All amount in Indian Rupees)

Particulars	31.03.06	31.03.05 (See Note : a)
Term Loan	Nil	--
Financial Institutions and Others	2,424,560	--
<b>Total:</b>	<b>2,424,560</b>	<b>--</b>

**Note:** a) 31.03.2005: Statutory auditor has not quantified the amount of defaults made by the Company in his Audit Report and accordingly the same has not been disclosed in the above statement even though the defaulted amount is regrouped in the restated summary statements.

c. For Year ended 31.03.2006

According to the information and explanations given to us and on over all examination of the books of accounts of the company, we report that amount of Rs. 64,05,207/- raised on short term basis have been used for long term investment.'

d. For Year ended 31.03.2008

i. Provision of Rs. 6.13 lacs on account of retirement gratuity has been made on an adhoc basis, without ascertaining the actual liability through actuarial valuation which is not in accordance with Accounting Standard – 15, "Accounting for Retirement Benefits" issued by The Institute of Chartered Accountants of India.

- ii. Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2008 instead of audited accounts, which is not in accordance with Accounting Standard – 27, “ Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India.
- e. For Year ended 31.03.2009
  - i. Provision of Rs. 14.00 lacs on account of retirement gratuity has been made on an adhoc basis, without ascertaining the actual liability through actuarial valuation which is not in accordance with Accounting Standard – 15, “Employee Benefits” issued by The Institute of Chartered Accountants of India.
  - ii. Profit from HCIL-Adhikaria- ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2009 instead of audited accounts, which is not in accordance with Accounting Standard – 27, “Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India.
- f. For Nine month ended 31.12.2009
  - i. Provision on account of retirement gratuity has not been made which is not in accordance with Accounting Standard – 15, “Employee Benefits” issued by The Institute of Chartered Accountants of India.
  - ii. Profit from Joint Ventures and investment in Joint ventures have been considered on the basis of Provisional Accounts as on 31.12.2009 , which is not in accordance with Accounting Standard – 27, “ Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India.

## NOTES FORMING PART OF THE RESTATED SUMMARY STATEMENT

- a. The Company was incorporated on 17<sup>th</sup> May, 2000 and is primarily engaged in the business of development of infrastructure i.e. rail, road and bridges.
- b. Consequent to the proposed Initial Public Offer ('IPO') of the equity shares, the Company had applied to the Registrar of Companies ('ROC') Orissa, for conversion from Private Limited Company to a Public Limited Company. The Company has changed its name from "ARSS Stones Pvt. Ltd." to "ARSS Infrastructure Projects Pvt. Ltd." on 20<sup>th</sup> May, 2005. The ROC has accorded his approval for the conversion of the Company into a 'Public Limited Company' on 3<sup>rd</sup> April, 2006 and the Company accordingly changed its name from 'Private Limited' to 'Limited' with effect from 3<sup>rd</sup> April, 2006.

c. Search and Seizure:

The income tax department had conducted a search on the Company on 26.09.2003 under section 132 of the Income Tax Act, 1961. On the basis of search conducted assessment u/s 153A is completed raising a total demand of Rs. 177.27 lacs for A.Y. 2001-02 to 2004-05, which was disputed. The matter has been adjudicated both by CIT(A) and ITAT and substantial relief has been granted. Unpaid demand outstanding as on date is NIL.

d. Segment Reporting

(a) Primary Segment

The business Segment has been considered as the primary segment. The Company is mainly engaged in single segment business of civil construction, which is managed as one entity and governed by a similar set of risk and returns.

(b) Secondary Segment

Further, operations of the Company is confined to the single geographic segment i.e. India and does not qualify for reporting as geographic segment.

Hence the company has no segment as defined in Accounting Standard -17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

e. Deferred Tax

The Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), issued by The Institute of Chartered Accountants of India (ICAI) became applicable to the Company from the financial year ended 31st March, 2003. Company has provided for deferred tax assets/liability arising on the timing differences, if any, in the financial statements for the Nine month ended on 31st December, 2009 and for the year ended 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2006 and 31<sup>st</sup> March, 2005.

Following are the components of deferred tax item(s) provided in the Restated Financial Statements of the Company:

(All amount in Indian Rupees)

Particulars	As on 31.12.2009	As on 31.03.2009	As on 31.03.2008	As on 31.03.2007	As on 31.03.2006	As on 31.03.2005
<u>Deferred Tax Liability</u>						
a) Difference between book and tax base of Fixed Assets	39953262	371,76,826	126,30,909	31,90,181	6,97,928	34,27,184
b) Loss on Sale of Fixed Asset						
<b>Deferred Tax Liability for the year</b>	<b>39953262</b>	<b>371,76,826</b>	<b>126,30,909</b>	<b>31,90,181</b>	<b>6,97,928</b>	<b>34,27,184</b>
Opening Deferred Tax Liability	<b>6,36,26,322</b>	2,64,49,497	1,38,18,588	1,06,28,407	99,30,479	65,03,294
<b>Closing Deferred Tax Liability as at</b>	<b>10,35,79,584</b>	<b>6,36,26,322</b>	<b>2,64,49,497</b>	<b>1,38,18,588</b>	<b>1,06,28,407</b>	<b>9,930,479</b>

**Note:** Deferred Tax Liabilities computed on the basis of restated financial statements.

f. Interest in Joint Venture:

Accounting Standard 27, (AS-27) 'Financial reporting of interest in joint venture' Issued by ICAI was applicable to the Company from the year-ended 31<sup>st</sup> March'2005 and accordingly applied by the company in preparing the accounts. The share of profit or loss of the company, as when it is determined by the joint venture, was recognized to the respective year and the net investment in the joint venture is reflected as investments.

Names of the JV and Company's financial share of profit/loss in joint ventures in the jointly controlled entities are as follows

Name of Joint Venture	Company's Share (%) in Joint Venture
HCIL ARSSPL JV	49
HCIL ARSS TRIVENI JV	30

Name of Joint Venture	Company's Share (%) in Joint Venture
HCIL KALINDEE ARSS JV	30
HCIL ADHIKARYA ARSS JV	30
NIRAJ ARSS JV (2 Nos of JV)	49 & 40
ARSS-HCIL CONSORTIUM JV	60
ATLANTA ARSS JV	49
PATEL ARSS JV	49
BACKBONE ARSS JV	49
SOMDATTA BUILDERS ARSS JV	49
ARSS TRIVENI JV	51
ARSS ANPR JV	51
ARSS MVPL JV	51
ARSS TLIPL JV	51

- g. Payments to Auditors:

(All amount in Indian Rupees)

Particulars	For the quarter ended 31.12.2009	For the year ended 31.03.2009	For the year ended 31.03.2008	For the year ended 31.03.2007	For the year ended 31.03.2006	For the year ended 31.03.2005
<b>Payment to Auditors for:</b>						
Statutory Audit Fees		10,00,000	500,000	100,000	67,956	33,060
Internal Audit Fees	4,00,000					
Consultancy Fees		150,000	420,000	16,836	5,000	
Other certification	3,15,000					
<b>Total:</b>	<b>7,15,000</b>	<b>11,50,000</b>	<b>920,000</b>	<b>116,836</b>	<b>72,956</b>	<b>33,060</b>

- h. The company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the yearend together with interest paid/payable as required under the said act have not been given.
- i. Pending Actuarial valuation, the Company has estimated the gratuity liability on adhoc basis without ascertaining the actual liability.
- j. Additional Information:
- Licensed capacity, Installed capacity and actual production: This information is not relevant to the Company since it is engaged in development of infrastructure, like Road, Bridge and Rail.
  - Opening and closing stock of finished goods, Sales of finished goods and Raw and Packing Material consumed in quantity and value: This information is not relevant to the Company since it is engaged in civil construction.
  - Classification of Raw and Packing Materials consumed: This information is not relevant to the Company since it is engaged in civil construction.
- k. Notes to accounts for the year ended 31st March, 2008.
- The company during the year has issued 1,00,000 shares of Rs.10 each with a premium Rs.20 each to partners of M/S ARSS Engineering & Technology, a partnership firm wherein a director of the Company was a partner in consideration of a plot of land on which the corporate office of the Company is constructed.
- l. Notes to accounts for the year ended 31st March, 2007
- The Company has sub divided 3,45,035 equity shares of Rs. 100 each to 34,50,350 equity shares of Rs. 10 each during the year ended 31.03.2007.
  - The company has issued 69,00,700 bonus shares of Rs. 10 each to equity share holders in the ratio of 2:1 out of the following amounts:
    - Capitalization of surplus in Profit and Loss Account Rs. 228,06,500
    - Transfer from Share Premium Account Rs. 462,00,500

Rs. 690,07,000
- m. Notes to accounts for the year ended 31st March, 2006
- The Company has neither paid wealth tax nor filed wealth tax returns for the financial year 2005-2006.
  - The company ARSS Infrastructure Projects Limited has been given some contract work on subcontract basis by Harishchandra-ARSSPL-JV. The details of input credit, VAT dues and TDS claim vide TIN-21701102746 are given below :



- i. Input tax credit (VAT) taken on purchase of materials by ARSS Infrastructure Projects Limited for Rs. 24,37,016.00 during the financial year has transferred to Harishchandra-ARSSPL-JV vide TIN - 21701102746 because of mutual agreements.
- ii. VAT dues of Rs. 68,79,665.00 in favor of Harishchandra-ARSSPL-JV has been passed to ARSS Infrastructure Projects Limited because of mutual agreements.
- iii. VAT (TDS) of Rs. 44,42,648.00 deducted from bills of Harishchandra-ARSSPL-JV has been passed to ARSS Infrastructure Projects Limited because of mutual agreements.
- iv. The input VAT credit available in the name of ARSS Infrastructure Projects Limited has been claimed by Harishchandra-ARSSPL-JV in VAT return because of agreement for reimbursement or otherwise payment of VAT dues of Harishchandra-ARSSPL-JV by ARSS Infrastructure Projects Limited. Pending disposal of the matter by sales tax department Rs. 24,37,016 has not been provided in the books of the company.

*(For the Financial Statement as at and for the Quarter 31st December, 2009)*

## 1. Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles[GAAP], accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of the Companies Act, 1956.

## 2. Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of taxes, duties, freight and other incidental expenses related to acquisition and installation less accumulated depreciation.

Own manufacturing assets are capitalized at cost including an appropriate share of overhead.

## 3. Depreciation

Depreciation is provided on Straight Line Method at the rates specified in Schedule -XIV to the Companies Act, 1956.

Depreciation on addition / deletion during the year is provided on pro-rata basis with reference to the date of addition / deletion.

## 4. Borrowing Costs

Interest and other borrowing costs on specific borrowings attributable to qualifying assets are capitalized. Other interest and borrowing cost are charged to revenue.

## 5. Investments

Investments in integrated Joint ventures are carried at cost net of adjustments for the company's share in profits or losses as recognized.

## 6. Inventories

## i) Raw Materials, Stores &amp; Spares and Finished Goods

Raw Materials, construction materials and Finished Goods are valued at the lower of cost and net realizable value.

## ii) Work in Progress

The work in process is valued as percentage of completion contract method as per Accounting Standard 7 on "Construction Contracts" issued by the Institute of Chartered Accountants of India.

## 7. Revenue Recognition

The company follows the percentage of completion method as per Accounting Standard - 7 on "Construction Contracts" issued by the Institute of Chartered Accountants of India to recognize revenue in respect of contracts executed. Contract revenue is accounted for on the basis of bills submitted to clients/bill certified by clients and does not include material supplied by the clients free of cost. Other revenue and expenses are accounted for on accrual basis.

## 8. Taxes on Income

Provision for current taxation is made on the taxable profits for the year in accordance with the Income Tax Laws applicable to the assessment year.

Deferred Tax is recognized subject to consideration of prudence on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## 9. Retirement Benefits

## i) Short Term Employment Benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absence etc. and the expected cost of bonus is recognized in which the employee renders the related services.

## ii) Post employment Benefits

Defined contribution plan: Company has a defined contribution plan for Provident Fund and Employees State insurance and the Company's contribution thereto are charged to the Profit & Loss Account.

## iii) Pending actuarial Valuation, the Company has estimated the gratuity liability on adhoc basis.

## 10. Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation are recognized when there is a present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## 11. Overdue Charges In Respect of Loans

Overdue charges if any levied by financial institutions/banks/NBFC are not considered during the currency of the loan. The same is considered as a financial expense in the year of final settlement of loan amount.

**ARSS Infrastructure Projects Limited (Formerly known as ARSS Stones Pvt. Ltd.)****Annexure-VI****STATEMENT OF SECURED LOANS, AS RESTATED**

(All amounts Rupees In lacs)

Particulars	As at 31st December, 2009	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2007	As at 31st March, 2006	As at 31st March, 2005
a) Working Capital Loans						
From bank						
State Bank of India						
Fund Based Limits						
Cash Credit	17214.75	11,124.01	4,327.58	1,920.41	934.64	579.22
SLC	480.30	506.30	505.63	82.14	150.01	-
Letter of Credit	215.87	279.99	-	301.91	149.48	-
IDBI Bank Limited						
Fund Based Limits						
Cash Credit	2664.41	1,996.43	-	-	-	-
(Refer Note: 2 and 5)						
Exim Bank Limited						
Fund Based Limits						
(Refer Note No.8)	2500.65	-	-	-	-	-
Non-fund Based Limits						
(Refer Note: 3 and 5)						
	Cash Credit					
Bank Guarantee		-	-	-	-	-
Total (a)	23075.98	13,906.73	4,833.21	2,304.47	1,234.13	579.22
b) Vehicle and Equipment loans						
I. From bank						
State Bank of India	7495.62	4,331.21	1,805.69	106.54	133.00	174.97
(Refer Note: 4 and 5)						
-Bank of India						
(Refer Note: 6)	1139.44	350.69	449.71	487.85	-	-
-From others						
(Refer Note: 7)	4560.58	292.23	224.47	131.31	38.86	2.88
II. From Financial Institutions						
(Refer Note: 7)	4066.42	2941.08	2439.69	756.48	408.67	446.24
Total (b)	13157.54	7,915.21	4,919.56	1,482.19	580.52	624.09
Total (a+b)	36233.51	21,821.94	9,752.77	3,786.66	1,814.65	1,203.31

**Notes :****Note 1**

Description of securities has been given in respect of facility as at 31.12..2009

**Note 2**

Primary security -

Secured by Hypothecation of entire stock of raw materials, semi finished goods &amp; receivable, present and future.

**Note 3**

Primary security -

a) Cash margin in the shape of STDR 10% for SBI, 5% for ICICI and IDBI Bank of BG to be issued and counter guarantee of full amount of BG and charges on company assets.

**Note 4**

Primary security -

Secured by Hypothecation of loaders and tippers , compactor and loaders, to be acquired out of bank finance in addition to hypothecation of machineries and implements etc. Presently, pledged /hypothecated to the bank for the present limit.

Note 5

Collateral security to loan of note 2,3, and 4 -

a) Pledge of STDR of Rs. 2,22,00,000/-.

b) 1st Charge on the fixed assets of the company acquired out of the said loan amount.

c) On remaining fixed assets, State Bank of India is having 1st Charge other than acquired by utilizing specific term loans, On which the lenders are having 1st charge and State Bank of India is having 2nd Charge.

d) Equitable Mortgage on land held by promoters, relatives specified in sanction letter.

Mauza	Standing in the name of			Plot No.	Area
Nityanandapur ( Chadheidhara )	Mrs. Sanju Agarwal			1487	0.34
				1484	1.16
				1486	0.43
				1490	0.07
				1491	0.59
				1486 / 1673	0.30
				1510 / 1596	0.12
					Ac 3.01
Nityanandapur ( Chadheidhara )	Mrs. Sangita Agarwal			1486 / 1672	0.25
				1476	0.09
				1477	0.80
				1485	0.65
					Ac 1.79
Nityanandapur ( Chadheidhara )	Mrs. Sanju Agarwal			1469 / 1650	0.37
				1464	0.51
				1471	0.36
				1469	0.38
				1475	0.95
				1463	0.37
					Ac 2.94
Nityanandapur ( Chadheidhara )	Mrs. Seema Agarwal			1470	0.29
				1478	0.18
				1479	0.70
				1481	0.20
				1482	0.23
				1483	0.74
					Ac 2.34
Nityanandapur	M/s. ARSS Construction Co. & Mrs. Sabita Agarwal ( Partner )			1468	Ac.0.58
				1573	Ac.0.58
				1465	Ac.0.46
				1466	Ac.0.26
					Ac.1.88

Nalabanta ( Rambha )	Mr. Anil Agarwal			685,664,665,659	Ac 3.50
I. R. C Village	Mr. Sunil Agarwal			N-1 / 92	3750 sqft.
Rayagada	Mr. Anil Agarwal			143 / 1	5750 sqft.
Champajhar ( Tapang )	Mr. Sunil Agarwal			481	2.10
I.R.C. Village	Mrs. Seema Agarwal & Mrs. Sangita Agarwal			4 / 434 / 697 GA Plot no-157 VIP Area I. R. C Village	
Jaydev vihar, BBSR	Mr. Sunil Agarwal & Mrs. Sabita Agarwal			N-2 / 85	Ac 0.126
Chhatrama	ARSS Infrastructure Projects Ltd.			1856,1859,1861, 1852,1848,1798, 1802,1799,1803, 1718,1811,1850, 1810,1853,1822,	Ac 3.183

				1818,1819,1835	
Gadakana	ARSS Infrastructure Projects Ltd.			IDCO Plot No.- 38 / 1	Ac 0.879

d) Personal guarantee Promoters, their relatives, directors

- a) Rajesh Agarawal
- b) Sangita Agarawal
- c) Sunil Agarawal
- d) S. K. Pattnaik
- e) Subhash Agarawal
- f) Sanju Agarawal
- g) Anil Agarawal
- h) Seema Agarawal
- i) Mohanlal Agarawal
- j) Ramdulari Agarawal
- k) Sabita Agarawal

Note 6

Primary security -

Hypothecation of all tangible assets of the Company including particular of machineries, vehicles etc. wherever situated and/or in transit

Collateral security -

a) Equitable mortgage of residential land situated at N-3/95, Nayapalli Khata No - 780, Plot No. - 878/2608, Area

- 0.103 Decimal (60\*75) existing in the name of Mr. Anil Agarwal and Rahesh Agarwal.

b) Equitable mortgage of vacant land situated at Bhajanagar Mouza-Badapada, Khata No - 988/21, Plot No. - 182,

Area AC 2.390 decimal existing in the name of the Company

c) Equitable mortgage of vacant land situated at Bhajanagar Mouza-Badapada, Khata No - 988/12, Chaka No. - 23/1024, Plot No. 181/5091, Area AC 4.710 decimal existing in the name of the company

Personal guarantee Promoters' -

- a) Rajesh Agarawal
- b) Sunil Agarawal

Note 7

Secured by Hypothecation on the assets purchased out of loan amount.

Note 8

- c) Secured by hypothecation on the current Assets including receivables of two contracts widening of Bhawanipatna-Khariar state highway and Chandbali-Bhadrak-Anandpur state highway.
- d) Personal Guarantee of Promoters
- e) Escrowing of receivables of the above two contracts pertaining to the two contracts
- f) ECGC's ECIB to cover risk of non payment to EXIM

(All amounts Rupees In lacs)

## STATEMENT OF UNSECURED LOANS, AS RESTATED

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Loan from Bank	352.79	18.83				-
Long Term from Directors						1.10
Rajesh Agarwal						
Loan from Shareholders						
Long Term						
Anil Contractors (P) Ltd.					2.00	-
Short Term						-
Seema Agarwal						-
Loan from Others						
Long Term						
Anil Contractors (P) Ltd.						6.00
Short Term						
Hindustan Construction						
Maa Manikeswari Enterprises						-
Srei Finance		191.79	-			
IVF Advisors	-	-	-			
Tao Builders Pvt. Ltd	-	-	100.00	-		
May Fair Hotel & Resorts Ltd.	50.00	200.00	-	-		
Vinod Agarwal	265.00					
Kusal Agarwal	55.00					
Archit Agarwal	2.75					
Bhagirath Prasad	45.00					
Vinod Agarwal (HUF)	35.00					
Maa Samleswari Enterprises	20.00					
<b>Total</b>	<b>855.54</b>	<b>410.61</b>	<b>100.00</b>	<b>-</b>	<b>2.00</b>	<b>7.10</b>

Anil Contractors (P) Ltd has become a shareholder during the year ended 31st March, 2006.

Unsecured loan other than loan from Banks and Srei Finance were interest free and payable on demand

## STATEMENT OF INVESTMENTS, AS RESTATED

(All amounts Rupees In lacs)

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Unquoted investment						
-In Joint Ventures	257.41	303.63	190.44	128.87	39.03	1.35
-In Others					-	
National Saving Certificates	20.27	20.27	20.27	20.27	20.15	20.15
Interest accrued on above	10.93	10.15	8.00	5.84	3.85	2.02
ARSS Engineering Limited	8.08	8.08	8.08	-	-	-
Reliable Smart City (P) Ltd.	40.00	40.00	-	-	-	-
Quoted investment					-	-
<b>Total</b>	<b>336.68</b>	<b>382.13</b>	<b>226.79</b>	<b>154.98</b>	<b>63.03</b>	<b>23.52</b>

## STATEMENT OF INVENTORIES, AS RESTATED

(All amounts Rupees In lacs)

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
(As valued and certified by the management)						
Raw Materials	5247.83	2,554.90	100.08	15.17	18.03	-
Spare Parts	554.71	334.54	114.49	-	-	-
Work in Progress	19570.91	15,120.46	5,601.23	573.01	697.25	584.30
Finished Goods	3284.37	817.15	405.24	144.81	326.79	-
<b>Total</b>	<b>28657.81</b>	<b>18,827.05</b>	<b>6,221.03</b>	<b>732.99</b>	<b>1,042.06</b>	<b>584.30</b>

## ARSS Infrastructure Projects Limited (formerly known as ARSS Stones Pvt. Ltd.)

## Annexure-X

## STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(All amounts Rupees In lacs)

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
-Outstanding for More than six months						
Unsecured, Considered Good	310.23	199.00	969.43	44.13	-	3.51
Unsecured, Considered doubtful		-	-	-	-	-
-Others						
Unsecured, Considered Good	7496.97	4,086.34	5,553.91	1,392.44	708.43	0.41
Unsecured, Considered doubtful		-	-	-	-	-
<b>Total</b>	<b>7807.19</b>	<b>4,285.33</b>	<b>6,523.34</b>	<b>1,436.57</b>	<b>708.43</b>	<b>3.92</b>

Note: There are no amounts recoverable from Promoters, Promoters Group, Directors of the Company as at 31.12.2009.

Schedules to the Restated Summary Statement of Assets and Liabilities

## STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(All amounts Rupees In lacs)

Particulars	December 31, 2009	31st March, 09	31st March, 08	31st March, 07	31st March, 06	31st March, 05
Loans And Advances (Unsecured, Considered Good) Advances recoverable in cash or in kind or for value to be received -From Companies under the same management	-	-	-	50.00	6.51	17.41
-Others	9002.41	5,574.10	4,352.19	1,857.81	709.15	384.40
Total	9002.41	5,574.10	4,352.19	1,907.81	715.66	401.81

## STATEMENT OF CURRENT LIABILITIES, AS RESTATED

Annexure-XII

(All amounts Rupees In lacs)

Particulars	December 31st, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Sundry Creditors	-	-	-	-	-	-
Dues to Small Scale Undertakings	14440.29	11506.14	8594.57	1,078.53	1,240.64	456.73
Creditors other than Small Scale Undertakings						
Payable to bank and NBFC						
Credit balance in bank account						
Total	14440.29	11506.14	8594.51	1,078.53	1,240.64	456.73

## STATEMENT OF PROVISIONS, AS RESTATED

Annexure-XIII

(All amounts Rupees In lacs)

Particulars	December 31st, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Provisions						
For Income Tax	1416.18	1522.63	241..76	196.57	43.90	28.13
For Fringe Benefit Tax		26.83	12.86	5.70	2.43	-
For Proposed Dividend	0.03	125.54	-	-	-	-
For Tax on Proposed Dividend		21.33	-	-	-	-
Total	1416.20	1705.46	254.62	202.28	46.34	28.13

Schedules to the Restated Summary Statement of Assets and Liabilities

## STATEMENT OF PRELIMINARY EXPENSES, AS RESTATED

Annexure-XIV

(All amounts Rupees In lacs)

Particulars	December 31st, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Preliminary Expenses						
Opening balance brought forward	3.40	5.30	4.78	3.76	0.26	0.62
Add : Addition during the year		-	2.50	2.50	4.50	-
Less : Written off During the Year	1.43	1.90	1.98	1.48	1.00	0.35
Closing Balance carried forward	1.97	3.40	5.30	4.78	3.76	0.26



Schedules to the Restated Summary Statement of Profits and Losses

## STATEMENT OF SALES AND OPERATING INCOME, AS RESTATED

(All amount in Rupees in Lacs)

Particulars	December 31st, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Contract revenue	60525.73	62,437.52	31,367.09	13,300.14	6,006.07	2,957.77
Total	60525.73	62,437.52	31,367.09	13,300.14	6,006.07	2,957.77

## STATEMENT OF OTHER INCOME, AS RESTATED

## Annexure-XVI

(All amount in Rupees in Lacs)

Particulars	December 31st, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
-Recurring						
Interest on Fixed Deposits	371.70	272.09	79.34	12.40	8.86	4.14
Interest Income-Other		0.90	1.32	3.07	0.37	0.41
Interest on NSC	0.78	2.15	2.16	1.99	1.83	1.00
Interest on Tax Refund		-	-	-	-	1.61
Miscellaneous Receipt	35.24	21.43	36.50	17.30	12.02	0.60
Sales Tax Refund		1.99	-	-	-	-
Share of Profit from Joint Venture	57.83	86.43	52.10	48.66	34.86	1.21
-Non Recurring		-	-	-	-	-
Miscellaneous Receipt		-	-	0.53	-	-
Profit on sale of Assets		-	-	-	0.11	-
Refund of Royalty		-	3.10	-	-	-
Total	465.55	385.00	174.51	83.95	58.06	8.97
Net Profit Before Tax	7563.93	7048.47	3690.26	1,460.91	442.01	231.89
% of other income to net profit before tax	6.15	5.45	4.72	5.75	13.14	3.87

Note: The Classification of income as recurring/non-recurring is based on the current operation and business activity of the Company as determined by the management

## STATEMENT OF DIRECT CONSTRUCTION EXPENSES, AS RESTATED

## Annexure-XVII

(All amounts Rupees in Lakhs)

Particulars	December 31st, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Direct Cost						
Material Purchase including sub contract	45870.70	54,350.87	27,206.49	7,642.82	3,706.38	1,573.49
Wages	1097.88	1,306.39	1,166.41	948.20	492.29	316.08
Power & Fuel	4495.08	3,229.84	1,267.78	1,010.26	621.91	459.48
Royalty	345.71	331.36	212.53	41.31	58.95	40.49
Repair and Maintenance (Plant & Vehicle)	1381.06	1,484.71	570.35	377.14	242.19	188.74
Hire Charges	1516.03	826.22	370.29	354.05	303.67	43.66
Total (A)	54706.47	61,529.37	30,793.86	10,373.77	5,425.37	2,621.94
Increase / (Decrease) in Inventory						
Closing Stock	28657.81	18,827.05	6,221.03	732.99	1,042.06	584.30
Less: Opening Stock	(18,827.05)	(6,221.03)	(732.99)	(1,042.06)	(584.30)	(253.21)
Total (B)	9830.76	12,606.02	5,488.04	(309.08)	457.77	331.08
Total [(A) - (B)]	44875.71	48,923.36	25,305.81	10,682.85	4,967.60	2,290.85

## STATEMENT OF ADMINISTRATIVE AND SELLING EXPENSES, AS RESTATED

Annexure-XVIII

(All amounts Rupees in Lakhs)

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
-Administrative Expenses						
Electricity Charges	22.34	18.25	9.89	3.04	2.70	2.54
Fuel & Lubricants	32.47	49.87	17.10	16.49	6.64	7.03
General Expenses	393.52	348.63	136.85	67.34	14.02	29.95
Insurance Charges	102.62	64.66	64.09	49.93	25.36	15.97
Licence Fee		-	-	-	-	-
Managerial Remuneration	238.95	141.49	37.13	51.61	11.84	2.64
Payment to Auditors		-	-	-	-	-
- Audit Fees	4.41	11.03	5.00	1.00	0.73	0.33
- Internal Audit Fees		-	-	-	-	-
Rent, Rates and taxes	136.77	114.58	67.00	20.49	20.20	7.55
Repairs and Maintenance (Office)	13.07	9.49	10.74	2.25	2.36	1.35
Telephone Expenses	57.10	64.52	28.59	14.38	7.02	4.67
Travelling and Conveyance	121.67	157.65	99.45	38.44	19.24	8.74
Bad Debt Written off		-	-	2.92	1.75	7.73
-Selling Expenses						
Advertisement	22.15	18.45	10.74	0.83	0.13	-
Business Promotion	32.41	24.33	8.97	5.13	1.90	0.97
Sales Tax and VAT	840.50	652.44	286.95	282.50	188.68	138.84
Tender Document	17.32	22.82	11.85	2.92	2.06	3.95
Service Tax	433.49	309.36	109.11	-	-	-
Total	2468.78	2007.58	903.46	559.26	304.63	232.25

## STATEMENT OF FINANCE EXPENSES, AS RESTATED

Annexure-XIX

(All amounts Rupees in Lakhs)

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Bank commission & Other Charges	508.62	303.81	206.64	86.30	37.54	15.87
Interest	3011.96	2,397.93	740.16	289.29	164.39	105.96
Total	3520.57	2,701.74	946.80	375.59	201.92	121.83

## STATEMENT OF TAX SHELTERS

Annexure-XX

(All amount in Indian Rupees in Lacs)

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Profit before tax but after (A)	7563.93	7048.47	3690.26	1,460.91	442.01	231.89
Tax	30.00%	30.00%	30.00%	30.00%	30.00%	35.00%
SC	3.00%	3.00%	3.00%	3.00%	3.00%	0.88%
EC	0.99%	0.99%	0.99%	0.66%	0.66%	0.72%
Tax rate	33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
Tax at notional rate on profits	2570.98	2395.78	1254.32	491.74	148.78	84.85
Adjustments:						
Permanent differences (B)						
Deduction u/s 80IA		1,334.00	715.99	224.73	87.38	-
Preliminary Expenses Written Off	(0.95)	(1.90)	(1.98)	-	-	-
Share of Profit from Joint Ventures	46.77	86.43	52.10	48.66	34.86	-
Total Permanent differences (B)	45.82	1,418.53	766.11	273.38	122.24	-
Timing differences (C)						
Depreciation as per Income Tax	1928.99	1,834.96	762.63	269.98	137.31	180.76
Depreciation as per Books of Accounts as per Straight Line Method	784.24	734.88	395.01	175.10	116.04	77.07
Difference between tax depreciation and	1180.76	1,100.08	367.62	94.89	21.28	103.69

Particulars	31st December, 2009	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
book depreciation						
Expense disallowed	-	(10.89)	(6.13)	-	-	-
Profit/(Loss) on sale of fixed assets/investments	(5.32)	(6.32)	-	-	-	-
Total Timing Differences (C)	1175.44	1,082.86	361.49	94.89	21.28	103.69
Net Adjustments (B+C)	1221.26	2,501.40	1,127.60	368.27	143.52	103.69
Tax Saving thereon	415.11	850.23	383.27	123.96	48.31	37.94
Profit (D)=(A-B-C)	6342.67	4,547.07	2,562.66	1,092.63	298.49	128.20
Brought Forward Losses adjusted (E)		-	-	-	-	-
Taxable Income (D-E)	6342.67	4,547.07	2,562.66	1,092.63	298.49	128.20
Taxable Income as per MAT	7563.93	7,048.47	3,690.26	1,460.91	442.01	231.89
Tax as per MAT.	756.39	704.85	369.03	146.09	33.15	17.39
Tax Payable	2155.87	1,545.55	871.05	367.78	100.47	46.91
Interest u/s 234 (As per return of Income)		-	-	-	-	-
Total Tax Payable [(X+Y)]	2155.87	1,545.55	871.05	367.78	100.47	46.91
Total tax payable or MAT whichever is Higher	2155.87	1,545.55	871.05	367.78	100.47	46.91

Notes:-

- 1) The aforesaid Statement of Tax Shelters has been prepared as per the 'Summary of Restated Profit and Loss Account'.
- 2) The effects of assessment/apellate orders have not been considered above.

#### SUMMARY OF ACCOUNTING RATIOS

Annexure-XXI

(All amounts Rupees in Lakhs)

Particulars	31st December, 09	31st March, 09	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
a) Earnings Per Share						
Adjusted Profit after tax but before extraordinary items	5008.53	5104.33	2,680.16	1,055.64	332.24	150.71
Weighted Average number of Equity shares outstanding (in lakhs)	125.54	125.54	114.00	96.36	87.12	79.01
Basic Earnings Per Share (Rs.)	39.90	40.66	23.51	10.96	3.81	1.91
Diluted Earnings Per Share (Rs.)	39.90	40.66	23.51	10.96	3.81	1.91
b) Net Asset Value Per Share						
Total Asset (a)	73822.80	50,902.80	28,838.57	8,074.82	4,270.63	2,241.48
Total Liabilities (b)	53981.34	36071.29	18966.41	5,205.65	3,209.91	1,794.58
Asset Value [(a)-(b)]	19841.46	14831.51	9872.16	2,869.17	1,060.71	446.91
Weighted Average number of Equity shares outstanding (in lakhs)	125.54	125.54	114.00	96.36	87.12	79.01
Net Asset Value per share (Rs.)	158.05	118.14	86.63	29.78	12.18	5.66
c) Return on Net Worth (%)						
Adjusted Profit after tax but before extraordinary items	5008.53	5104.33	2680.16	1,055.63	332.25	150.71
Net Worth	19841.46	14831.51	9,872.16	2,869.17	1,060.71	446.91
Return on Net Worth (%)	25.24	34.42	27.17	36.79	31.32	33.72
Weighted Average number of Equity shares outstanding during the year considered for Basic and diluted EPS, Net Asset Value per Share and Return on Net Worth (in lakhs)	125.54	125.54	114.00	96.36	87.12	79.01

Formulae:

$$\text{Earnings Per Share} = \frac{\text{Adjusted profit after tax but before extraordinary items}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$$

$$\text{Net Asset Value Per Share} = \frac{\text{Net worth excluding Revaluation Reserve}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Adjusted profit after tax but before extraordinary items}}{\text{Net worth excluding Revaluation Reserve}}$$

Note: Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve) – Miscellaneous Expenditure

Notes:

1) Earnings per Share is calculated in accordance with Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India. In terms of para 24 of AS-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reported period.

2) During the year ended 31st March, 2007 the company has issued 69,00,700 bonus shares to the shareholders in the ratio of two shares for every one share held by them. Since the bonus issue is an issue without consideration, it has been treated as if it had occurred from the beginning of the earliest period reported i.e. 31st March, 2005, both for the purpose of computing EPS and Net Asset Value per Share.

3) The above ratios have been calculated based on restated financial statements.

#### Calculation of Weighted Average Number of Shares during the Year

Particulars	31st December, 09	31st March, 09	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Total number of equity shares outstanding at the beginning of the year						
Nominal value of equity shares – (Rs.)	10.00	10.00	10.00	10.00	100.00	100.00
Number of Share originally issued	12,554,000	12,554,000	10,671,050	2,597,000	100,000	100,000
– @ Rs. 10 per share paid up - [A]	12,554,000	12,554,000	10,671,050	2,597,000	1,000,000	1,000,000
Equity shares issued during the year/period						
Date of Issue of shares						
28.07.2005					1,181,000	
01.03.2006					121,000	
23.03.2006					10,000	
30.03.2006					285,000	
05.02.2007				853,350		
21.03.2007				320,000		
17.05.2007			240,000			
01.06.2007			100,000			
29.10.2007			134,000			
05.11.2007			2,450			
27.11.2007			406,500			
04.01.2008			1,000,000			
Total equity shares at the end of the year/period	12,554,000	12,554,000	12,554,000	3,770,350	2,597,000	1,000,000
Equity shares in proportion to outstanding days remained during the year/period - [B]	-	-	728,454	138,231	811,255	-

Particulars	31st December, 09	31st March, 09	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Bonus Equity Shares issued [C] [03.03.2007]	-	-	-	6,900,700	6,900,700	6,900,700
Weighted Average number of Equity shares outstanding during the year/period –						
Considered for Basic EPS [A+B+C]	12,554,000	12,554,000	11,399,504	9,635,931	8,711,955	7,900,700
Potential Equity Shares outstanding as at the Balance Sheet date [D]	-	-	-	-	-	-
Weighted Average number of Equity shares outstanding during the year/period –						
Considered for Diluted EPS [A+B+C+D]	12,554,000	12,554,000	11,399,504	9,635,931	8,711,955	7,900,700

#### Statement of Dividend proposed/ paid & Tax thereon

Annexure-XXII

The details of dividends declared by the Company is as under:

(All amount in Indian Rupees other than no. of shares)

Particulars	31st December, 09	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Equity Share Capital	125,540,000	10	10	10	100	100
Number of Equity Shares	12,554,000	12,554,000	12,554,000	10,671,050	259,700	100,000
Equity Shares Face Value	10	125,540,000	125,540,000	106,710,500	25,970,000	10,000,000
Rate of Dividend (%)						
Interim	0%	0%	10%	0%	0%	0%
Final	0%	10%	0%	0%	0%	0%
Amount of Dividend on Equity Shares						
Interim	Nil	Nil	12,554,000	Nil	Nil	Nil
Final	Nil	12,554,000	Nil	Nil	Nil	Nil
Total tax on Dividend	Nil	2,133,552	2,133,552	Nil	Nil	Nil

#### CAPITALISATION STATEMENT, AS RESTATED

Annexure-XXIII

(All amounts Rupees in Lacs)

Note:

- The above has been computed on the basis of restated statements of accounts
- Short term debts are debts maturing within next one year
- Security Premium under the head Reserves and Surplus for the post issue capitalization will be determined after fixation of the issue price.

Particulars	Pre Issue As on 31.12.2009	Post Issue
Loans - Secured and Unsecured		
Short Term Debt	23,843.76	[*]
Long Term Debt	13,157.54	[*]
Total Debt	37,001.30	[*]
Share Holders Funds		
Share Capital	1,255.40	[*]
Reserves and Surplus	18,588.03	[*]
Sub-Total	19,843.43	[*]
Less : Preliminary Expenses not written off	(1.98)	[*]
Total Share Holder's Fund	19,841.46	[*]
Long Term Debt / Equity	0.66	[*]

**STATEMENT OF CONTINGENT LIABILITIES****Annexure -XXIV**

(All amounts Rupees in Lakhs)

Sr. No.	Particulars	30.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
1.	Income-tax Matters	Nil	Nil	Nil	Nil	143.45	Nil
2.	Bank Guarantee given	24,245.43	23,024.44	4,045.65	848.12	769.95	622.07
3.	Bank Guarantee given for others	Nil	Nil	Nil	44.00	44.00	44.00
4.	Demand for Sales Tax dues	98.49	83.98	91.98	96.57	51.93	51.93
5.	Demand for Entry Tax	9.84	Nil	Nil	Nil	Nil	Nil
6.	Demand for Electricity Charges	47.22	47.22	37.05	27.73	6.94	6.94
6.	Corporate Guarantee	860.00	860.00	Nil	Nil	Nil	Nil

**STATEMENT OF RELATED PARTY TRANSACTION****Annexure - XXV**

Details of related party transactions

**I. Enterprises where significant influence exists of the company or Key Managerial Persons**

Sr. No.	As on 31st December, 2009
1	Anil Contractor Pvt. Ltd.
2	ARSS Biofuel Pvt. Ltd.
3	ARSS Engineering and Construction Ltd. (Formerly ARSS Engineering and Technology)
4	ARSS Developers Ltd (Formerly Impex Developers Pvt Ltd)
5	ARSS Engineering Limited
6	Brahamani Cements Private Limited

Sr. No.	As on 31.12.2009 and 31st March, 2009
1	Anil Contractor Pvt. Ltd.
2	ARSS Biofuel Pvt. Ltd.
3	ARSS Engineering and Construction Pvt.Ltd. (Formerly ARSS Engineering and Technology)
4	Impex Developers Pvt Ltd
5	ARSS Engineering Limited
Sr. No.	As on 31st March, 2008
1	Anil Contractor Pvt. Ltd.
2	ARSS Biofuel Pvt. Ltd.
3	ARSS Engineering and Construction Pvt.Ltd. (Formerly ARSS Engineering and Technology)
4	Impex Developers Pvt Ltd
5	M/s. Anil Agarwal
Sr. No.	As on 31st March, 2007
1	Anil Contractor Pvt. Ltd.
2	ARSS Biofuel Pvt. Ltd.
3	ARSS Engineering and Technology
4	M/s. Anil Agarwal
Sr. No.	As on 31st March, 2006
1	Anil Contractor Pvt. Ltd.
2	ARSS Biofuel Pvt. Ltd.
3	ARSS Engineering and Technology
4	M/s. Anil Agarwal
Sr. No.	As on 31st March, 2005
1	Anil Contractor Pvt. Ltd.
2	ARSS Biofuel Pvt. Ltd.

**II. Joint Ventures in which significant influence of the company exists**

Sr. No.	As on 31st December, 2009 & 31st March, 2009
1	HCIL ARSSPL JV
2	HCIL ARSS TRIVENI JV
3	HCIL KALINDEE ARSS JV
4	HCIL ADHIKARYA ARSS JV
5	NIRAJ ARSS JV
6	ARSS-HCIL CONSORTIUM JV
7	ATLANTA ARSS JV
8	PATEL ARSS JV
9	BACKBONE ARSS JV
10	SOMDATTA BUILDERS ARSS JV
11	ARSS TRIVENI JV

12	ARSS ANPR JV
13	ARSS MVPL JV
14	ARSS TLIPL JV
Sr. No.	As on 31st March, 2008
1	HCIL ARSSSPL JV
2	HCIL ARSS TRIVENI JV
3	HCIL KALINDEE ARSS JV
4	HCIL ADHIKARYA ARSS JV
5	NIRAJ ARSS JV
6	ATLANTA ARSS JV
7	ARSS-HCIL CONSORTIUM JV
Sr. No.	As on 31st March, 2007
1	HCIL ARSSSPL JV
2	HCIL ARSS TRIVENI JV
3	HCIL KALINDEE ARSS JV
4	HCIL ADHIKARYA ARSS JV
5	NIRAJ ARSS JV
Sr. No.	As on 31st March, 2006
1	HCIL ARSSSPL JV
2	HCIL ARSS TRIVENI JV
3	HCIL KALINDEE ARSS JV
Sr. No.	As on 31st March, 2005
1	HCIL ARSSSPL JV
2	HCIL ARSS TRIVENI JV

III. Key Management Personnel & Relatives

Sr. No.	As on 31st December , 2009 & 31st March, 2009
1	Rajesh Agarwal
2	Sunil Agarwal
3	Shiv Kumar Singla
4	Soumendra Pattanaik
5	Anil Agarwal
6	Sudhendu Sekhar Chakraborty.
7	Subash Agarwal
Sr. No.	As on 31st March, 2008
1	Rajesh Agarwal
2	Sunil Agarwal
3	Shiv Kumar Singla
4	Soumendra Pattanaik
5	Anil Agarwal
6	Sudhendu Sekhar Chakraborty.
7	Bajrang Lal Agarwal
8	Mohanlal Agarwal
9	Subash Agarwal
Sr. No.	As on 31st March, 2007
1	Rajesh Agarwal
2	Sunil Agarwal
3	Shiv Kumar Singla
4	Soumendra Pattanaik
5	Anil Agarwal
6	Sudhendu Sekhar Chakraborty.
7	Bajrang Lal Agarwal
8	Mohanlal Agarwal
9	Subash Agarwal
Sr. No.	As on 31st March, 2006
1	Rajesh Agarwal
2	Sunil Agarwal
3	Sangita Agarwal
4	Soumendra Pattanaik
5	Mohanlal Agarwal
6	Subash Agarwal
Sr. No.	As on 31st March, 2005
1	Rajesh Agarwal
2	Sangita Agarwal

IV. Transaction with entities where significant influence exists of the company or Key Managerial Persons:

(All amount in Indian Rupees)

Nature of Transaction	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Rent	-	-	20,000	1,20,000	1,20,000	1,20,000
Loans and advances given	-	-	86,98,478	30,00,000	3,23,12,762	9,20,000
Loans and Advances received	-	-	107,00,000	1,38,52,123	2,06,19,986	80,81,385
Unsecured Loans Taken	90000000	-	-	-	-	-
Unsecured Loans Given	72230000	-	-	-	-	-
Balance Outstanding	-	-	-	-	-	-
Receivable	62730000	-	3,59,368	53,59,368	53,82,691	17,41,200
Payable	-	-	8,28,800	8,28,800	-	86,51,285

V. Transaction with Joint Venture where significant influence exists of the company or Key Managerial Persons:

(All amount in Indian Rupees)

Nature of Transaction	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Sub Contract Received from JV	111,33,79,545	135,97,84,080	17,32,19,144	9,58,58,812	16,90,56,925	13,26,55,365
Share of Profit	5782845	86,43,078	52,09,614	48,65,623	34,86,409	1,21,377
Capital Introduced	-	1,97,837	17,55,384	41,17,958	29,01,070	1,52,676
Loan Granted	-	-	-	-	34,65,908	-
Mobilization Advance received	88278158	19,71,46,868	30,15,33,846	5,84,53,746	-	-

VI. Transaction with Key Managerial Persons & Relatives:

(All amount in Indian Rupees)

Nature of Transaction	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Director Remuneration	15525000	1,19,80,003	52,13,348	42,75,460	14,14,608	264,000
Hire Charges	6957000	92,76,000	42,96,000	12,76,000	13,71,000	1,46,35,000
Remuneration to Key Managerial Personnel	8370000	17,64,000	7,35,000	10,00,000	-	-
Commission	-	-	10,50,000	50,85,284	-	-
Purchase of Goods And Services	-	3,59,368	3,59,368	43,72,123	-	-
Issue of Bonus Shares	-	-	-	43,23,932	-	-
Unsecured Loans Taken	9000000	-	-	-	-	-
Unsecured Loans Repaid	9000000	-	-	-	-	50,000
Loans & Advances Received	-	-	-	3,00,000	-	6,79,014
Loans & Advances Given	-	-	80,00,000	12,07,396	2,50,000	81,618
Balance Out Standing	-	-	-	-	-	-
Receivable	-	-	1,73,738	-	9,07,396	5,97,396
Payable	-	19,68,964	19,71,493	-	-	1,10,000



## GROUP COMPANIES

Save and except as stated in this section of the Red Herring Prospectus, there are no companies / partnership or other ventures under the same management within the meaning of section 370(1) (B) of the Companies Act, 1956.

1. Anil Contractors Private Limited
2. ARSS Biofuel Private Limited
3. ARSS Engineering and Technology Private Limited
4. ARSS Developers Limited (formerly known on as Impex Developers Private Limited)
5. M/s. Hindustan Constructions, proprietorship firm
6. M/s. Anil Agarwal, proprietorship firm
7. ARSS Engineering Limited
8. Brahmani Cements Private Limited

The following are the details of the group companies/ firms and other ventures under the same management:

### 1. Anil Contractors Private Limited

Anil Contractors Private Limited is a private limited company promoted by Mr. Subash Agarwal, Mr. Mohanlal Agarwal, Anil Agarwal and Rajesh Agarwal and Mr. Sunil Agarwal. It was incorporated on July 1, 1996 as a private limited company with its registered office at N-1/93, IRC village Nayapalli, Bhubaneswar, Orissa. It is engaged in the business of contract works including transport, civil, service contracts.

The Company presently has an authorized equity share capital of Rs.5,00,00,000/- (Rupees Five Crores) divided into 5,00,000/- (Five Lakh) equity shares of Rs.100/- each.

The composition of the Board of Directors of the company is as under:

Sr. No.	Name	Designation
1.	Mr. Subash Agarwal	Managing Director
2.	Mrs. Sanju Agarwal	Director

Shareholders as on December 31, 2009

Sr.No.	Name of Share Holder	No. Of Shares held	Percentage of Share Holding
1	Subash Agarwal	82,180	34.58
2.	Ketaki Estate & Finance Ltd.	3,000	1.27
3.	Dharison Enterprises Ltd.	3,000	1.27
4.	Paras Fincap Pvt.Ltd	8,000	3.36
5.	Subhani Engineering Consultants (P) Ltd	6,000	2.52
6.	Agroha Savings Ltd.	6,000	2.52
7.	Sanju Agarwal	21,050	8.86
8.	Seema Agarwal	36,420	15.32
9.	Sangita Agarwal	16,240	6.83
10	Sabita Agarwal	19,250	8.10
11	Ramdulari Agarwal	36,516	15.37
<b>Total</b>		<b>2,37,656</b>	<b>100.00</b>

Financial performance (Audited)

(Rs. In lacs)

	March 31, 2009	March 31, 2008	For the year ended March 31, 2007
Sales and other income	1430.51	2212.61	14.52
Profit/(Loss) after tax	39.49	63.38	0.40
Equity capital (par value Rs.100 per share)	237.66	86.90	86.90
Earnings per share (Rs.)	16.62	72.93	0.46
Book Value	341.12	149.49	85.80
Book value per equity share (Rs.)	143.53	172.03	98.73

The Equity shares of the company are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

The company is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1956.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Anil Contractors Private Limited.

### 2. ARSS Biofuel Private Limited

ARSS Biofuel Private Limited was incorporated on April 17, 2003 as a private limited company in the name of ARSS Sponges Private Limited with its registered office at Plot No.38, Sector A, Zone D, Mancheswar Industrial Estate, Bhubaneswar. The name of the company was changed to ARSS Biofuel Private Limited pursuant to fresh Certificate of Incorporation issued on June 25, 2003. It is engaged in the business of manufacturing, purchasing, selling, distributing and dealing of rectified spirit, ENA, absolute alcohol, specially denatured spirit from molasses grains and any other non-molasses sources, basically for lubricants.

The Company has an authorized equity share capital of Rs.1,00,00,000/- (Rupees One Crore) divided into 10,00,000/- (Ten lacs) equity shares of Rs.10/- each.

The composition of the Board of Directors of the company is as under:

Sr.No.	Name	Designation
1.	Mr. Anil Agarwal	Managing Director
2.	Mr. Sunil Agarwal	Director
3.	Mr. Rajendra Parpani	Director

Shareholders pattern as on December 31, 2009

Sr.No.	Name of Share Holder	No. Of Shares held	% of Share Holding
1.	Sunil Agarwal	116,550	16.94
2.	Sabita Agarwal	2,000	0.29
3.	Anil Agarwal	14,000	2.04
4.	Division Trading Pvt. Ltd	25000	3.63
5.	Nishant Finvest Pvt. Ltd	37,500	5.45
6.	Right Choice Construction Pvt. Ltd	50,000	7.27
7.	Swetu Stone(P) Ltd.	70,000	10.18
8.	Rahul Finlease (P) Ltd.	25,000	3.63
9.	Touch Wood Agencies (P) Ltd.	47,500	6.90
10.	Bharat Bhusan Bansal	25,000	3.63
11.	Ganjendra Kumar	25,000	3.63
12.	Nikhil Builders Promoter (P) Ltd.	25,000	3.63
13.	Gerg Finvest (P) Ltd.	12,500	1.82
14.	Ganga Infin (P) Ltd.	15,000	2.18
15.	Madan Electrical Pvt.Ltd	20,000	2.91
16.	Preeti D Parpani	20,000	2.91
17.	Rajendra Parpani	45,750	6.65
18.	Deval A.Parpani	12,500	1.82
19.	Meena R.Parpani	10,000	1.45
20.	Sunil Agarwal (HUF)	14,500	2.11
21.	Javada India Impex Ltd.	8,000	1.16
22.	Dhwani Marketing Pvt. Ltd.	2,000	0.29
23.	Avani Biotech Ltd.	5,000	0.73
24.	Shanta Marketing Ltd.	2,000	0.29
25.	Anil Agarwal (HUF)	3,000	0.44
26.	Binay Singh	5,000	0.73
27.	Mohan Singh	5,000	0.73
28.	Subash Agarwal (HUF)	2,000	0.29
29.	Umesh Agarwal	5,000	0.73
30.	Rajesh Agarwal	38,150	5.55
	Total	6,87,950	100.00

Financial performance (Audited)

(Rs. In lacs)

	March 31, 2009	March 31, 2008	March 31, 2007
Sales and other income	464.68	418.01	330.67
Profit/(Loss) after tax	28.35	(8.78)	(21.71)
Equity capital (par value Rs.10 per share)	68.34	68.34	105.69
Earnings per share (Rs.)	4.15	-	-
Book Value	184.29	181.78	-
Book value per equity share (Rs.)	26.96	26.60	20.75
Reserves & Surplus	116.30	114.15	27.51

The Equity shares of the company are not listed on any stock exchanges. There have been no amalgamation/ takeovers during the past three years.

The company is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1956.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

### 3. ARSS Engineering and Technology Private Limited

ARSS Engineering and Technology Private Limited was incorporated on June 21, 2007 as a private limited company with an object to take over the business of the existing business carried on in partnership by Mr. Mohanlal Agarwal and Mr. Sunil Agarwal under the name and style of M/s. ARSS Engineering and Technology. The company is engaged in the business of providing technical, commercial & project consultancy, constructing, contracting and designing all type of buildings, bridges and structures.

The company has an authorized equity share capital of Rs.1,00,00,000/- (Rupees One Crore) divided into 10,00,000/- (Rupees Ten Lacs) equity shares of Rs.10/- each.

The composition of the Board of Directors of the company is as under:

Sr.No.	Name	Designation
1.	Sunil Agarwal	Managing Director
2.	Mohanlal Agarwal	Director

Equity Shareholding pattern as on December 31, 2009

Sr.No.	Name of Share Holder	No. Of Shares Held	Percentage of Share Holding
1.	Sunil Agarwal	5,000	50.00
2.	Mohanlal Agarwal	5,000	50.00
	Total	10,000	100.00

Financial performance (Audited)

(Rs. In lacs)

	March 31, 2009	For the year ended March 31, 2008
Sales and other income	-	-
Profit/(Loss) after tax	-	-
Capital	1.0	1.0

The company is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 19556.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

### 4. ARSS Developers Limited (formerly known on as Impex Developers Private Limited)

ARSS Developers Limited (earlier known as Impex Developers Private Limited) was incorporated on March 7, 2007 as a private limited company with its registered office at Plot Number- 38, Sector- A, zone-D, Mancheswar Industrial Estate, Bhubaneswar-751010. It was promoted by Mr. Rajesh Agarwal and Mr. Anil Madanlal Raika. The name of the Company was changed from Impex Developers Pvt. Ltd to ARSS Developers Pvt. Ltd and pursuant there to, a fresh Certificate was issued on August 26, 2008. Our Company was converted a public limited company pursuant to ordinary resolution of the share holders passed at the Extra Ordinary General Meeting held on September 2, 2009 and the Registrar of Companies, Orissa issued a fresh certificate of incorporation on September 2, 2009 in the name of "ARSS Developers Limited".

The company is engaged in the business of purchasing, selling or dealing in immovable properties, constructing , contracting and designing all type of buildings, bridges and structures.

The company has an authorized equity share capital of Rs. 1,00,00,000/- (Rupees One Crores) divided into 10,00,000/- (Ten Lacs) equity shares of Rs.10/- each..

The composition of the Board of Directors of the company is as under:

Sr.No.	Name	Designation
1.	Rajesh Agarwal	Director
2.	Sunil Agarwal	Director
3.	Subash Agarwal	Director
4.	Shiv Kumar Agarwal	Director

Equity Shareholding pattern as on December 31, 2009

Sr.No.	Name of Share Holder	No. Of Shares Held	Percentage of Share Holding
1.	Rajesh Agarwal	5,000	7.14
2.	Anil Madanlal Raika	5,000	7.14
3.	Subash Agarwal	10,000	14.29
4.	Sunil Agarwal	10,000	14.29
5.	Sanju Agarwal	10,000	14.29
6.	Sangita Agarwal	10,000	14.29
7.	Sabita Agarwal	10,000	14.29
8.	Shiv Kumar Agarwal	10,000	14.29
	Total	70,000	100.00

Financial performance (Audited)

(Rs. In lacs)

	For the year ended	
	March 31, 2009	March 31, 2008
Sales and other income	-	-
Profit/(Loss) after tax	-	-
Capital	1.0	1.0

The Company is not sick company within the meaning of the Sick Industrials Companies (Special Provisions) Act, 1956.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

#### 5. M/s. Anil Agarwal

M/s. Anil Agarwal is a proprietorship firm. It was initially constituted as a partnership firm on January 1, 1994 by Mr. Mohanlal Agarwal, Mr. Subash Agarwal and Mr. Anil Agarwal. By a deed of reconstitution dated April 1, 1999, Mr. Subash Agarwal retired from the firm and by another deed of reconstitution dated April 1, 2001, the said firm was dissolved and the all the assets and liabilities of the firm were taken over by Mr. Anil Agarwal. Currently, the said proprietorship firm is carrying out the business of carrying out works with any authorities, transportation, supply of ballast, civil work and other works.

Financial performance (Audited)

(Rs. In lacs)

	For the year ended		
	March 31, 2009	March 31, 2008	March 31, 2007
Sales and other income	-	-	4.32
Profit/(Loss) after tax	-	-	0.84
Capital	34.74	34.74	34.74

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the M/s. Anil Agarwal.

#### 6. M/s. Hindustan Constructions

M/s. Hindustan Constructions is a proprietorship firm. It was initially constituted as a partnership firm on August 1, 1995 by Mr. Sunil Agarwal, Mr. Subash Agarwal and Mr. Rajesh Agarwal. By a deed of reconstitution dated April 1, 1999 M/s. Hindustan Constructions was dissolved and Mr. Subash Agarwal took over all the assets and liabilities of the firm and became the sole proprietor of the said firm. Its office is located at N-1/193, IRC Village, Nayapalli, Bhubaneswar. Currently the said proprietorship firm is carrying out the activities of contract work for railways.

Financial Performance (Audited)

(Rs. In lacs)

	For the year ended		
	March 31, 2009	March 31, 2008	March 31, 2007
Sales and other income	-	-	-
Profit/(Loss) after tax	-	-	-
Capital	6.73	6.73	6.73

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the M/s Hindustan Constructions.

#### 7. ARSS Engineering Limited

ARSS Engineering Limited is a Limited Company promoted by Mr. Suresh Gaggar, Mr. Ramakant Gaggar, Mr. Subash Agarwal, Mr. Anil Garwal, Mr. Rajesh Agarwal, Mr. Sunil Agarwal and Mr. Abhishek Jajoo. It was incorporated on April 8, 2008 as a public limited company with its registered office at 901, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai -400 021, Maharashtra, India. The main object of the company is to provide consultancy and engineering services to infrastructure and construction sector and to enter into core infrastructure projects.

The company presently has an authorized equity share capital of Rs. 10,00,00,000/- (Rupees Ten crores only) divided into 1,00,00,000 (One crore) equity shares of Rs. 10/- (Rupees Ten only)

The composition of the Board of Directors of the Company is as under.

Sr. No.	Name	Designation
1	Mr. Subash Agarwal	Director
2	Mr. Suresh Mangalchand Gaggar	Director
3	Mr. Ramakant Gaggar	Director
4	Mr. Sunil Agarwal	Director

Shareholders as on December 31, 2009

Sr. No.	Name of the Share Holder	No. of Shares	Percentage of Share holding
---------	--------------------------	---------------	-----------------------------

1	Suresh Gaggar	8,000	16.00 %
2	Ramakant Gaggar	7,000	14.00 %
3	Subash Agarwal	7,000	14.00 %
4	Anil Agarwal	7,000	14.00 %
5	Rajesh Agarwal	7,000	14.00 %
6	Sunil Agarwal	7,000	14.00 %
7	Abhishek Jajoo	7,000	14.00 %
	Total	50,000	100.00 %

Financial performance (Audited)

(Rs. In lacs)

	March 31, 2009
Sales and other income	-
Profit/(Loss) after tax	(0.08)
Capital	5.00

The Equity shares of the company are not listed on any stock exchanges. There have been no amalgamation/takeovers.

The company is not a sick company with the meaning of the sick Industrial Companies (Special provisions) Act, 1956

There are not defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offence against the company.

#### 8. Brahmani Cements Private Limited

Brahmani Cements Private Limited was incorporated on August 25, 2009 as a private limited company with its registered office at 802, Sudersan Tower, Plot No.7, Sahid Nagar, Bhubaneswar, District Khurda, Orissa - 751007. It is engaged in the business of business of producing, manufacturing, trading etc. and to act as agents, stockist, distributors, suppliers of all kinds of cement.

The Company has an authorized equity share capital of Rs.\_20,00,000/- (Rupees Twenty lacs) divided into 2,00,000 (Two lacs) Equity Shares of Rs.10/- each.

The composition of the Board of Directors of the Company is as under:

Sr.No.	Name	Designation
1.	Mr. Sunil Agarwal	Director
2.	Mr. Pramod Jain	Managing Director

Shareholders pattern as on December 31, 2009

Sr.No.	Name of Share Holder	No. Of Shares held	% of Share Holding
1.	Mr. Sunil Agarwal	50000	50
2.	Mr. Pramod Jain	50000	50
	Total	100000	100.00

Financial performance (Audited)

(Rs. In lacs)

	March 31, 2009
Sales and other income	-

Profit/(Loss) after tax	-
Capital	-

Note: Company was incorporated as on August 25, 2009 and accordingly will file annual returns (and form 20b) only for the FYE March 31, 2010]

The Equity shares of the company are not listed on any stock exchanges. There have been no amalgamation/ takeovers since the date of incorporation of the company.

The company is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1956.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

#### **Promoters who have disassociated themselves from the Group Companies**

Promoters of our Company have disassociated themselves from any of the companies/ firms in which they are interested during preceding three years. For details of disassociation please refer page no 114 of section “Our Promoters and Promoters Group” of this Red Herring Prospectus.

#### **Common Pursuits**

Our Promoters/ Promoter group has interest in ventures that is involved in activities similar to those conducted by our Company. For details of Common Pursuits please refer page no 114 of section “Our Promoters and Promoters Group” of this Red Herring Prospectus.

#### **Related business transactions within the group**

Except as mentioned in the section titled “Financial Statements under the heading Related Party Transaction” beginning on page 142 of this Red Herring Prospectus, there are no related business transactions within the group.

#### **Sales or purchases between companies/firms in the group**

There have been no sales or purchases between companies in the Group exceeding in value in the aggregate 10% of the total sales or purchases of the Company, except those transactions mentioned under the section titled “Financial Statements” beginning on page 118 of this Red Herring Prospectus.

#### **Changes in Accounting Policies in the last three years**

Except as stated in the section titled “Financial Statement” of this Red Herring Prospectus, there have been no changes in accounting policies in the last three years.

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

*You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements for the fiscal years ended March 31, 2009 and 2008, 2007, 2006, 2005 including the significant accounting policies and notes thereto and reports thereon which appearing in the section titled "Financial Statements" on page 118 of this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and as required under the SEBI Regulations.*

*Unless indicated otherwise, the financial data in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. The following discussion is also based on internally prepared statistical information and publicly available information. You are also advised to read the section titled "Risk Factors" beginning on page ix of this Red Herring Prospectus, which discusses a number of factors and contingencies that could affect our financial condition, results of operations and cash flows.*

*Our fiscal year ends on March 31 of each year. All references to a particular fiscal year are therefore to the 12-month ending March 31 of that year. Please refer to the section titled "Definitions and Abbreviations" beginning on page ii of this Red Herring Prospectus to refer to certain industry, technical and financial terms with initials capitalised in this section.*

### **Overview of the business of Our Company**

Our Company is engaged in construction activities in India. We undertake construction of railway infrastructure, roads, highways, bridges and irrigation projects. We started as a construction company in the field of railway infrastructure development, mainly in the state of Orissa and subsequently expanded our business activities in the zonal jurisdictions of East Coast Railway, South Eastern Railway, South East Central Railway, Southern Railway and North Western Railway. We have developed expertise in railway construction projects, which includes earthwork, major and minor bridges, supply of ballast, sleepers, laying of sleepers and rails, linking of tracks etc. Over the years we have diversified our field of activities into other construction segments such as development and construction of roads, highways, bridges, irrigation projects, EPC activities for railways.

Construction projects are typically awarded through competitive bidding process to bidders with certain eligibility requirements based on their past experience, technical capabilities and financial strength. We bid for projects both on a standalone basis as well as through project specific joint ventures. We have entered into joint ventures with national and international players such as PT Adhikarya (Persero), Harish Chandra (India) Limited, Triveni Engicons Private Limited, RITES, Kalindee Rail Nirman (Engineers) Limited, Patel Engineering Ltd, Rohit Kumar Das Construction Private Limited, Backbone Enterprises Ltd. and Atlanta Ltd.

Our clients include Ministry of Railways, State Government of Orissa, Rail Vikas Nigam Limited, RITES Limited, Vendata, Nalco, Jindal Steel & Power, IRCON International Limited, National Thermal Power Corporation, Hindustan Steel Corporation Limited, PWD – Orissa, IOCL, and National Highway Authority of India. We have successfully completed over 200 km rail line and more than 300 km of roads and highways.

We have presence in Eastern India, particularly in the state of Orissa. However, in recent years we have pursued opportunities in other parts of India including states of Chhattisgarh, Rajasthan, Jharkhand, Haryana, Kerala, Andhra Pradesh, Assam, Tamil Nadu, Gujarat, Uttar Pradesh and Madhya Pradesh.

As of December 31, 2009 our work force consisted of approximately 2725 full time employees. We have track record of timely execution of our projects. We adhere to international best practices standards and have been certified with ISO 9001: 2008 Quality Management System Standard Certificate by Moody International Certification Limited for "Construction of Civil and Infrastructure Work like Highways Roads, Bridges, Railway Track Linking Works (including OHE SNT), Earth Works, Irrigation Projects Like Dams etc" We are committed to adhering to applicable health, safety and environment policies and practices in the execution of our projects.

In the FY 2009, our total income was Rs. 62,822.52 lacs and we earned a net profit of Rs. 5,118.64 lacs. Our revenues have grown at a CAGR of 116.7 % for the period FY 2007 – FY 2009 and our profit after tax has grown at a CAGR of 120.2 % over the same period.

As of January 10, 2010 total value of our Order Book is Rs. 287753.11 lacs, which consists of the ongoing projects and new confirmed projects awarded to us, which are yet to commence construction. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010.

### **Factors affecting our results of operations**

Our business, results of operations and financial conditions are affected by the following factors:-

#### **General economic and business conditions**

We may be affected by the general economic conditions prevalent in the country and the factors affecting the infrastructure industry in general and the nature of projects we develop in particular. The Indian economy has grown steadily over the past several years. Average GDP growth for the period 2003 – 2008 has been 8.39 % (Source: IMF Calendar year date). This improved performance was propelled by the growth in industrial activity and robust services sector, which in turn leads to growth in demand of quality infrastructure. The improvements in infrastructure facilities in turn have a strong impact upon GDP growth. The growth prospects of our business and our ability to implement our strategies will be influenced by macroeconomic growth.

#### **Government policy and regulation for infrastructure**

The growth of the infrastructure industry in India and our business is dependent on the establishment of stable Government policies and a prudent regulatory environment. Infrastructure development in India has historically been the preserve of the central and state Governments. Changes in Government policies, which began in the 1990s, facilitated the entry of private capital into infrastructure and have led to rapid growth in certain sectors. Recently policy changes in energy, urban infrastructure, and industrial and commercial infrastructure sectors have begun to attract significant private sector interest. We believe that with the policy and regulatory reforms continuing to move in a positive direction, our growth in financial and operational conditions will be impacted favourably.

Currently, we have a substantial exposure to the Government bodies for our revenues and work orders. 73.64%, 72.95 % and 80.96 % of our revenues for the periods FY2009, FY2008 and FY2007 respectively and 68.75% of our Order Book as on March 31, 2009 is from Government bodies. The total value of the Order Book has been certified by the Auditors by their certificate dated January 12, 2010 and the aforesaid figures have been computed on the basis of the order Book so certified. For further details, please refer to the section titled “Our Business” on page 54 of this Red Herring Prospectus.

We apply for work-orders through a competitive bidding process, in which the bidder needs to fulfil certain technical and financial parameters. For certain projects we are required to meet certain pre-qualification norms. As a strategic initiative, we enter into joint venture agreements with other players in the construction sector to meet the bidding criteria for certain bigger projects. We also intend to bid for and execute build-operate-transfer projects on an annuity basis.

***Availability and volatility in the prices of important raw material and other project related costs***

Cement, steel, ballast, sleepers and rails are the main raw materials of our business. For the railway projects, we are either supplied with sleepers and rails by the railway authorities or we are required to procure these materials from empanelled vendors of the railways. For the supply of ballast, we rely on our own crusher units.

The availability of the right quality and adequate quantity of raw material is very critical for the timely completion of our projects. There may be an increase in the price of these raw materials during the project duration or we may need to procure a higher quantity as compared to the earlier estimated quantity for completing a project.

Most of our contracts provide for a cost escalation clause, therefore the variation in the prices of raw materials would have no impact on the profitability. However, in the absence of such clauses in our future contracts, any increase in the raw material prices will have an adverse effect on our profitability.

Additionally, our actual expenses in executing fixed-price contracts or lump sum, turn-key contracts or agreements for the construction project may vary substantially from the assumptions underlying our bid and we may be unable to recover all or some of the additional expenses, which may have a material adverse effect on our results of operations. Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in regard to projects in hand or any other uncompleted projects, or disputes with clients in respect of any of the foregoing, could have a material adverse effect on our results of operations.

***Availability of funds and interest rate risks***

We have high working capital requirements and require debt to partly finance our construction projects. If we experience insufficient cash flows or are unable to obtain the necessary funds for our working capital requirements, there may be an adverse effect on our results of operations.

We are subject to market risks due to fluctuations in interest rates and refinancing of debt. An increase in interest rate may adversely affect our ability to service long-term debt and to finance development of new projects, which in turn may adversely affect our results of operations. In addition, fluctuations in market interest rates may affect the cost of our borrowings, as some of our loans are at variable interest rates.

***Ability to attract and retain skilled personnel***

A significant number of our employees are skilled engineers and we face competitive pressures in recruiting and retaining skilled and professionally qualified staff. Since the project management and technological skills of a company primarily rests with its skilled employees, the loss of key personnel or any inability to manage the attrition levels in different employee categories may materially and adversely impact our results of operations.

***Weather conditions***

Our business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely heavy rains during monsoon, which restrict our ability to carry on construction activities and fully utilize our resources. Our business is seasonal, as road construction and railway work are generally not undertaken during monsoon and in extreme weather conditions. Therefore, our revenues and profitability may vary significantly from quarter to quarter.

**Our significant accounting policies**

a. Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of the Companies Act, 1956.

b. Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of taxes, duties, freight and other incidental expenses related to acquisition and installation.

c. Depreciation

Depreciation is provided on Straight Line Method at the rates specified in Schedule -XIV to the Companies Act, 1956. Depreciation on addition / deletion during the year is provided on pro-rata basis with reference to the month of addition / deletion.

d. Borrowing Costs



Interest and other borrowing costs on specific borrowings attributable to qualifying assets are capitalized. Other interest and borrowing cost are charged to revenue.

e. Inventories

1. Raw Materials

Raw Materials and construction materials are valued at the lower of cost and net realizable value

2. Work in Progress

The work in process is valued as percentage of completion contract method as per Accounting Standard 7 on “Construction Contracts” issued by the Institute of Chartered Accountants of India.

3. Finished Goods

Finished goods are valued at lower of cost and net realizable value.

f. Revenue Recognition

The Company follows the percentage of completion method as per Accounting Standard – 7 on Construction Contracts issued by the Institute of Chartered Accountants of India to recognize revenue in respect of contracts executed. Contract revenue is accounted for on the basis of bills submitted to clients/bill certified by clients and do not include material supplied by the clients free of cost. Other revenue and expenses are accounted for on accrual basis.

g. Taxes on Income

Provision for current taxation is made on the taxable profits for the year in accordance with the Income Tax Laws applicable to the assessment year. Deferred Tax is recognized subject to consideration of prudence on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

h. Employee Benefits

Employee Provident Fund is accounted for as and when they become due. Provision as 31.03.2008 and 31.03.2009 on account of retirement gratuity has been made on an adhoc basis, without ascertaining the actual liability through actuarial valuation which is not in accordance with Accounting Standard – 15, “Accounting for Retirement Benefits” issued by the Institute of Chartered Accountants of India.

Steps: The company is currently in discussions with the authorized agency i.e. Life Insurance Corporation and is simultaneously in the process of finalizing the gratuity trust deed and is to be registered with Registrar

i. Contingent Liabilities and Contingent Assets

No provision is made for liabilities, which are contingent in nature, unless it is probable that an asset has been impaired or a liability incurred as on the Balance Sheet date and a reasonable estimate of the resulting loss can be made. Contingent Assets are not recognized in the financial statements.

j. Overdue Charges In Respect of Loans

Overdue charges if any levied by financial institutions/banks/NBFC are not considered during the currency of the loan. The same is considered as a financial expense in the year of final settlement of loan amount.

k. Profit from HCIL-Adhikaria-ARSSPL JV has been considered on the basis of Provisional Accounts as on 31.03.2008, 31.03.2009 and 31.12.09 instead of audited accounts, which is not in accordance with Accounting Standard – 27, “Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India

Steps: The Company has taken up the matter with M/s HCIL-ARSS-Adhikaria JV to complete their audit of accounts within the Balance Sheet date of ARSS Infrastructure Projects Limited, so that audited financial information of the said JV can be incorporated in the Annual accounts of the company.

## Overview of our Results of Operations

### Income

We derive our income from (i) contract income and (ii) other income.

#### i. Contract income

The following table sets forth our contract income from different sections, i.e., road, railway and other projects for the periods FY2009, FY2008 and FY2007 (Rs. In lacs)

Particulars	2008-09		2007-08		2006-07	
	Amount	%	Amount	%	Amount	%
Railway work	16,884.75	27.04	10195.75	32.50	7626.42	57.34
Road work	29,126.60	46.65	10479.51	33.41	3141.84	23.62
Irrigation	2,995.50	4.80	2122.53	6.77	-	-
Other work	13,430.68	21.51	8,569.30	27.32	2531.88	19.04
Total contract income	62,437.52	100.00	31,367.09	100.00	13300.14	100.00

#### ii. Other Income

Other income includes income from investments, share of profit from joint ventures, income from interest on FD and other miscellaneous income. Other income as a percentage of total income was 0.61 %, in the fiscal 2009.

### Order Book position

In the construction industry, the Order Book is considered to be an indicator of potential future performance as it represents a significant portion of the likely future revenue stream. Our Order Book comprises of ongoing projects and new confirmed projects awarded to us, which are yet to commence construction. Our strategy is focused on procuring quality contracts with potentially high margins. As on January 12, 2010 the composition of our Order Book is as follows:

### Order Book

(Rs. In lacs)

Particulars	January 10, 2010		2008-09		2007-08		2006-07	
	Amount	%	Amount	%	Amount	%	Amount	%
Railway work	118,414	41.15	99121.48	39.25	81222.98	52.6	27628	42.65
Road work	116,405	40.45	42149.41	56.29	60854.35	39.41	37156	57.35
Irrigation	7270	2.53	5709.98	2.26	8705.47	5.64		
Other work	45,664	15.87	5545.00	2.20	3648.00	2.36		
Total	287753.11		252525.87		154430.80		64784	

The total value of this been certified by the Auditors by their certificate dated January 12, 2010

### Expenditure

The major components of expenditure of our Company are direct contract expenses, personnel expenses, administrative and selling expenses, finance expenses, depreciation, and preliminary expenses written off. The following table shows various expenses for past 5 years.

#### a. Expenses as a % of Total Expenses (Rs. In lacs)

Particular	31st March, 2009		31st March, 2008		31st March, 2007		31st March, 2006		31st March, 2005	
EXPENDITURE	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Direct Contract Expenses	48,923.36	87.75	25,305.81	90.88	10,682.85	89.60	4,967.60	88.36	2,290.85	83.76
Personnel Expenses	1,404.61	2.52	298.28	1.08	128.90	1.08	30.93	0.55	12.50	0.46
Administrative & Selling Expenses	2007.56	3.56	903.46	4.69	559.26	4.69	304.63	5.42	232.25	8.49
Finance Expenses	2,701.74	4.85	946.80	3.15	375.59	3.15	201.92	3.59	121.83	4.45
Depreciation	734.88	1.32	395.01	1.47	175.10	1.47	116.04	2.06	77.07	2.81
Preliminary Expenses written off	1.90	0.00	1.98	0.01	1.48	0.01	1.00	0.02	0.35	0.01
Total	55,774.05	100.00	27,851.25	100.00	11,923.18	100.00	5,622.12	100.00	2,734.86	100.00

#### b. Expenses as a % of Total Income (Rs. In lacs)

Particular	31st March, 2009		31st March, 2008		31st March, 2007		31st March, 2006		31st March, 2005	
EXPENDITURE	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Direct Contract Expenses	48,923.36	77.88	25,305.81	80.23	10,682.85	79.82	4,967.60	81.92	2,290.85	77.22
Personnel Expenses	1,404.61	2.24	298.28	0.95	128.90	0.96	30.93	0.51	12.50	0.42
Administrative & Selling Expenses	2007.56	3.16	903.46	2.86	559.26	4.18	304.63	5.02	232.25	7.83
Finance Expenses	2,701.74	4.30	946.80	2.99	375.59	2.81	201.92	3.33	121.83	4.11

Particular	31st March, 2009		31st March, 2008		31st March, 2007		31st March, 2006		31st March, 2005	
Depreciation	734.88	1.17	395.01	1.25	175.10	1.31	116.04	1.91	77.07	2.60
Preliminary Expenses written off	1.90	0.00	1.98	0.01	1.48	0.01	1.00	0.02	0.35	0.01
Total	55774.05	88.75	27,851.35	88.28	11,923.18	89.08	5,622.12	92.71	2,734.86	92.18
Adjusted Profit before tax	7048.47	11.25	3,690.26	11.72	1,460.91	10.92	442.01	7.29	231.89	7.82
Profit after Tax	5104.33	8.15	2,680.15	8.51	1,055.63	7.88	332.24	5.48	150.74	5.05
Total	62,822.52	100	31,541.61	100	13,384.09	100	6,064.13	100	2,966.75	100

#### *Direct Contract expenses*

Direct contract expenses comprise of material purchase, wages, power and fuel, subcontract expenses, repair and maintenance and hire charges. The main raw material used in our business is cement, steel for the road projects and ballast for the railways. Raw material is the major component of the direct contract expenses. In the fiscal year 2009 raw material expenses were approximately 88.33 % of the total direct contract expenses and power and fuel expenses were approximately 5.25 % of the direct contract expenses. Further wages comprises of 2.12 % of the direct contract expenses.

#### *Personnel expenses*

Our personnel expenses consist of salaries, wages and bonus. These expenses are approximately 2.52 % of the total expenditure for the fiscal year 2009. These expenses are increasing every year, as our business is growing in size and volumes. Therefore simultaneous growth in personal is required for us. We have employed additional personnel during the year 2008-2009, who are professionally qualified and experienced people in the year 2008-09.

#### *Administration & Selling Expenses*

Our administration expenses comprise of insurance charges, managerial remuneration, electricity charges, fuel & lubricants, audit fees, telephone expenses, travelling and conveyance etc. Our selling expenses comprises of the business promotional expenses, advertisement, sales tax and VAT. These expenses vary from 3.5% to 8.5 % of the total expenditure in the past five years. For the fiscal year 2009 these expenses were 3.56 % of total expenditure.

#### *Finance Expenses*

Finance expenses comprise of the bank interest, commission and other bank charges. In the infrastructure business, working capital requirements are high. In addition to term loans, some other banking facilities are also required to meet our working capital requirement. For the fiscal year 2009 these expenses were 4.85 % of total expenditure.

#### *Taxes*

Income Taxes are accounted for in accordance with Accounting Standard – 22 issued by the ICAI on “Accounting for Taxes on Income”. Taxes comprises of both current and deferred taxes. Provision for current taxes is made at the current tax rates after taking into consideration the benefits admissible under the provisions of the Income Tax Act 1961. For further details of our tax benefits, please refer to section titled "Statement of Tax Benefits" on page no 42 in this Red Herring Prospectus.

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws that have been enacted or subsequently enacted as on date of financial statements. We provide for deferred tax liability on such timing differences subject to prudent considerations in respect of deferred tax assets. The significant timing differences include the difference in depreciation as per books of accounts and Income Tax Act 1961. Deferred tax arising on timing differences between book profits and tax profits has not been accounted as the same are reversing within the tax holiday period.

#### *Earnings before interest, depreciation, tax and amortization (EBIDTA)*

The EBIDTA of our Company is 16.24% for the FY 2009. EBIDTA has increased from Rs. 4827.41 lacs in the FY 2008 to Rs. 10204.87 lacs in the FY 2009. The increase is due to increase in the income from the new projects executed by us.

### **Review of Financial Position**

#### *Fixed Assets*

Fixed assets of our Company comprises of land, building, plant and machinery, furniture, fixture, vehicles etc used in our construction business. In the year 2009 the plant and machineries were more than 87 % of the fixed assets of our Company. As mentioned in the table below, there has been a consistent growth in the fixed assets in tune with our increased operations. In future, with the growth of the business more plant and machineries will be required.

Particulars (Rs. Lacs)	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Fixed Assets					
Gross Block	16,113.68	8,643.48	3,151.46	1,533.09	1,223.64
Less: Depreciation	1,599.94	868.25	473.24	298.14	186.70
Net Block	14,513.75	7,775.23	2,678.22	1,234.95	1,036.94

### Current Assets

Our Current assets comprise of inventory, sundry debtors, cash and bank balances, loans and advances. The current assets are increasing every year with the growth in the business. Loans and advances mainly comprise of advances paid to suppliers to ensure get timely supply of the raw material. Inventory comprises of raw material, work in progress and finished goods.

Particulars (Rs. In Lacs)	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Inventory	18,827.05	6,221.03	732.99	1,042.06	584.30
Sundry Debtors	4,285.33	6,523.34	1,436.57	708.43	3.92
Cash and Bank Balances	7,172.15	3,739.99	1,164.26	506.49	191.00
Loans and Advances	5,574.10	4,352.19	1,907.81	715.66	401.81
<b>Total</b>	<b>35,858.64</b>	<b>20,836.56</b>	<b>5,241.62</b>	<b>2,972.64</b>	<b>1,181.02</b>

### Increase in Fixed Assets

The increase in fixed assets of the company from Rs. 8643.48 lacs to Rs.16113.68 lacs from FY 2008 to FY 2009 is mainly due to acquisition of high value construction machineries, vehicles and other office equipments. The said acquisition of those assets were taken place due to the acceleration in growth of the Company's operation during the period which is reflecting in the increase in contract revenue from Rs. 31367.09 lacs to Rs. 62437.52 Lacs for the year FY 2008 in comparison to FY 2009. The acceleration in growth of the operation made the company to acquire the high value construction machineries, vehicle and other office equipments required for timely completion of the projects. The details of breakup of the increase in the fixed assets during the period are given below: -

Name of Assets	FY 2008 (Rs.)	FY 2009 (Rs.)	(%)
Land ( Free Hold)	6,38,32,354	6,38,32,354	0%
Building	1,19,05,348	1,19,05,348	0%
Plant and Machineries	7,25,097,830	1,41,56,45,013	95%
Furniture and Fixture	26,94,783	57,51,142	113%
Vehicles	5,74,67,689	10,52,75,415	83%
Computers	33,49,713	89,59,065	63%
<b>Total</b>	<b>86,43,47,716</b>	<b>161,13,68,336</b>	<b>86%</b>

### Increase in Secured Loan

The increase in secured loan from Rs. 9752.77 lacs to Rs. 21821.94 lacs for the FY 2008 in comparison of FY 2009 were for financing increase in working capital requirement of the company and the procurement of machineries/equipments/vehicle. Both the increase in working capital requirement and procurement of machineries/equipments/vehicle were due to growth in the company's operation during the period, which is reflecting in the increase in contract revenue from Rs.31367.09 lacs to Rs. 62437.52Lacs from the year FY 2008 to FY 2009. The details of breakup of the secured loan are given under the section titled "Financial Statements "on page no. 118 under the heading of the RHP.

### Increase in un-secured Loan

The increase in un-secured loan of Rs. 310.61 lacs during the period ended on FY 2009 were for financing increase in working capital requirement of the company and the procurement of Fixed Assets of the Company.

### Increase in Inventory

The following factors explain the increase in inventory levels in the Company:

- The business levels of the Company have increased. As against a presence in 6 states and 48 work sites as on March 31, 2007, the Company had 83 work sites as on March 31, 2008 and 137 work sites across various states as on March 31, 2009. The Company needs to maintain an appropriate amount of inventory at each of its work sites as per its requirements. Such a requirement to maintain at least a minimum quantity of raw material and work-in-progress at each site has necessitated the increase in inventory as against the previous fiscal with an increase in the number of active work sites.
- As is typical in the construction industry, billing is effected after completion of specific minimum level of work as agreed upon between the Company and its clients and also after obtaining necessary testing approval report from the pre-specified testing agencies, particularly in high value work orders. This necessitates higher level of inventory categorized under work-in-progress and finished good, and thus results in an enhanced inventory level. Such higher inventory level is monitored by the clients and also by the Company's site engineers.
- The Company has grown at a rate of 135 % in the year ending March 31, 2008 and 99 % in the year ending March 31, 2009. The high growth rate has also been one of the factors responsible for the growth in inventory.

### Increase in loans and advances

The detail of loans and advances made by the Company are classified as under and is considered to be an essential requirement for it to undertake its business.

Particulars	Amount (Rs.) Nine Month ended December 31, 2009	Amount (Rs.) 2008-09
Advance For Purchase of Land for Company's workshop & Plant	5,043,000	15,043,000
Insurance For Capital Goods	13,69,236	148,277

Particulars	Amount (Rs.) Nine Month ended December 31, 2009	Amount (Rs.) 2008-09
Kept In Part-V (one type of temporary withheld) as deduction for the bills	9,00,360	758,559
Withheld amount from the running bill by the client which are released subsequently.	4,94,67,194	41,153,845
IPO Expenses	1,07,50,554	6,429,370
Advance to Supplier for Capital Goods	7,83,79,337	4,032,887
Advance to Supplier for Equipment & Materials	23,84,27,951	72,595,886
Mobilisation Advance to Sub-Contractors.	639,840	639,840
Prepaid Expenses in shape of insurance, Taxes & Bank Guarantee Commission for the next year.	3,06,46,583	41,545,188
Salary Advance	4,82,000	375,591
Tax Deducted At Source	10,19,44,750	193,867,614
Security Deposit kept at Department from the running bills.	3,05,24,196	174,345,222
Other Advances supplier of Spares	7,69,44,689	6,475,000
Total	90,02,40,690	557,410,278

Such advances are either kept by the Company's customers as security or are made to its suppliers for continuous supply of stocks so as to maintain the necessary level of business activity.

#### *Current liabilities and provisions*

Current liabilities and provisions mainly comprises of sundry creditors and provision for tax and provision for fringe benefit tax

Particulars (Rs. In Lacs)	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Current Liabilities	11,479.29	8,589.35	1,078.53	1,240.64	456.73
Provisions	1,705.46	256.38	202.28	46.34	28.13
Total	13,184.75	8,845.73	1,280.81	1,286.98	484.86

#### *Non-Current liabilities*

Secured loans are mainly term loan, working capital loan and loan from NBFC. Unsecured loan is the loan from the directors and shareholders. The increase in the secured loan in the fiscal year 2009 as compared to the fiscal year 2008 is more than 123% and is due to the growth in business of our Company.

Particulars (Rs. In Lacs)	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Secured Loans	21,821.93	9752.77	3786.65	1814.65	1203.31
Unsecured Loans	410.61	100.00	0.00	2.00	7.10
Deferred Tax (Asset)/Liabilities (net)	636.26	264.49	138.18	106.28	99.30
Total	22868.80	10117.26	3924.83	1922.93	1309.71

#### *Restated Summary Statement of Profits and Losses*

Paragraph B(1) of Part II of Schedule II of the Companies Act and SEBI guidelines require us to restate our previous years' financial statements included in this Red Herring Prospectus to confirm to method used in preparing our latest financial statement as well as to conform to any changes in accounting policies and estimates.

Particulars (Rs. In Lacs)	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
<b>INCOME</b>					
Contract Revenues	62,437.52	31,367.09	13,300.14	6,006.07	2,957.77
Other Income	385.00	174.51	83.95	58.06	8.97
Total	62,822.52	31,541.61	13,384.09	6,064.13	2,966.75
<b>EXPENDITURE</b>					
Direct Contract Expenses	48,923.36	25,305.81	10,682.85	4,967.60	2,290.85
Personnel Expenses	1,404.61	298.28	128.90	30.93	12.50
Administrative & Selling Expenses	2,007.56	903.46	559.26	304.63	232.25
Finance Expenses	2,701.74	946.79	375.59	201.92	121.83
Depreciation	734.88	395.01	175.10	116.04	77.07
Preliminary Expenses written off	1.90	1.98	1.48	1.00	0.35
Total	55,774.05	27,851.35	11,923.18	5,622.12	2,734.86
Adjusted Profit before tax	7,048.47	3,690.26	1,460.91	442.01	231.89
Provision for Tax					
Current Tax	1,545.55	871.05	367.78	100.47	46.91
Tax Adjustment for earlier years					
Deferred Tax	371.77	126.30	31.90	6.97	34.27
Fringe Benefit Tax	26.83	12.74	5.58	2.31	-
Profit after Tax	5,104.33	2,680.16	1,055.63	332.24	150.70
Surplus brought forward from Previous Year	3,926.94	1,426.34	598.77	305.16	139.01

Particulars (Rs. In Lacs)	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006	31st March, 2005
Depreciation related to earlier years.	-	-	-	-	128.76
Other Adjustments		-	-	-	
Adjustment of deferred tax of earlier years.	-	-	-	-	-43.13
Prior Period income/(Expense)	-	-	-	-	18.02
Prior Period Income Tax/ FBT		-1.31		-38.64	-88.20
Capitalization for issue of Bonus Shares	-	-	-228.07	-	-
Dividend, Dividend Tax & General Reserves	397.31	178.26			
Adjusted Available Surplus carried forward to Balance Sheet	8,633.96	3,926.94	1,426.34	598.77	305.16

### Comparison of Fiscal Year 2008 with 2009

#### Contract Income

Contract income increased by 99.05 % from Rs. 31,367.09 lacs in fiscal year 2008 to Rs.62,437.52 lacs in fiscal year 2009. The increase in contract income has been due to increased number of projects executed by our Company.

#### Other Income

Other income increased by 120.62% from Rs. 174.51 lacs in fiscal year 2008 to Rs.385.00 lacs in fiscal year 2008. The increase in other income has been due to increase in profit from Joint Ventures and income from interest on FD.

#### Direct Contract Expenses

Direct contract expenses increased by 93.33% from 25,305.81 lacs in fiscal year 2008 to Rs. 48,923.36 lacs in fiscal year 2009. The direct contract expenses have contributed 78.36 % to the contract revenue generated by the Company. This has been in line with the growth in contract income.

#### Personnel Expenses

Personnel expenses have increased from 298.28 lacs in the fiscal year 2008 to Rs. 1,404.61 lacs in the fiscal year 2009, showing an increase of 370.90 %. The increase was primarily due to increase in number of employees and increase in their salaries and wages.

#### Administrative and selling expenses

The administrative and selling expenses increased from 903.46 lacs in the fiscal year 2008 to Rs. 1,985.87 lacs during the fiscal year 2009 showing an increase of 119.81% mainly due to administrative expenses on account of increase in contract operations.

#### Financial expenses

Financial expenses increased from Rs.941.63 lacs for the fiscal year 2008 to Rs. 2,701.74 lacs for the fiscal year 2009 showing an increase of 186.92 %. The increase in financial cost is due to additional debt funds in the form of term loan and working capital loan infused in our Company.

#### Depreciation

The depreciation has increased from Rs.395.01 lacs for the fiscal year 2008 to Rs. 734.88 lacs for the fiscal year 2009 showing an increase of 86.04 % for the construction Equipment purchased by our Company.

#### Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)

Earnings before interest, depreciation, tax and amortisation has increased from Rs. 4827.41 lacs for the fiscal year 2008 to Rs.10,204.87 lacs during the fiscal year 2009 showing an increase of 111.39%.

#### Profit (Loss) after tax

As a result of foregoing, the profit after tax of our Company has increased from Rs. 2,683.56 lacs for the fiscal year 2008 to Rs. 5,118.64 lacs for the fiscal the year 2009 showing an increase of 90.74%.

### Comparison of Fiscal Year 2007 with 2008

#### Contract Income

Contract income increased by 135.84% from 13,300.14 lacs in fiscal year 2007 to Rs.31,367.09 lacs in fiscal year 2008. The increase in contract income has been due to increased number of projects executed by our Company.

#### Other Income

Other income increased by 107.87% from Rs. 83.95 lacs in fiscal year 2007 to Rs.174.51 lacs in fiscal year 2008. The increase in other income has been due to increase in profit from Joint Ventures and income from interest on FD.

#### Direct Contract Expenses

Direct contract expenses increased by 136.88% from Rs. 10,682.85 lacs in fiscal year 2007 to Rs.25,305.81 lacs in fiscal year 2008. The direct contract expenses have contributed 80.68% to the contract revenue generated by the Company. This has been in line with the growth in contract income.

#### *Personnel Expenses*

Personnel expenses have increased from 128.90 lacs in the fiscal year 2007 to Rs.298.28 lacs in the fiscal year 2008, showing an increase of 131.40 %. The increase was primarily due to increase in number of employees and increase in their salaries and wages.

#### *Administrative and selling expenses*

The administrative and selling expenses increased from 559.26 lacs in the fiscal year 2007 to Rs. 903.46 lacs during the fiscal year 2008 showing an increase of 61.55 % mainly due to administrative expenses on account of increase in contract operations.

#### *Financial expenses*

Financial expenses increased from Rs. 375.59 lacs for the fiscal year 2007 to Rs. 941.63 lacs for the fiscal year 2008 showing an increase of 150.70 %. The increase in financial cost is due to additional debt funds in the form of term loan and working capital loan infused in our Company.

#### *Depreciation*

The depreciation has increased from Rs. 175.10 lacs for the fiscal year 2007 to Rs. 395.01 lacs for the fiscal year 2008 showing an increase of 125.59 % for the construction Equipment purchased by our Company.

#### *Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)*

Earnings before interest, depreciation, tax and amortisation has increased from Rs. 1926.78 lacs for the fiscal year 2007 to Rs.4827.41 lacs during the fiscal year 2008 showing an increase of 150.06 %.

#### *Profit (Loss) after tax*

As a result of foregoing, the profit after tax of our Company has increased from Rs. 1,055.63 lacs for the fiscal year 2007 to Rs. 2,683.56 lacs for the fiscal the year 2008 showing an increase of 154.21 %.

### **Comparison of Fiscal Year 2006 with 2007**

#### *Contract Income*

Contract income increased by 121.44% from Rs. 6006.07 lacs in fiscal year 2006 to Rs.13300.13 lacs in fiscal year 2007. The increase in contract income has been due to increased number of projects executed by our Company.

#### *Other Income*

Other income increased by 44.61% from Rs. 58.05 lacs in fiscal year 2006 to Rs.83.95 lacs in fiscal year 2007. The increase in other income has been due to increase in profit from Joint Ventures and income from interest on FD.

#### *Direct Contract Expenses*

Direct contract expenses increased by 115.05% from Rs. 4967.60 lacs in fiscal year 2006 to Rs.10682.85 lacs in fiscal year 2007. The direct contract expenses have contributed 80.32% to the contract revenue generated by the Company. This has been in line with the growth in contract income.

#### *Personnel Expenses*

Personnel expenses have increased from Rs.30.93 lacs in the fiscal year 2006 to Rs.128.90 lacs in the fiscal year 2007, showing an increase of 316.75%. The increase was primarily due to increase in number of employees and increase in their salaries and wages.

#### *Administrative and selling expenses*

The administrative and selling expenses increased from 304.62 lacs in the fiscal year 2006 to Rs. 559.26 lacs during the fiscal year 2007 showing an increase of 83.59% mainly due to administrative expenses on account of increase in contract operations.

#### *Financial expenses*

Financial expenses increased from Rs.201.92 lacs for the fiscal year 2006 to Rs. 375.59 lacs for the fiscal year 2007 showing an increase of 86.01%. The increase in financial cost is due to additional debt funds in the form of term loan and working capital loan infused in our Company.

#### *Depreciation*

The depreciation has increased from Rs. 116.04 lacs for the fiscal year 2006 to Rs. 175.10 lacs for the fiscal year 2007 showing an increase of 50.90% for the construction Equipment purchased by our Company.

#### *Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)*

Earnings before interest, depreciation, tax and amortisation has increased from Rs. 723.44 lacs for the fiscal year 2006 to Rs.1926.78 lacs during the fiscal year 2007 showing an increase of 166.34%.

#### *Profit (Loss) after tax*

As a result of foregoing, the profit after tax of our Company has increased from Rs. 332.24 lacs for the fiscal year 2006 to Rs. 1055.63 lacs for the fiscal the year 2007showing an increase of 217.73%.

### **Comparison of Fiscal Year 2005 with 2006**

#### *Contract Income*

Contract income increased by 103.06% from Rs. 2957.77 lacs in fiscal year 2005 to Rs.6006.07 lacs in fiscal year 2006. The increase in contract income has been due to increased number of projects executed by our Company.

#### *Other Income*

Other income increased by 547.15% from Rs. 8.97 lacs in fiscal year 2005 to Rs.58.05 lacs in fiscal year 2006. The increase in other income has been due to increase in profit from Joint Ventures and income from interest on FD.

#### *Direct Contract Expenses*

Direct contract expenses increased by 116.85% from Rs. 2290.85 lacs in fiscal year 2005 to Rs.4967.60 lacs in fiscal year 2006. The direct contract expenses have contributed 82.71% to the contract revenue generated by the Company. This has been in line with the growth in contract income.

#### *Personnel Expenses*

Personnel expenses have increased from Rs. 12.50 lacs in the fiscal year 2005 to Rs. 30.93 lacs in the fiscal year 2006, showing an increase of 147.44%. The increase was primarily due to increase in number of employees and increase in their salaries and wages.

#### *Administrative and selling expenses*

The administrative and selling expenses increased from Rs. 232.25 lacs in the fiscal year 2005 to Rs. 304.62 lacs during the fiscal year 2006 showing an increase of 31.16% mainly due to administrative expenses on account of increase in contract operations.

#### *Financial expenses*

Financial expenses increased from Rs. 121.83 lacs for the fiscal year 2005 to Rs. 201.92 lacs for the fiscal year 2006 showing an increase of 65.74%. The increase in financial cost is due to additional debt funds in the form of term loan and working capital loan infused in our Company.

#### *Depreciation*

The depreciation has increased from Rs. 77.07 lacs for the fiscal year 2005 to Rs. 116.04 lacs for the fiscal year 2006 showing an increase of 380.48% which is on account of the construction Equipment purchased by our Company.

#### *Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)*

Earnings before interest, depreciation, tax and amortisation has increased from Rs. 415.27 lacs for the fiscal year 2005 to Rs. 723.44 lacs during the fiscal year 2006 showing an increase of 74.21%.

#### *Profit (Loss) after tax*

As a result of foregoing, the profit after tax of our Company has increased from Rs. 150.70 lacs for the fiscal year 2005 to Rs. 332.24 lacs for the fiscal the year 2006 showing an increase of 120.46 %.

#### *Cash flows*

The table below summarises our cash flows for the periods FY2005, FY2006, FY2007, FY2008 and FY2009

Particulars (Rs. In Lacs)	2008-09	2007-08	2006-07	2005-06	2004-05
Net Cash used/from Operating Activities	1018.96	(1643.46)	(130.10)	(138.05)	63.75
Net cash from Investing Activities	(7421.77)	(5428.92)	(1644.19)	(307.52)	(544.31)
Net cash from/used in Financing Activities	9834.97	9648.11	2432.05	761.06	574.10
Net increase in Cash and Cash Equivalents	3432.16	2575.73	657.76	315.49	93.54

#### **Cash flow from operating activities:**

**Fiscal 2009:** The net cash generated from operating activities was Rs. 1018.96 lacs which was primarily due to cash generated from operations of Rs. 2598.71 lacs and adjusted for increase in net current assets of Rs. 7250.91 lacs and further adjusted for income tax paid for an amount of Rs. 1579.75 lacs.



**Fiscal 2008:** The net cash generated from operating activities was Rs. (1,643.46) lacs which was primarily due to cash generated from operations of Rs. (761.77) lacs and adjusted for increase in net current assets of Rs. 5454.28 lacs and further adjusted for income tax paid for an amount of Rs. 886.85 lacs.

**Fiscal 2007:** The net cash used in operating activities was Rs. (130.10) lacs, which was primarily due to cash generated from operations of Rs. 1243.27 lacs and adjusted for increase in net current assets of Rs. 1617.38 lacs and further adjusted for income tax paid for an amount of Rs. 373.37 lacs.

**Fiscal 2006:** The net cash used in operating activities was Rs. (138.05) lacs, which was primarily due to cash generated from operations of Rs. 3.38 lacs and adjusted for increase in net current assets of Rs. 674.02 lacs and further adjusted for income tax paid for an amount of Rs. 141.42 lacs.

**Fiscal 2005:** The net cash generated from operating activities was Rs. 63.76 lacs which was primarily due to cash generated from operations of Rs. 173.59 lacs and adjusted for increase in net current assets of Rs. 233.31 lacs and further adjusted for income tax paid for an amount of Rs. 109.83 lacs.

#### ***Cash flow from financing activities***

**Fiscal 2009:** Net cash from financing activities was Rs. 9,834.97 lacs in fiscal year 2009 which was primarily for net proceeds from borrowing of Rs. 12379.77 lacs and partially offset by interest payment of Rs. 2,397.93 lacs

**Fiscal 2008:** Net cash used in investing activities was Rs 9,648.11 lacs in fiscal year 2008, which was primarily for proceed received on account of issue of equity shares of our Company of Rs 4471.54 lacs and net proceeds from borrowing of Rs. 6066.12 lacs and partially offset by interest payment of Rs. 735.00 lacs.

**Fiscal 2007:**Net cash from financing activities was Rs.2432.06 lacs in fiscal year 2007 which was primarily for proceed received on account of issue of equity shares of our Company of Rs.753.84 lacs and net proceeds from borrowing of Rs. 1970 lacs and partially offset by interest payment of Rs.289.29 lacs

**Fiscal 2006:** Net cash from financing activities was Rs 761.06 lacs in fiscal year 2006 which was primarily for proceed received on account of issue of equity shares of our Company of Rs.323.70 lacs and net proceeds from borrowing of Rs. 606.25 lacs and partially offset by interest payment of Rs164.39 lacs

**Fiscal 2005:** Net cash from financing activities was Rs.574.10 lacs in fiscal year 2005, which was primarily for proceeds from borrowing of Rs. 680.56 lacs and partially offset by interest payment of Rs.105.96 lacs

#### **Financial Indebtedness**

Key terms of our outstanding indebtedness as of December 31, 2009 were as follows:

- A. The total outstanding secured loans Fund Based of Rs. 36,017.66 lacs as on December 31, 2009 can be divided in the following groups.

In brief, the terms of each group of loan can be as under:

- a) Working Capital finance –

Particulars (Rs. In Lacs)	Sanctioned Limit	Limit Outstanding	Rate of interest	Terms and Conditions
<b>Fund Based Limit</b>				
SBI Cash Credit (CC)	19,000	17,214.75	SBAR	Hypothecation of entire stock of raw materials, semi-finished goods, finished goods and present and future receivables Equitable charge on the landed properties Pledge of STDR of Rs 222 lacs Amount repayable on demand basis
SBI SLC	500	480.30	SBAR + 1 % 12.75%	Hypothecation of entire stock of raw materials, semi-finished goods, finished goods and present and future receivables Equitable charge on the landed properties Pledge of STDR of Rs 222 lacs Amount repayable on demand basis
IDBI	2,600	2,664.41	BPLR - 125 bps [11.50%]	Exclusive charge on entire current assets of the company at JSPL site Charge on receivables from JSPL & Opening of Escrow account The tenure is one year and the amount is repayable

Particulars (Rs. In Lacs)	Sanctioned Limit	Limit Outstanding	Rate of interest	Terms and Conditions
				on demand basis]
EXIM Bank	7,500	2,500.65	9.5%	July 31, 2011-1000 lacs October 31, 2011-1500 lacs November 30, 2011-1500 lacs December 31, 2011-3500 lacs
Total	29,600	22860.11		

b) Term Loan

Particulars	Sanctioned Limit	Limit Outstanding	Rate of interest	Terms and Conditions
SBI Term Loan-II	5,000.00	3,379.92	0.54% below SBAR, effectively it will be 13.25% 0.50% below SBAR, i.e. 11.25% at present at monthly rests against the Company CRA rating of SB-6 (i.e. 2.50% above SBAR, i.e 14.25%)	Hypothecation/pledge of equipments, plant and machinery
Term Loan-III	2,500	2,107.13	AT SBAR, i.e. 11.75% at present at monthly rests against the Company CRA rating of SB-6 (i.e. 2.50% above SBAR, i.e 14.25%)	Hypothecation/pledge of equipments, plant and machinery
Term Loan-IV	5,000	2,008.58	AT SBAR, i.e. 11.75% p.a at monthly rests against the Company CRA rating of SB-6 (i.e. 2.50% above SBAR, i.e 14.25%)	Hypothecation/pledge of equipments, plant and machinery
BOI	540.00	301.23	1 % over BOI BPLR	Hypothecation of all particular tangible assets of the our Company Equitable mortgage of lended property Repayable in 20 equal installments of Rs. 27 lacs each commencing from 6 month after first disbursement.
BOI	840.00	838.21	1% over BOIBPLR	Hypothecation of all particular tangible assets of the our Company Equitable mortgage of lended property Repayable in 20 equal installment of Rs. 42.00 lacs each commencing from 3 month after first disbursement
Other Banks	657.21	485.26	8%-18%	Hypothecation/pledge of vehicles, equipments, plant and machinery
Financial Institutions	5936.93	456.06	6%-15%	Hypothecation/pledge of vehicles, equipments, plant and machinery
<b>Total</b>	<b>20474.14</b>	<b>13157.55</b>		

B. The total outstanding unsecured loans of Rs. 855.54 lacs as on December 31, 2009 can be divided in the following groups.

Particulars	Amount (Rs in lacs)	Terms and Conditions
Archit Agarwal	2.75	The unsecured loan advanced by the promoters was interest free and is payable on demand.
Maa Manikeshwari Enterprise	30.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.
Maa Samaleshwari Enterprise	20.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.

Particulars	Amount (Rs in lacs)	Terms and Conditions
SIDBI	352.79	55.41 lacs- Due date for payment is December 15, 2010 105.12 lacs-Due date for payment is 3.02.2010 10.48 lacs-Due date for payment is 8.03.2010 51.10 lacs-Due date for payment is 24.03.2010 230.67 lacs-Due date for payment is 29.03.2010
Mayfair Hotels & Resorts Limited	50.00	The unsecured loan advanced by the promoters was interest free and is payable on demand
Bhagirath Prasad	45.00	The unsecured loan advanced by the promoters was interest free and is payable on demand
Kaushal Agarwal	55.00	The unsecured loan advanced by the promoters was interest free and is payable on demand
Vinod Kumar Agarwal	265.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.
Vinod Kumar Agarwal HUF	35.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.

\*\*Note 1: Outstanding Bank Guarantee as on December 31, 2009 is Rs. 17237.09 lacs.

\*\*\*Note 2: Outstanding Bank Guarantee as on December 31, 2009 is Rs. 6446.90 lacs.

\*\*\*\*Note 3: Outstanding Bank Guarantee as on December 31, 2009 is Rs. 561.50 lacs.

### **Quantitative and qualitative disclosure about market risk**

Market risk is the risk of loss related to adverse changes in market prices, including interest rate and foreign exchange rates of financial instruments. We are exposed to various types of market risks, in the normal course of business. For instance, we are exposed to market interest rates and operating expenses risks. The following discussion summarizes our exposure to different market risks.

#### *Unforeseen conditions*

We are liable to complete the project within a specified period. There may be delays caused by and suppliers or subcontractors' failures to perform. Any delay for the unforeseen condition in performing parts of the contract can have compounding effects by increasing the costs of performing other parts of the Contract. These variations and the risks generally inherent to the construction industry may result in reducing the profitability.

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

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

#### *Transactions with Related Parties*

We have certain transactions with our Promoter Group Companies. For details, please refer to the "Related Party Transactions" under the section titled "Financial Statement" beginning on page 118 of this Red Herring Prospectus.

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

Other than as described in section titled "Our Business" on page 54 of this Red Herring Prospectus, there are no new products or business segments.

#### *Seasonality of business; known trends or uncertainties*

Execution of work on construction sites may be affected by the extreme weather in Orissa and other states where our projects are executed. Usually the company has experienced lower overall construction progress in the July-September quarter's due to southwest monsoons, which affects most parts of India. The monsoon in the state of Orissa is heavy which may affect the progress of work during these months.

#### *Dependence on single or few suppliers/customers*

As described in the sections titled "Risk Factors" and "Our Business" beginning on page ix and page 54, respectively, of this Red Herring Prospectus; we depend on Government and Government controlled entities for a substantial portion of our revenues. We receive raw materials from Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOCL).

#### *Competitive Conditions*

Our Company faces the competition from larger and well-established players. Our Company is smaller in size compared to the market leaders, which acts as deterrent for very large projects. However, we have started bidding for large projects in past and bagged some large projects.

Previously we faced competition from small companies in eastern zone, but now we are growing in size and are eligible to bid for bigger size projects also therefore competition from smaller proprietary firms is minimal.

#### **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL STATEMENT**

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

## FINANCIAL INDEBTEDNESS

### I. Secured Loans

Set forth below is a brief summary of the secured borrowings of our Company.

(Rs. In lacs)

Sr. No	Name of Lender	Amount Sanction	Amount Outstanding as on 31st December , 2009	Interest Rate	Nature of Security	Repayment Schedule
1.	Bank of India	540.00	301.23	13.25%	Hypothecation of movable property and mortgage of immovable property At Nayapalli and Bhanjnagar-Badapada.	20 equal quarterly installments w.e.f 31.08.07
2.	Bank of India	840.00	838.21	13.25%	Hypothecation of all particular tangible assets of the our Company Equitable mortgage of lended property Repayable in 20 equal installment of Rs. 42.00 lacs each commencing from 3 month after first disbursement	20 equal quarterly installments w.e.f.16.12.09
3.	HDFC Bank Ltd	5.40	1.36	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 02.09.07
4.	HDFC Bank Ltd	9.37	2.07	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.08.07
5.	HDFC Bank Ltd	2.70	0.60	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.08.07
6.	HDFC Bank Ltd	6.40	1.41	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.08.07
7.	HDFC Bank Ltd	65.40	40.72	12.00%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 07.10.07
8.	HDFC Bank Ltd	9.17	5.78	13.25%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.10.08
9.	HDFC Bank Ltd	5.81	4.25.	11.00%	Hypothecation of Equipment	47 equal monthly installments w.e.f 20.10.08
10.	HDFC Bank Ltd	3.00	1.80	11.76%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.09.08
11.	HDFC Bank Ltd	6.22	2.49	11.02%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.02.08
12.	HDFC Bank Ltd	21.24	15.51	11.00%	Hypothecation of Vehicles	47 equal monthly installments w.e.f 20.10.08
13.	HDFC Bank Ltd	4.88	1.95	11.04%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.02.08
14.	HDFC Bank Ltd	4.32	1.73	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.02.08
15.	HDFC Bank Ltd	8.72	5.94	12.03%	Hypothecation of Equipment	47 equal monthly installments w.e.f 20.10.08
16.	HDFC Bank Ltd	12.84	8.67	12.00%	Hypothecation of Vehicles	47 equal monthly installments w.e.f 15.12.08
17.	HDFC Bank Ltd	6.80	1.11	13.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 07.06.07

Sr. No	Name of Lender	Amount Sanction	Amount Outstanding as on 31st December , 2009	Interest Rate	Nature of Security	Repayment Schedule
18.	HDFC Bank Ltd	21.60	12.07	12.00%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 07.06.07
19.	ICICI Bank Limited	5.40	1.52	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.02.07
20.	ICICI Bank Limited	6.71	0.65	11.46%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 10.04.07
21.	ICICI Bank Limited	10.00	4.26	9.90%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 05.11.06
22.	ICICI Bank Limited	23.00	8.62	9.58%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 05.11.06
23.	ICICI Bank Limited	18.00	7.60	9.69%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 05.12.06
24.	ICICI Bank Limited	10.79	5.32	9.38%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 10.03.07
25.	ICICI Bank Limited	5.37	2.15	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 10.02.08
26.	Axis Bank Ltd	61.00	57.72	8.85%	Hypothecation of Vehicles	60 equal monthly installments w.e.f. 01.09.09
27.	Axis Bank Ltd	5.40	4.10	12.75%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.02.09
28.	Axis Bank Ltd	5.31	3.32	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.10.08
29.	Axis Bank Ltd	5.31	3.32	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.10.08
30.	Axis Bank Ltd	5.31	3.32	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.10.08
31.	Axis Bank Ltd	5.09	3.18	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.10.08
32.	Axis Bank Ltd	5.47	3.56	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.11.08
33.	Axis Bank Ltd	5.47	3.56	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.11.08
34.	Axis Bank Ltd	5.47	3.56	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.11.08
35.	Axis Bank Ltd	5.48	3.88	12.75%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.01.09
36.	Axis Bank Ltd	5.48	3.88	12.75%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.01.09
37.	Axis Bank Ltd	16.27	11.51	12.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.01.09
38.	Axis Bank Ltd	56.00	52.99	8.85%	Hypothecation of Vehicle Finance	60 equal monthly installments w.e.f. 01.09.09

Sr. No	Name of Lender	Amount Sanction	Amount Outstanding as on 31st December , 2009	Interest Rate	Nature of Security	Repayment Schedule
39.	Axis Bank Ltd	4.42	2.88	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.11.08
40.	Axis Bank Ltd	7.51	5.09	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.12.08
41.	Axis Bank Ltd	8.36	5.44	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.11.08
42.	Axis Bank Ltd	7.87	5.33	11.50%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 01.12.08
43.	Kotak Mahindra Bank Ltd	8.53	6.02	17.46%	Hypothecation of Equipment	35 equal monthly installments w.e.f 01.01.09
44.	Kotak Mahindra Bank Ltd	12.72	8.98	16.01%	Hypothecation of Equipment	35 equal monthly installments w.e.f 15.01.09
45.	Cholamandalam DBS Fin. Ltd	5.54	1.92	12.50%	Hypothecation of Equipment	36 equal monthly installments w.e.f 01.12.07
46.	Cholamandalam DBS Fin. Ltd	8.09	4.18	12.50%	Hypothecation of Equipment	35 equal monthly installments w.e.f 01.07.08
47.	Cholamandalam DBS Fin. Ltd	4.20	2.05	12.00%	Hypothecation of Equipment	36 equal monthly installments w.e.f 01.05.08
48.	Cholamandalam DBS Fin. Ltd	4.20	2.05	12.00%	Hypothecation of Equipment	36 equal monthly installments w.e.f 01.05.08
49.	Cholamandalam DBS Fin. Ltd	4.20	2.05	12.00%	Hypothecation of Equipment	36 equal monthly installments w.e.f 01.05.08
50.	Cholamandalam DBS Fin. Ltd	9.00	3.44	12.00%	Hypothecation of Equipment	35 equal monthly installments w.e.f 01.02.08
51.	L & T Finance	10.70	2.48	14.50%	Hypothecation of Equipment	35 equal monthly installments w.e.f 23.09.07
52.	L & T Finance	38.80	11.36	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 30.11.07
53.	L & T Finance	88.50	25.89	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 29.11.07
54.	L & T Finance	53.80	15.72	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 06.12.07
55.	L & T Finance	33.50	9.77	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 20.12.07
56.	L & T Finance	31.00	11.89	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 10.02.08
57.	L & T Finance	90.90	26.29	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 15.12.07
58.	L & T Finance	56.90	18.42	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 18.01.08
59.	L & T Finance	29.00	9.35	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 30.12.07

Sr. No	Name of Lender	Amount Sanction	Amount Outstanding as on 31st December , 2009	Interest Rate	Nature of Security	Repayment Schedule
60.	L & T Finance	55.80	18.04	12.58%	Hypothecation of Equipment	35 equal monthly installments w.e.f 27.12.07
61.	L & T Finance	60.00	42.55	14.91%	Hypothecation of Equipment	34 equal monthly installments w.e.f 02.01.09
62.	L & T Finance	11.00	8.29	14.60%	Hypothecation of Equipment	35 equal monthly installments w.e.f 17.03.09
63.	L & T Finance	71.83	56.13	14.51%	Hypothecation of Equipment	35 equal monthly installments w.e.f 03.04.09
64.	L & T Finance	534.00	403.53	14.51%	Hypothecation of Equipment	35 equal monthly installments w.e.f 04.03.09
65.	L & T Finance	97.00	73.19	14.52%	Hypothecation of Equipment	35 equal monthly installments w.e.f 04.03.09
66.	L & T Finance	34.00	25.68	14.54%	Hypothecation of Equipment	35 equal monthly installments w.e.f 07.03.09
67.	L & T Finance	38.75	12.41	12.63%	Hypothecation of Equipment	35 equal monthly installments w.e.f 19.12.07
68.	L & T Finance	19.40	4.51	9.26%	Hypothecation of Equipment	35 equal monthly installments w.e.f 10.09.07
69.	L & T Finance	46.40	13.59	12.56%	Hypothecation of Equipment	35 equal monthly installments w.e.f 30.11.07
70.	L & T Finance	70.10	22.67	12.57%	Hypothecation of Equipment	35 equal monthly installments w.e.f 19.01.08
71.	L & T Finance	21.85	7.05	12.57%	Hypothecation of Equipment	35 equal monthly installments w.e.f 18.01.08
72.	L & T Finance	54.00	43.45	13.61%	Hypothecation of Equipment	35 equal monthly installments w.e.f 30.05.09
73.	SREI Finance	400.00	381.52	15%	Hypothecation of Equipment	35 equal monthly installments w.e.f. 15.11.09
74.	SREI Finance	700.00	651.55	15.51%	Hypothecation of Equipment	35 equal monthly installments w.e.f. 15.10.09
75.	SREI Finance	25.00	5.07	7.00%	Hypothecation of Equipment	35 equal monthly installments w.e.f 08.08.07
76.	SREI Finance	11.64	2.36	12.00%	Hypothecation of Equipment	35 equal monthly installments w.e.f 08.08.07
77.	SREI Finance	65.00	13.17	14.50%	Hypothecation of Equipment	35 equal monthly installments w.e.f 08.08.07
78.	SREI Finance	84.96	22.40	12.00%	Hypothecation of Equipment	35 equal monthly installments w.e.f 22.10.07
79.	SREI Finance	32.64	10.76	14.50%	Hypothecation of Equipment	35 equal monthly installments w.e.f 12.08.07
80.	SREI Finance	217.92	208.70	9.34%	Hypothecation of Equipment	48 equal monthly installments w.e.f 01.04.09



Sr. No	Name of Lender	Amount Sanction	Amount Outstanding as on 31st December , 2009	Interest Rate	Nature of Security	Repayment Schedule
81.	SREI Finance	588.50	245.35	13.25%	Hypothecation of Equipment	35 equal monthly installments w.e.f 11.03.08
82.	SREI Finance	5.47	4.56	13.83%	Hypothecation of Equipment	47 equal monthly installments w.e.f 22.03.09
83.	SREI Finance	67.25	18.75	14.29%	Hypothecation of Equipment	35 equal monthly installments w.e.f 15.10.07
84.	SREI Finance	169.83	141.44	13.83%	Hypothecation of Equipment	35 equal monthly installments w.e.f 03.01.09
85.	SREI Finance	36.17	10.67	13.25%	Hypothecation of Equipment	35 equal monthly installments w.e.f 01.11.07
86.	SREI Finance	29.46	25.59	15.06%	Hypothecation of Equipment	47 equal monthly installments w.e.f 08.05.09
87.	SREI Finance	257.40	84.89	14.29%	Hypothecation of Equipment	35 equal monthly installments w.e.f 08.12.07
88.	SREI Finance	246.27	88.82	14.75%	Hypothecation of Equipment	35 equal monthly installments w.e.f 01.01.08
89.	SREI Finance	614.61	569.71	11.76%	Hypothecation of Equipment	46 equal monthly installments w.e.f 22.10.09
90.	SREI Finance	218.22	218.22	10.51%	Hypothecation of Equipment	46 equal monthly installments w.e.f 22.01.10
91.	SREI Finance	382.65	372.54	10.52%	Hypothecation of Equipment	48 equal monthly installments w.e.f 12.08.09
92.	Family Credit Ltd	5.96	3.06	11.13%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 15.06.08
93.	Family Credit Ltd	5.08	2.90	11.13%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.08.08
94.	Family Credit Ltd	5.30	3.79	12.00%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 05.04.08
95.	Family Credit Ltd	5.49	2.66	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.05.08
96.	Family Credit Ltd	15.99	12.19	12.50%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 05.07.08
97.	Family Credit Ltd	5.33	2.59	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.05.08
98.	Family Credit Ltd	37.64	25.79	12.00%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 15.02.08
99.	Family Credit Ltd	7.75	3.76	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.05.08
100.	Family Credit Ltd	7.64	4.78	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.10.08
101.	Family Credit Ltd	7.80	3.78	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.05.08

Sr. No	Name of Lender	Amount Sanction	Amount Outstanding as on 31st December , 2009	Interest Rate	Nature of Security	Repayment Schedule
102.	Family Credit Ltd	7.70	3.74	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.05.08
103.	Family Credit Ltd	7.70	3.74	11.00%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 05.05.08
104.	Family Credit Ltd	6.54	4.68	12.00%	Hypothecation of Vehicles	60 equal monthly installments w.e.f 15.04.08
105.	Family Credit Ltd (less TDS)	-	(2.68)	-	-	-
106.	Priya Construction	17.66	1.15	6.64%	Hypothecation of Equipment	26 equal monthly installments w.e.f 10.07.04
107.	Tata Capital Ltd	5.62	3.54	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
108.	Tata Capital Ltd	5.62	3.54	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
109.	Tata Capital Ltd	5.62	3.54	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
110.	Tata Capital Ltd	5.79	3.65	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
111.	Tata Capital Ltd	5.79	3.65	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
112.	Tata Capital Ltd	5.79	3.65	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
113.	Tata Capital Ltd	7.89	4.97	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
114.	Tata Capital Ltd	7.89	4.97	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
115.	Tata Capital Ltd	7.89	4.97	12.99%	Hypothecation of Vehicles	36 equal monthly installments w.e.f 03.10.08
116.	HDFC Bank Ltd.	147.60	126.86	13.25%	Hypothecation of Vehicles	41 equal monthly installments w.e.f. 01.06.09
117.	IDBI Bank Limited	Fund Based Cash Credit: - 2600.00 Non Fund Based BG (Regular) :- 2600.00	Cash Credit:- 2664.40 BG (Regular):- Note 3***	Cash Credit- 11.50% p.a. Bank Guarantee- NA	Cash Credit & BG :- Exclusive charges on entire Current Assets of the Company at JSPL Site, Angul	Cash Credit on demand  Exclusive charge on entire current assets of the company at JSPL site  Charge on receivables from JSPL & Opening of Escrow account
118.	State Bank Of India	59,000.00 Fund Based Cash Credit: - 19,000.00	17214.75 480.30 TeTerm Loan II- 3379.92 Term Loan III- 2107.13	Cash Credit:- 11.75% p.a, Standby	Cash Credit:- Primary:- Hypothecation of Stocks and Book Debts. Collateral:- Pledge of STDR of Rs.222.00 lacs	i) Cash Credit on demand  ii) Term Loan I- 24 monthly installments of Rs 7 lacs per

Sr. No	Name of Lender	Amount Sanction	Amount Outstanding as on 31st December , 2009	Interest Rate	Nature of Security	Repayment Schedule
		OCC (Adhoc) & SLC - 500.00  Term Loan II- 5000 Term Loan III- 2500 Term Loan IV- 5000 12500  Non Fund Based LC :- 500.00  BG :- 39,000.00	Term Loan IV- 2008.58 7495.63  215.87  Note 1*	Letter of Credit:- 12.75%  Term loan I:- 11.25% p.a, at monthly rest,  Term loan II:- 11.25% p.a, at monthly rsts.  Letter of Credit & BG limits 60% concessio n on Banks's standard rate	Equitable Mortgage of IDCO plot No. 38/1 of area/ first charge on Fixed Assets of the Company  Term Loan. Primary:- Hypothecation/pledge of plant and machinery Collateral:- First charge on fixed assets of the Company Second Charge on current assets of the Company  Letter of Credit & BG limits Extension of hypothecation of charge on current assets	quarter starting from September, 2004  iii) Term Loan II- - 20 monthly installments of Rs 2.500 lacs each starting from June 2008  (iv) Stand By Letter of Credit – on demand  (v) Letter of Credit and BG – repayment on terms and conditions specified in relevant documentation
119.	ICICI Bank Limited	Non-Fund Based Bank Guarantee:- 7400.00	Note 2**	N.A.		Repayment on terms and conditions specified in relevant documentation
120.	Exim Bank	7500.00	2500.65	9.5%	Hypothecation on current assets included receivables of 2WB projects, Personal guarantee of Promoters, ECGC's ECIB to cover risk of nonpayment.	

\*Note 1: Outstanding Bank Guarantee as on December 31, 2009 is Rs. 17237.09 lacs.

\*\*Note 2: Outstanding Bank Guarantee as on December 31, 2009 is Rs. 6446.90 lacs.

\*\*\*Note 3: Outstanding Bank Guarantee as on December 31, 2009 is Rs. 561.50 lacs.

Our Company has entered into loan agreements with the various banks and financial institutions as aforesaid, in relation to the loans availed by it, which agreements contain restrictive covenants. Some of the restrictive covenants imposed upon our Company are listed herein below. Our Company will not be in a position to undertake any of the following transactions without the consent of the concerned bank or financial institution:

- adverse changes in the capital structure;
- Formulation of any scheme of amalgamation or merger or reconstruction.
- implementation of any scheme of expansion or diversification or capital expenditure
- Investment by way of share capital in or lend or advance funds to or place deposits with any other company/ firm/ concern (including group companies/ associates)/ persons.
- Declaration of dividends.
- Raising of additional resources either in the form of debt or equity.
- sale, disposal, pledge, hypothecation or of the assets of our Company

- Entering into any contractual obligation of long-term nature affecting our Company financially to a significant extent.
- undertaking of any trading activity other than the sale of products arising out of our Company's own manufacturing operations

## II. Unsecured Loan

As on December 31, 2009, the Company has unsecured loans aggregating to Rs. 855.54 lacs particulars whereof are as under:

Particulars	Amount (Rs in lacs)	Terms and Conditions
Archit Agarwal	2.75	The unsecured loan advanced by the promoters was interest free and is payable on demand.
Maa Manikeshwari Enterprise	30.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.
Maa Samaleshwari Enterprise	20.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.
SIDBI	352.79	55.41 lacs- Due date for payment is December 15, 2010 5.12 lacs-Due date for payment is 3.02.2010 10.48 lacs-Due date for payment is 8.03.2010 51.10 lacs-Due date for payment is 24.03.2010 230.67 lacs-Due date for payment is 29.03.2010
Mayfair Hotels & Resorts Limited	50.00	The unsecured loan advanced by the promoters was interest free and is payable on demand
Bhagirath Prasad	45.00	The unsecured loan advanced by the promoters was interest free and is payable on demand
Kushal Agarwal	55.00	The unsecured loan advanced by the promoters was interest free and is payable on demand
Vinod Kumar Agarwal	265.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.
Vinod Kumar Agarwal HUF	35.00	The unsecured loan advanced by the promoters was interest free and is payable on demand.

\*Note: The aforesaid loans have been secured by personal guarantees given by our Promoters. The aforesaid loan amounts have been certified by our Auditors vide certificate dated January 11, 2010

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated in this Red Herring Prospectus, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoter or companies promoted by our Promoter and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter or Directors. Further, except as stated in this Red Herring Prospectus, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by the Promoter by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoter were associated in the past but are no longer associated, in respect of which the name(s) of the Promoter continues to be associated with those litigation(s).*

Litigations outstanding as on December 31, 2009 are as follows:

#### A. OUTSTANDING LITIGATIONS, DEFAULTS, ETC. INVOLVING OUR COMPANY

##### Cases filed against Our Company

##### I. Civil cases

Sr. No.	Proceedings	Court	Parties	Facts of the case/ status of the matter	Amount and Status of the proceedings
1.	Application No.MWA/268/2003	Regional Labour Commissioner (Central), Bhubaneswar	Paradip Labour Enforcement Officer vs. M/s ARSS Stones (P) Limited	Labour Enforcement Officer, Paradip made an Application bearing No.MWA/268/ 2003 to the Regional Labour Commissioner (Central), Bhubaneswar (“Commissioner”) against our Company under the Minimum Wages Act, 1948 alleging that our Company has not paid minimum wages to its workers.. Our Company has already paid Rs.3336/- as minimum wages.	Rs.3376/- along with compensation.  The application is pending for final hearing and disposal
2	Application No. LND/WS/4/2009	Sub-divisional Magistrate, Mangaon, Raigad, Maharashtra	Government of Maharashtra vs. ARSS Infrastructure Projects Limited	A show Cause Notice dated 9 <sup>th</sup> December 2009 was issued by the Court of Sub-divisional Magistrate, Mangaon, Raigad, Maharashtra accusing our Company of illegally extracting 9363 brass stone and 13604 brass soil Mineral without taking permission from the Competent Authority. It has been alleged that as subject of minor minerals is a state subject, every extraction is liable for Royalty as per Maharashtra Land Revenue Code, 1966. Our Company has been asked to pay a sum of Rs 22,96,700 along with a penalty of Rs. 64,99,661. Appropriate compliance is under process.	Amount of Rs 87,96,361. Further Notice awaited.

##### II. Statutory claims against our Company

##### Income Tax proceedings

The authorities under the Income-tax Act, 1961 (“the I.T. Act”), conducted a search and seizure operation in our Company’s office premises and the residential premises of all our Promoters and Directors on September 26, 2003 and completed the income-tax assessment for our Company for the Assessment Years (“AY”) 2001-02 to 2004-05 under Section 153A of the I.T. Act on the basis of their judgement of the income of our Company estimated by them for the aforesaid assessment years.

Notices under section 153A of the I.T. Act were served on our Company on January 7<sup>th</sup>, 2004. Also notices under Section 143(2) and 142(1) of the I.T. Act were served upon our Company along with the detailed questionnaire.

During the course of the search and seizure operation at the residence of the Promoters and Directors and the office premise of our Company, the I.T. officers observed as under:

- Maintenance of books of accounts:** It was alleged that proper books of accounts were not maintained by our Company and were not produced by the Directors before the tax authorities and that the books of accounts which were presented at the time of the final hearing held on February 8<sup>th</sup>, 2006, were prepared in a fraudulent manner and were produced before different authorities as per their requirements.

- ii. **Suppression of facts:** There were various discrepancies in the statement of accounts for the Assessment Years 2001-02 to 2003-04 and that sufficient explanation for such discrepancies in the statement of accounts was not given by the Directors, as a result of which the I.T. officers took the view that our Company had suppressed the facts by not reflecting proper figures in our statement of accounts.
- iii. **Unaccounted Cash sales:** Our Company had allegedly indulged in huge cash sales and these cash sales were not routed through the cash book and not offered for taxation and that the Directors were unable to give explanation for the aforesaid discrepancies. It was alleged that there was manipulation in the books of accounts and there was huge variation in the net profit disclosed in the documents furnished by our Company, documents seized by the I.T. officers and the CDs in which the data was separately maintained and further, that the cash sales reflected in the general ledger account of one of the factory sites of our Company viz Rambha, was not shown in the cash in hand ledger account.
- iv. **Suppression of the net profits:** Our Company had allegedly suppressed the profit derived out of contract business by keeping good margin for itself while awarding subcontracts to small contractors and many of the transactions were not even routed through the cash books of our Company.
- v. **Inflation of expenses:** Our Company had allegedly inflated the expenditure by incorporating bogus vouchers and showing cash payments to related persons.

By an Assessment Order dated March 14, 2006 passed by the Assistant Commissioner of Income Tax, the income-tax returns filed by our Company for those years were rejected by the tax authorities on several grounds as aforesaid. Accordingly, the tax authorities recomputed the income of our Company for that year. Also, the Department has initiated proceedings for penalty under Section 271(1) (c) of the IT Act for the assessment years 2001-02 to 2004-05.

**During the course of the search and seizure operations** the Company has not made any voluntary disclosures to the Income Tax officials. However, in this respect, our Promoters have made certain disclosures on a voluntary basis to the authorities under the I.T. Act, as under:

Sr No	Name of the Assessee	Assessment Year	Income as per original return	Surrendered Income	Revised Return Income
1	Subash Agarwal	A.Y. 2001-02	389,765	60,000	449,765
		A.Y. 2000-01	931,854	250,000	1,181,854
		A.Y. 1999-00	190,060	500,000	690,060
		A.Y. 1998-99	208,744	90,000	298,744
2	Sunil Agarwal	A.Y. 2000-01	133,753	15,000	148,753
		A.Y. 1999-00	104,153	300,000	404,153
		A.Y. 1998-99	111,370	60,000	171,370
3	Anil Agarwal	A.Y. 1998-99	86,792	10,000	96,792
4	Mohan Lal Agarwal	A.Y. 1999-00	56,880	40,000	96,880
		A.Y. 1998-99	107,667	160,000	267,667
5	Rajesh Agarwal	A.Y. 2003-04	182,200	500,000	682,200
		A.Y. 2000-01	138,051	15,000	153,051
		A.Y. 1999-00	92,553	125,000	217,553
		A.Y. 1998-99	103,574	30,000	133,574

On the basis of the information available, the Income Tax Department recomputed the taxable income for our Company for the AY 2001-02 to 2004-05 as follows:

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		The taxable income for the AY 2001-02 was recomputed to Rs.88,84,070/-. The total tax payable by our Company under the Assessment Order dated March 14 <sup>th</sup> 2006 is Rs.54,41,709		
1.	AY 2001-02	An appeal bearing No.0017/06-07 was preferred by our Company before the Commissioner of Income Tax (Appeals), Bhubaneswar against the Assessment Order dated 14 <sup>th</sup> March, 2006. However the said appeal was dismissed.	(Rs.57,93,113/-)	Final order passed
		Our Company filed another appeal before the Income Tax Appellate Tribunal, Cuttack, Orissa on May 3 <sup>rd</sup> , 2007 against the order of		

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		<p>Commissioner of Income Tax (Appeals).</p> <p>The said appeal was disposed off with substantial relief. The order u/s 254 of the I.T. Act was not yet received. Our Company has deposited a sum of Rs.36,17,288/- with the Income Tax Department for the assessment year 2001-02.</p> <p>On March 14<sup>th</sup>, 2008, the order u/s 251 was passed by the Assistant Commissioner of Income Tax and Rs.25,17, 973/- is demanded after giving effect to the appeal.</p> <p>On March 26<sup>th</sup>, 2008, the Assistant Commissioner of Income Tax passed order for the A.Y. 2002-03 &amp; 2003-04 wherein refund amounting to Rs. 93,518 &amp; Rs. 32,65,626/- respectively, were generated which was adjusted against outstanding demand for the A.Y. 2001-02.</p> <p>Subsequently on June 26<sup>th</sup>, 2008 the Assistant Commissioner of Income Tax passed order u/s 154 for the A.Y. 2002-03 and a further refund of Rs. 11,03,550/- was generated and adjusted against demand for A.Y. 2001-02.</p> <p>Further on June 5<sup>th</sup>, 2008 the Assistant Commissioner of Income Tax passed order u/s 154 for the A.Y. 2003-04 and refund of Rs.10,90,000/- was generated and adjusted against the demand for A.Y. 2001-02.</p> <p>In the orders passed by the Assistant Commissioner of Income Tax for assessee M/s Harish Chandra-ARSSPL JV for the AY 2005-06 and 2006-07, the refund of Rs. 1,42,732/- and Rs. 26,15,660/- for the A.Y. 2005-06 and 2006-07 respectively, is adjusted against the demand for the AY 2001-02 of our Company.</p> <p>Penalty proceedings initiated u/s 271(1)(c) for the aforesaid year is dropped by the Assistant Commissioner of Income Tax.</p>		
		<p>The Taxable income for the AY 2002-03 was recomputed to Rs.1,04,54,610/-. The total tax payable by our Company under the Assessment Order is Rs.43,98,542/- (Rupees Forty Three lacs Ninty Eight Thousand Five Hundred Forty Two Only).</p> <p>An appeal bearing No.0018/06-07 was preferred by our Company before the Commissioner of Income Tax (Appeals), Bhubaneswar against the Assessment Order dated March 14<sup>th</sup>, 2006. However the said appeal was partly allowed.</p> <p>By a subsequent order dated March 13<sup>th</sup>, 2007 passed by the Asst. Commissioner of Income Tax under Section 251 of the I.T. Act, relief was allowed on the taxable income and therefore, the balance tax payable after recomputation was Rs.8,74,188/-.</p>		
2.	AY 2002-03	<p>Our Company had filed second appeal before the Income Tax Appellate Tribunal, Cuttack, Orissa on April 28th, 2007 against the order dated March 13th, 2007. The appeal was disposed off with substantial relief. The order u/s 254 of the I.T. Act giving effect to the appeal was not passed as of that date.</p> <p>By an order dated March 26th, 2008, the Assistant Commissioner of Income Tax for the AY 2002-03, refunded an aggregate amount of Rs.93,518/-. The same amount is adjusted against the demand for A.Y. 2001-02.</p> <p>Further, an order was passed by the Assistant Commissioner of Income Tax dated June 26th, 2008 for the AY 2002-03, generating a refund of Rs.11,03,550/- and the same is adjusted against the demand for A.Y. 2001-02.</p> <p>The penalty proceedings initiated against our Company u/s 271(1)(c)</p>	Nil	The Final Order is passed

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		of the I.T. Act was dropped by the Assistant Commissioner of Income Tax.		
		The taxable income for the A.Y. 2003-04 was recomputed to Rs. 1,22,78,900/- (Rupees One Crore Twenty Two Lacs Seventy Eight Thousand Nine Hundred Only). The total tax payable by our Company under the Assessment order is Rs.45,04,767/-.		
		An appeal bearing No. 0019/06-07 was filed by our Company before the Commissioner of Income Tax (Appeals), Bhubaneswar against the Assessment Order dated March 14th, 2006. However, the said appeal was allowed subject to certain conditions mentioned therein.		
3	AY 2003-04	By an order dated March 26th, 2008 after giving effect to the appeal, the total amount refundable was Rs. 32,65,626 which was adjusted by the department against the outstanding demand for the A.Y. 2001-02.	Nil	The Final order is passed
		Further rectification order u/s 154 was passed by the Asst. Commissioner Income Tax on June 5th, 2008 creating a refund of Rs.10,90,000/- which was also adjusted against outstanding demand for A.Y. 2001-02.		
		The penalty proceedings initiated u/s 271(1)(c) of the I.T. Act was dropped by the Assistant Commissioner of Income Tax.		
		The taxable income for the AY 2004-05 was recomputed to Rs.1,34,55,160/-. The total amount payable by our Company as per the Assessment Order is Rs.33,82,121/-.		
		An appeal bearing No.0021/06-07 was preferred by our Company before the Commissioner of Income Tax (Appeals), Bhubaneswar against the Assessment Order dated March 14 <sup>th</sup> , 2006. However the said appeal was admitted subject to certain conditions.		The Final order is passed
4.	AY 2004-05	The final order u/s 251 was passed by the Assistant Commissioner of Income Tax on March 31, 2008 for the AY 2004-05 and an amount of Rs.4,50,370/- was demanded as the net income tax payable.	Rs 4,50,370	
		The penalty proceedings initiated u/s 271(1)(c) of the I.T. Act was dropped by the Assistant Commissioner of Income Tax.		
		The return filed u/s 139(1) was selected for scrutiny and while passing the order u/s 143(3) the Assistant Commissioner of Income Tax increased the taxable income which was computed to be equivalent to Rs. 3,12,63,144/-. The aggregate balance tax and interest payable by our Company is Rs.12,36,345/-.		
		In addition to the above, the Assistant Commissioner of Income Tax has raised demand of Rs.12,023/- deposited while completing the assessment u/s 115WE(3) of the I.T. Act.		
5	AY 2006-07	The penalty proceedings initiated u/s 271(1)(c) of the I.T. Act was dropped by the Assistant Commissioner of Income Tax. Further, an order was passed by the Assistant Commissioner of Income Tax dated June 12, 2008 for M/s Harish Chandra ARSSPL-JV for the assessment year 2006-07 generating a refund of Rs. 26,15,660/- which was also adjusted against outstanding demand for A.Y. 2001-02.	Rs.12,36,345	The Final order is passed
		The return filed under section 139(1) was selected for scrutiny and while passing the order under section 143(3) the Assistant Commissioner of Income Tax increased the taxable income by Rs. 11,00,000/- to Rs. 10,41,99,170. The aggregate balance tax and interest payable by our Company is Rs. 25,63,303/-		
6	A.Y. 2007 - 08		Rs. 25,63,303	The Final Order is passed

### III. Sales Tax proceedings / Proceedings under the Entry Tax Act/VAT



Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
1.	2000-2001 (under section 12(4) of the Orissa Sales Tax Act)	<p>The Sales tax authorities served a notice on our Company under section 12(4) of the Orissa Sales Tax Act, 1947 and thereafter examined the books of accounts in detail. The Sales Tax Authorities have alleged that our Company, being a manufacturer and dealer of different sizes of stone chips, had not disclosed the sales turnover of certain chips supplied to private parties and that the books of accounts were not maintained properly.</p> <p>On 27<sup>th</sup> October, 2001, the Sales Tax Officer ("STO") made an Assessment under S.12(4) of the Orissa Sales Tax Act, 1947 for the year ending 2000-01 of our Company and in the course of assessment proceedings, determined a sum of Rs.9,61,428/- as unpaid balance amount of tax and surcharge payable towards arrears of sales tax. The demand for payment of sales tax has been raised by the sales tax authorities on account of an inclusion by them of supplies of stone ballast to the Railways as a part of the total turnover for computation of sales tax.</p> <p>An Appeal bearing No.499/DLD/01-02 was filed by our Company against the order of the STO before the Assistant Commissioner of Sales Tax, who by his Order dated 30<sup>th</sup> January 2002, directed our Company to pay a sum of Rs.5,00,000/-. The recovery of the balance amount was directed to be stayed till the disposal of appeal. A Revision Petition bearing No. CU-II-247/2001-2002 was filed by our Company before the Commissioner of Commercial Taxes against the order of the Assistant Commissioner. By an Order dated 26<sup>th</sup> March, 2002 passed by the Commissioner of Commercial Taxes, our Company was directed to pay a sum of Rs.4,00,000/- and the balance amount was directed to be stayed till the disposal of appeal. By an Order dated 30<sup>th</sup> May, 2002, the assessment order was confirmed and the aforesaid appeal was dismissed.</p> <p>Also, as the Vigilance fraud case report was filed against our Company and the matter for the aforesaid assessment year was opened</p> <p>A Revision Petition bearing No.II-AST-157/02-03 was filed by our Company before the Commissioner of Commercial Taxes, Orissa seeking a stay of the extra demand pending disposal of the revision petition. By an order dated 11<sup>th</sup> February, 2003, the Commissioner directed our Company to pay a sum of Rs.7,00,000/- (Rupees Seven lacs) before 21.03.2003 and accordingly the application for stay was disposed of. Out of the total amount of Rs.9,61,428/-, our Company has already paid a sum of Rs.7,00,000/-. Thus at present, the amount payable by our Company Rs.2,61,428/-.</p>	Rs.2,61,428/-	1 <sup>st</sup> appeal is pending for final disposal
2.	2000-2001 (Under section 12(8) of the Orissa Sales Tax Act)	<p>On 19<sup>th</sup> February, 2003, the STO made an assessment for the year ending 2000-01 under section 12(8) of the Orissa Sales Tax Act and determined a sum of Rs.1,48,86,842/- (Rupees One Crore Forty Eight lacs Eighty Six Thousand Eight Hundred and Forty Two) payable towards arrears of sales tax on account of concealment of the turnover and furnishing incorrect figures to the Government authorities. The demand for payment of sales tax was raised by the sales tax authorities by inclusion of supplies of stone ballast (including labour charges) to the Railways and other private parties as a part of the total turnover for computation of sales tax which was not accounted for by our Company in its Sales Tax returns for the A.Y. 2000-01.</p> <p>An Appeal bearing No.AA/3/DLD/03-04 was filed by our Company against the aforesaid Order before the Assistant Commissioner of Sales Tax, Cuttack. By an Order dated 5<sup>th</sup> May, 2003 our Company was directed to deposit a sum of Rs.40,00,000/- and the balance amount was directed to be stayed till the disposal of the appeal. By an Order dated 15<sup>th</sup> October, 2003, the Assistant Commissioner of Sales Tax, Cuttack reduced the assessment to Rs.29,51,772/-.</p> <p>Being aggrieved by the order passed by the 1st appellate authority, our Company filed another appeal before the Sales Tax Tribunal, Cuttack on</p>	Rs.15,51,772/-	Second appeal is pending for final hearing and disposal

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		<p>16<sup>th</sup> February, 2004 which is still pending for final hearing and disposal. Simultaneously, our Company has also filed a stay petition during the pendency of the Second Appeal.</p> <p>Out of the total amount of Rs.29,51,772/-, our Company has already paid a sum of Rs.14,00,000/-. Thus at present, the amount payable by our Company Rs.15,51,772/-.</p>		
3	2001-02	<p>The Sales tax authorities served a notice on our Company under section 12(4) of the Orissa Sales Tax Act, 1947 and thereafter examined the books of accounts in detail. Upon such examination, the sales tax authorities observed that the gross turnover of our Company was understated to the tune of Rs.1,64,99,176, since the sale of hard stone ballast to the railways and labour charges in relation thereto were not included in the total turnover for computation of sales tax. The sales tax authorities further observed that:</p> <p>(i) Our Company was not able to give an explanation for the labour charges that were deducted by our Company.</p> <p>(ii) Purchase register of our Company for that particular year was not maintained properly.</p> <p>(iii) Also, as the Vigilance fraud case report bearing No.60 dated 25<sup>th</sup> June, 2002 was filed against our Company where it was found that our Company had supplied stones to IRCON International Limited and others, which amount was not entered in the sale register, the matter for the aforesaid assessment year was opened</p> <p>(iv) Our Company the had not disclosed the sales turnover of certain chips supplied to the private parties which includes the sales tax collected by our Company from the private parties.</p> <p>On 16<sup>th</sup> January 2003, the STO completed the assessment of our Company under Section 12(4) of the Orissa Sales Tax Act, for the year ending 2001-02 and determined the gross turnover of our Company to be Rs.2,66,05,916/- and a sum of Rs.30,20,868/- was ascertained as payable by our Company towards arrears of sales tax including the surcharge.</p> <p>An Appeal bearing No.799/DLD/02-03 was filed by our Company against the order of the Sales Tax Officer before the Assistant Commissioner of Sales Tax, Cuttack. At the time of hearing the said appeal, our Company was directed to deposit a sum of Rs.18,00,000/- and payment of balance amount was directed to be stayed till disposal of the Appeal.</p> <p>A Revision Petition bearing No.266/02-03 was filed by our Company against the Order before the Commissioner of Commercial Taxes, Cuttack. By an Order dated 21<sup>st</sup> March, 2003, our Company was directed to pay a sum of Rs.10,00,000/- (Rupees Ten lacs) and balance amount shall remain stayed till disposal of the aforesaid appeal.</p> <p>By an Order dated 11<sup>th</sup> June, 2004, the aforesaid Appeal was disposed off and the demand of Rs.30,20,868/- was reduced to Rs.20,55,445/-. Our Company filed Second Appeal before the Sales Tax Tribunal, Cuttack against the said order dated 11<sup>th</sup> June, 2004.</p> <p>In the meantime, our Company made a Revision application bearing no.II-AST-42/04-05 before the Commissioner of Commercial Taxes, Orissa for the stay of extra demand pending the disposal of the Second Appeal. By an Order dated 24<sup>th</sup> January, 2005 passed by the Commissioner of Commercial Taxes, our Company was directed to pay a sum of Rs.27,20,000/- (Rupees Twenty Seven Lacs Twenty Thousand) which amount was rectified to Rs.17,20,000/- (Rupees Seventeen lacs Twenty Thousand) by a subsequent Corrigendum Order dated 7<sup>th</sup> February, 2005 and the said Review Petition was disposed off.</p> <p>Our Company filed a Writ Petition being WP No.5894 of 2005 in the Hon'ble the High Court of Orissa against the Order dated 24<sup>th</sup> January, 2005 and 7<sup>th</sup> February, 2005 passed by the Additional Commissioner of Sales Tax. By an Order dated 26<sup>th</sup> September, 2005, the Writ Petition was</p>	Rs.8,01,687/-.	Second appeal is pending for final hearing and disposal

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		disposed off by the Hon'ble High Court and the entire demanded tax was stayed for the assessment period 2001-02 till disposal of the Appeal. The said Second appeal is still pending for hearing and final disposal. Out of the total amount of Rs.20,55,445/-, our Company has already paid a sum of Rs.12,53,758/-. Thus at present, the amount payable by our Company Rs.8,01,687/-.		
4	2002-03	<p>A Notice under Section 11(3) of the Orissa Sales Tax Act was served on our Company by the Assistant STO on 20<sup>th</sup> January 2004 and subsequently, the STO completed the assessment of our Company under Section 12(4) of the Orissa Sales Tax Act for the year ending 2002-03 and determined a sum of Rs.35,96,201/- as payable by our Company towards arrears of sales tax. The demand for payment of sales tax has been raised by the sales tax authorities on account of an inclusion by them of (i) supplies of stone ballast to the Railways and (ii) work contracts executed for the railways as also private parties as a part of the total turnover for computation of sales tax which was not accounted for by our Company in its Sales Tax returns for the A.Y. 2002-03.</p> <p>An Appeal bearing No.AA/603/DLD/03-04 was filed by our Company before the Assistant Commissioner of Sales Tax, Cuttack against the aforesaid order. By an Order dated 9<sup>th</sup> March, 2004, our Company was directed to deposit a sum of Rs.12,00,000/- and the balance amount was directed to be stayed till the disposal of the appeal.</p> <p>By an Order dated 11<sup>th</sup> January, 2005, the Assistant Commissioner of Sales Tax, Cuttack reduced the assessment to Rs.24,82,706/- (Rupees Twenty Four lacs Eighty Two Thousand Seven Hundred and Six). Out of the total amount of Rs.24,82,706/- (Rupees Twenty Four lacs Eighty Two Thousand Seven Hundred and Six), our Company has already paid a sum of Rs.16,50,000/- (Rupees Sixteen lacs Fifty Thousand Only). Thus at present, the amount payable by our Company Rs.8,32,706/-.</p>	Rs.8,32,706/-	The appeal is pending for final hearing and disposal
5	2003-04	<p>On 30<sup>th</sup> October 2004, STO completed the assessment of our Company under Section 12(4) of the Orissa Sales Tax Act for the year ending 2003-04 and determined a sum of Rs.24,72,708/- as payable towards arrears of sales tax. Our Company has purchased a High speed diesel ("H.S.D."), machinery to the tune of Rs.64,08,351/- which was used for the purpose of running a crusher unit due to non-availability of electricity as well as for the work contract purposes. On scrutiny, it was revealed that our Company had paid less Entry Tax on the purchase of the machineries from outside Orissa. Also the tax paid by our Company was not as per the revised circular and therefore the tax paid was less.</p> <p>An appeal was filed by our Company against the aforesaid order before the Assistant Commissioner of Sales Tax. By an Order dated 14<sup>th</sup> February, 2005, our Company was directed to pay a sum of Rs.14,00,000/- and the balance amount was directed to be stayed till the disposal of the appeal. By an Order dated 20<sup>th</sup> December, 2006 passed by the Assistant Commissioner of Sales Tax, Cuttack, the STO was directed to pass a reassessment Order within a period of three months. Thus, on the basis of the said assessment Order, a sum of Rs.24,72,708/- (Rupees Twenty Four Seventy Two Seven Hundred And Four Only) is payable by our Company.</p>	NA	The matter is pending for reassessment
6	2004-05	<p>On 31<sup>st</sup> December, 2005, the STO completed the assessment of our Company under Section 12(4) of the Orissa Sales Tax Act for the Assessment year 2004-05 and determined a sum of Rs.46,53,060/- as arrears of sales tax. Our Company, while filing the sales tax returns, treated the supply of ballast to railways as work contract which was not acceptable by the STO who treated the same as a supply contract and accordingly enhanced the rate of tax payable from 8% to 12%.</p> <p>An Appeal bearing No.331/DLD/2005-06 was filed by our Company before the Assistant Commissioner of Sales Tax, Cuttack II Range. By an Order dated 18<sup>th</sup> March, 2006, our Company was directed to deposit a sum of Rs.20,00,000/- (Rupees Twenty lacs) and the balance amount was</p>	Rs. 49,49,913/-.	The matter is pending in Sales Tax Tribunal.

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		<p>directed to be stayed till the disposal of the appeal.</p> <p>A Revision petition bearing No. CU-II-205/2005-06 was filed by our Company before the Office of the Commissioner of Commercial Taxes. By an Order dated 22<sup>nd</sup> March 2006, our Company was directed to deposit Rs.40,00,000/- (Rupees Forty Lacs) by 28<sup>th</sup> March 2006.</p> <p>Our Company also filed a Writ Petition in the High Court of Orissa being W.P.C. No. 5268 of 2006, against the above order of the Commissioner of Commercial Taxes. By an Order dated 8<sup>th</sup> May, 2006, the Court directed our Company to deposit a sum of Rs.10,00,000/- (Rupees Ten lacs) and stayed the realisation of the balance amount till the disposal of the Appeal.</p> <p>By an Order dated 16<sup>th</sup> October 2006 passed by the Assistant Commissioner of Sales Tax, the total amount assessment was enhanced to Rs.77,49,913/- (Rupees Seventy Seven lacs Forty Thousand and Nine Hundred and Thirteen).</p> <p>Our Company filed a second appeal before the Sales Tax Tribunal, Cuttack against the order dated 16<sup>th</sup> October, 2006 and also a stay petition during the pendency of the second appeal.</p> <p>Out of the total amount of Rs.77,49,913/- (Rupees Seventy Seven lacs Forty Thousand and Nine Hundred and Thirteen) our Company has already paid a sum of Rs.20,00,000/- (Rupees Twenty lacs Only).</p> <p>By an order dated 20<sup>th</sup> February 2008, the Commissioner of Sales Tax, Orissa, ordered our Company to pay Rs 15 lacs in two equal instalments.</p> <p>Our Company filed a writ petition bearing No. 3593/2008 before the Hon'ble High Court of Orissa against the aforesaid order.</p> <p>By an order dated 11<sup>th</sup> April 2008, the Hon'ble High Court of Orissa ordered our Company to pay Rs 8 lacs in two equal instalments.</p> <p>Our Company has paid Rs 8,00,000/- (Rupees Eight lacs) in two equal instalments.</p> <p>Thus at present, the amount payable by our company is Rs 49,49,913/-</p>		
7	2003-04 under the Entry tax Act	<p>On November 30, 2004, the Assessing authority completed the assessment in respect of our Company under Section 11 of the Orissa Entry Tax Act, 1999 for the period 2003-04 and determined a sum of Rs.11,22,849/- payable by our Company towards arrears of entry tax. During the course of the assessment, it was found that the Company had not paid the entry tax on purchase of the H.S.D. and chips purchased by the Company from outside the State and therefore the Assessing Authority levied tax @12% on the purchase of the machinery as and by way of entry tax.</p> <p>An appeal bearing No.AA/436/ET/DLD/2004-05 was filed by our Company against the aforesaid order before the Assessing authority. By an Order dated December 20, 2006 the impugned order of assessment was remanded back to the Assessing authority for reassessment.</p> <p>Thus, on the basis of the said assessment Order, a sum of Rs.11,22,849/- (Rupees Eleven lacs Twenty Two Thousand Eight Hundred and Forty Nine Only) is payable by our Company.</p>	N.A.	The matter is pending for reassessment
8	2005-06 and 2006-07 and 2007-08 (part) under the Entry Tax Act	<p>The Assistant Commissioner of Sales Tax vide its assessment order dated 30<sup>th</sup> December 2008 completed the assessment in respect of our Company under Section 9 C of the Orissa Entry Tax Act, 1999 for the period 2005-06 and 2006-07 and 2007-08 (part) and determined a sum of Rs.12,29,825/- payable by our Company towards arrears of entry tax.</p> <p>The above assessment order was challenged by our Company before the Additional Commissioner of Commercial Tax, Central Zone, Cuttack on</p>	Rs 9,83,860/-	The appeal is pending for final hearing and disposal

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		18 <sup>th</sup> June 2009 on the following grounds:  a) The Assessing Authority wrongly charged entry tax in respect of the schedule goods, which were procured from outside the state of Orissa. b) The Assessing Authority wrongly estimated the freight charges at 5 % of the total purchase price despite the fact that our Company purchased the goods from outside the state of Orissa Out of the total amount of Rs.12,29,825 (Rupees Twelve lacs Twenty Nine Thousand and Eight Hundred and Twenty Five) our Company has already paid a sum of Rs.2,45,965/- (Rupees Two lacs Forty Five Thousand and Nine Hundred and Sixty Five).  Thus at present, the amount payable by our Company is Rs 9,83,860/-		
9.	2005-06 and 2006-07 and 2007-08 (part) under Orissa Vat Act, 2004	The Assistant Commissioner of Sales Tax, Angul vide its assessment order dated 30 <sup>th</sup> December 2008 completed the assessment under section 42 of the Orissa VAT Act, 2004 and determined a sum of Rs 18,14,462/- as arrears under VAT  Out of the total amount of Rs.18,14,462 (Rupees Eighteen lacs Fourteen Thousand and Four Hundred and Sixty two) our Company has already paid a sum of Rs.3,62,892/- (Rupees Three lacs Sixty Two Thousand and Eight Hundred and Ninety two).  An appeal was filed by our Company against the aforesaid order before Additional Commissioner of Sales Tax, Central Zone Cuttackon the following grounds :  a) The Assistant Commissioner of Sales tax, Angul Range ("ACST") rejected the book of account of our Company in respect of claim of deductions towards labour and service charges on flimsy ground b) The ACST wrongly disallowed input tax credit to the extent of Rs 5,27,123/- c) The ACST erred in law as it taxed certain railway linking material amounting to Rs 9,17,44,937/- at 12.5 % instead of 4%. Since, the goods were declared goods under Section 14 of the Central Sales Tax, 1956 it ought to be taxed at 4 %. Thus at present, the amount payable by our Company is Rs 14,51,570	Rs 14,51,570	The appeal is pending for final hearing and disposal

#### Cases filed by Our Company

##### *I. Civil Case*

Sr. No.	Proceedings	Parties	Facts of the case	Status of the proceedings
1.	W.P. (C) NO. 6742 OF 2003 in Orissa High Court	ARSS Stones Private Limited vs. GRID Corporation and others	In the year 2000, our Company established a Stone Crusher unit at village Nityanandpur, Orissa. Our Company made an application to the Central Electricity Supply Company of Orissa Limited ("CESCO") requesting it to supply electricity to the said Crusher Unit. Our Company deposited with GRID Corporation a total sum of Rs.12,08,287/- towards supply of electricity to the crusher unit. CESCO directed our Company to install poles covering a distance of 4.00 kms. And other Equipment to enable CESCO to supply electricity at the plant site our Company at a cost of Rs.25,00,000/- . After installation of all the requisite machines and deposit of the amount required by CESCO, our Company entered into a License Agreement with CESCO on 1 <sup>st</sup> February, 2001 for supply of electricity (at 11000 volts) at Nityanandpur Unit for a period of 5 years.  The unit however, received erratic supply of power (i.e. 10 to 12 hours a day), but continued to pay Rs.1,50,000/- per month	GRID Corporation has disconnected power supply to the Nityanandpur unit due to non-payment of bill amount aggregating to Rs.4,02,662 and the matter is pending .

Sr. No.	Proceedings	Parties	Facts of the case	Status of the proceedings
			<p>towards electricity charges. As the situation prevailed, some miscreants stole away the electric wires from the poles connected to the unit and damaged the electric poles as a result of which the power supply to the unit was totally disrupted from May 20, 2002 onwards. Our Company was asked to re-construct the electric line and erect the poles at its own cost on a route which was different and 3 kms. Longer than the existing route. Further, CESCO directed our Company to pay a sum of Rs.7,38,850/- towards electricity bill for the period during which the electricity supply was disrupted. Against the aforesaid directions given by the Asst. General Manager of the CESCO, our Company filed a Writ Application bearing OJC No.8386/2002 before the Hon'ble the Orissa High Court. The Hon'ble High Court stayed the payment of the aforesaid amounts by our Company. However, during the pendency of the said application, CESCO raised further bills for the period during which there was no electric supply in the said crusher unit. Pursuant to the said action of CESCO, our Company filed a Writ Petition bearing No.6742 of 2003 under Articles 226 and 227 of the Constitution of India before Orissa High Court, Cuttack against the Chairman, CESCO, GRID Corporation of Orissa and their respective officials, inter-alia, praying for (i) direction to the GRID Corporation to restore power supply to our Company's industrial unit without requiring our Company to bear the cost of Construction of the Service line (ii) to Compensate the loss sustained by our Company during the period of disconnection of power supply and also not to require our Company to pay the energy charges for the period of disconnection and (iii) to refund the amount invested by our Company towards construction of electric line along with interest within a stipulated period.</p> <p>By an Order dated 19<sup>th</sup> April, 2005, the aforesaid Writ Petition was allowed in part and GRID Corporation was directed to provide power supply to the crusher unit at Nityanandpur within a period of two months from the date of communication of this order subject to our Company fulfilling the required conditions as stated in the Judgment. Our Company was granted liberty to move the Grievance Redressal Forum ("GRF") under the Electricity Act, 2003.</p> <p>In pursuance of the directions of the Orissa High Court, a Consumer Complaint bearing Case No.28/05 was filed by our Company against CESCO and Ors. On 12<sup>th</sup> July, 2005 before the GRF, CESCO, Dhenkanal. In the said Complaint, our Company inter alia prayed for restoration of electricity supply, payment of adequate compensation for the financial loss caused to our Company on account of non-functioning of the crusher unit and declaration to the effect that the bills raised by CESCO illegal.</p> <p>By an Order dated 2<sup>nd</sup> January, 2006, GRF quashed the demand already levied by CESCO on our Company, CESCO and its officers were directed to recast the estimated costs of supply of electricity and adjust the amount which was already deposited by our Company, against the subsequent monthly energy bills. Our Company was also directed to pay all arrears pending till the date of disruption of power supply within 15 days from the date of the order.</p> <p>CESCO restored power supply to the unit on 24<sup>th</sup> August, 2005. Although the electricity supply was restored, our Company was unable to run the crusher unit due to low voltage. Our Company was constantly sustaining heavy losses.</p> <p>Our Company therefore filed another Consumer Complaint bearing Case No.40/05 against CESCO on 22<sup>nd</sup> October, 2005 before the GRF, CESCO, Dhenkanal interlia praying for direction to CESCO for restoration of proper electricity supply of 11000 volts and not to raise further bills without providing proper electricity supply.</p>	

Sr. No.	Proceedings	Parties	Facts of the case	Status of the proceedings
			<p>By an Order dated 2<sup>nd</sup> January, 2006, our Company was directed to take necessary steps for restoration of power supply to the unit in compliance with the formalities prescribed by CESCO. Further, both the parties were directed to take hourly reading of voltage and submit the voltage reading report.</p> <p>On account of non-payment of bills aggregating to Rs.4,02,668/- raised by CESCO in respect of the unit, CESCO served notice dated November 16, 2005 on our Company for disconnection of power supply and pursuant thereto, CESCO disconnected power supply to the said unit.</p> <p>Being aggrieved by the act of CESCO, our Company filed a Complaint against CESCO before the GRF on December 30, 2005 for restoration of electricity supply which was registered as Complaint case bearing No.48/2005 by the Hon'ble forum. By an Order dated January 18, 2006, GRF disposed off the said complaint by directing our Company to pay the amount demanded by CESCO and to immediately avail the electricity supply.</p> <p>On the basis of the aforesaid order, our Company requested the officers of CESCO to restore electricity after depositing a sum of Rs.2,18,215/- with CESCO. However, CESCO insisted upon our Company paying the entire bill amount prior to reconnection of the electric supply.</p> <p>Being aggrieved by the said act of the CESCO, our Company filed another Writ Petition bearing No.7543 of 2006 against CESCO and Ors. In the Hon'ble the High Court of Orissa, praying for restoration of power supply with adequate voltage as per the terms of the Agreement dated 1<sup>st</sup> February, 2001. By an Order dated 13<sup>th</sup> September, 2006, the said Writ Petition was dismissed.</p> <p>An application has been made by our Company under Regulation 7 of the Orissa Electricity Regulatory Commission (Grievance Redressal Forum and Ombudsman) Regulation, 2004 challenging the Order dated January 18, 2006 passed by GRF. Under the said application, our Company has inter alia prayed for quashing the said Order dated January 18, 2006, to quash the monthly bills for the month of May' 01, April and May'02 and the bills issued after restoration of power i.e. August 24, 2007 till the reconnection of power, direction to CESU for reconnection of the supply of electricity.</p> <p>By an order dated 15<sup>th</sup> May 2008 the ombudsman dismissed the aforesaid application as it thought that it would be inappropriate to pass an order during the pendency of writ petition No. 8386 of 2002 and writ petition No. 7941 of 2006</p>	

#### Arbitration proceedings involving Our Company

Sr. No.	Parties	Facts of the case	Status of the proceedings
1	Union Of India ( Claimant) vs ARSS Stones Private Limited...( Respondent)	<p>On 11<sup>th</sup> September, 2001, the Company was awarded by East Coast Railway, Khurda Road ("E.C.Railway") the work project of supply and delivery in stack of 75000 cum hard stone machine crushed ballast of approved quality at Hindol Depot of Khurda Road Division and loading the same into railway wagon under an Agreement dated 7<sup>th</sup> November, 2001 bearing No.138 amounting to Rs.3,64,50,000/- and which work was to be completed within a period of 18 (eighteen) Months ("completion period") from the date of the said award, which period was extended from time to time.</p> <p>After the execution of the said Agreement it was brought to the notice of the said the Company that Price variation clause was deleted. The said modification which was carried out by E.C.Railway was not acceptable by the Company.</p> <p>The amount claimed by the said the Company on account of the price variation</p>	Counter claim was filed by our Company dated 21 <sup>st</sup> August 2009. The proceeding is pending for final hearing. The next date of hearing is 19 <sup>th</sup> February 2010

---

clause is Rs.10,78,165/-.

The above matter was referred to Arbitration in 2003 under the arbitration of Sri. S.L.Gupta, Sri P.Behra, Sri K.J.J.Rao and the same is conducted at Bhubaneswar. Under the said arbitration proceedings, the said Company has claimed a sum of Rs.10,78,165/- along with an interest 18% interest as also cost of arbitration proceedings.

By an award dated 4<sup>th</sup> March 2008, the Arbitrators awarded Rs 4,09,164/- to our company.

By an Arbitration Petition bearing no.162/2008, the Union of India filed an appeal U/s 34 of Arbitration and Conciliation Act, 1996 for setting aside the aforesaid order before the District Judge, Khurda

---

2	ARSS stones Private Limited v/s Sri Divisional Engineer, East Coast Railway/Khurda Road acting for an on behalf of President of India	<p>On 22<sup>nd</sup> April 2004, East Coast Railway, Khurda Road ("<b>E.C.Railway</b>") awarded our Company the work project of supply and stacking of hard stone machine crushed track ballast of approved quality and conforming to railways specification at KUR Depot and loading the same into railway wagons under a letter of acceptance dated 14<sup>th</sup> September 2004 amounting to Rs 85,80,000 and which work was to be completed within a period of 6 (six) months</p>	<p>The amount claimed is Rs 72,46,222/- and the next date of partly heard on 17<sup>th</sup> July 2009. The next date of hearing has not been communicated. Considering the nature and size of the claim and to maintain healthy relationship with the railway administration, management agreed to settle the matter across the table and consequently the claims are under process of settlement</p>
		<p>However due to certain delay on the part of E.C.Railway, the project was extended till 27<sup>th</sup> March 2006. Our Company incurred extra expenditure for the prolongation of the work .</p> <p>The amount claimed by the said our Company on account of the delay amounted to Rs 72,46,222/-</p> <p>By a letter dated 4<sup>th</sup> September 2008, the General Manager of E.C Railway appointed Mr. S Jani, Sr. Divn. Safety officer, KUR as the sole arbitrator in the above matter.</p> <p>The claim statement and counter statement of E.C Railway has been filed before the arbitrator</p>	

---

#### Notices received by our company

Our Company has received Notices from Registrar of Companies, Orissa seeking certain clarifications and explanations with respect to the compliance of provisions of the Companies Act.

- I. A Notice bearing No.AROC/C/TS/03/6230/2007/2926 dated September 28, 2007 has been served by the AROC upon our Company under section 234 (1) of Companies Act. The AROC has sought certain information and clarifications from our Company relating to certain alleged violations of the provisions of the Companies Act. Such clarifications were sought by AROC on the basis of the Balance Sheet of our Company for the year ending March 31, 2006. In the said Notice the AROC has sought clarifications as regards the alleged violation of the following provisions of the Companies Act:
  - (i) Section 147: non-publication of the address of the registered office of the Company in the Notice of the Annual General Meeting;
  - (ii) Section 269: computation of managerial remuneration in accordance with the provisions of Schedule XIII of the Companies Act;
  - (iii) Section 383A: the non-signing of the balance sheet and profit and loss account by the Company Secretary;
  - (iv) Section 255 and 256: particulars of appointment of directors in accordance with the said provisions;
  - (v) Section 293 (1) (d): borrowed the in excess of paid up capital and free reserve without taking prior consent of the shareholders under section 293(1)(d) ;
  - (vi) Section 58A read with (Acceptance of Deposits) Rules, 1975: particulars of compliance with the provisions of the said section in the course of acceptance of deposits as and by way of unsecured loans from the directors and members;
  - (vii) Section 297/299/301: business transactions undertaken by the Company with firms and group companies;
  - (viii) Section 211: non-compliance with the Accounting Standards issued by the Chartered Accountant of India viz: disclosure of contingent liabilities (AS-29), change in the depreciation method of from Written Down Value to Straight line method (AS-6), disclosure of benefits such as gratuity, leave encashment (AS-15) and Accounting for construction activities (AS-7);
  - (ix) Section 154(1): Closure of the Shareholders register from 24.07.06 up to 02.08.06 without issuing previous notice by advertisement.
  - (x) Section 372 A: particulars of compliance with the provisions of Section 372A the inter-corporate loans are made within the limits provided.
  - (xi) Section 295: compliance with the provisions of the said section in relation to loans advanced by our Company to the directors;
  - (xii) Section 75 read with Unlisted Public Companies (Preferential Allotment) Rules 2003 and section 81: Further issue of shares;
  - (xiii) Section 314 (IB): compliance with the provisions of the said section in relation to remuneration paid to employees who are related to the directors of our Company ;
  - (xiv) Section 211 read



Schedule VI of the Companies Act, 1956: whether true and fair disclosure has been made in respect of the utilization of funds, disclosure of the names of Small Scale Industries, charges levied by NBFC etc.

In response to the said notice, we have given the clarifications in relation to the alleged violations by the letter dated October 23, 2007. Our Company has in its reply to the AROC, stated that it was a private limited company during the period in relation to which the violations have been alleged and therefore some of the above sections may not be applicable to our Company. No further communication has been received by our Company from the ROC.

- II. Another Notice bearing No.AROC/C/TS/03/6230 /2008/4381 dated January 23, 2008 has been served by the AROC upon our Company. The AROC has sought certain information and clarifications from our Company relating to certain alleged violations of the following provisions of the Companies Act, based on the Balance Sheet of our Company for the year ending March 31, 2007:

(i) Section 309(4)(b) and 349: computation of the provisions of the said section in relation to commission paid to the non-executive directors; (ii) Section 297(1): compliance with the provisions of the said section in relation to contracts in which directors are interested; (iii) Section 314 (IB): compliance with the provisions of the said section in cases where the remuneration has been paid to the relatives of the director/s of our Company .

By its letter dated February 8, 2008, our Company has, in response to the said notice, given clarifications in relation to alleged violations. However, no further communication has been received by our Company from the ROC.

- III. Another Notice bearing No. AROC-C/6230/2008/4906 dated 25th February 2008 has been served by the AROC upon our Company for investigation of an alleged violation of Sections 309(4)(b), 297, 314(IB) of the Companies Act, 1956 and the following additional information was required

(i) Photocopy of minutes book of board meeting and general meeting for last 4 years; (ii) Photocopy of contract agreements and documents executed between company and its directors; (iii) Details of guarantee commission paid to non executive director; (iv) Status of compliance of Director's relative (office or place of profit) Rules 2003

By its letter dated April 2, 2008, our Company has given the clarifications in response to the said notice. Our Company has in its reply to the AROC, annexed a copy of contracts executed between the company and its directors and have given details of guarantee commission paid to the Directors. The company further clarified that none of the cases in the company attracted the provisions of Section 314 (IB) read with Directors relative (office of profits), Rules, 2003.

- IV. Another Notice bearing No. ROC-C/6230/2008/1004 dated 12th June 2008 has been served by the AROC upon our Company. The notice warned the company to strictly comply with the provisions of Section 215(i)(ii) and section 154(1) of the Companies Act, 1956 in future cases. The same was the caution notice to us.

## B. OUTSTANDING LITIGATIONS, DEFAULTS, ETC. INVOLVING OUR PROMOTERS/DIRECTORS

### I. Cases filed against our Director

#### *Criminal Cases*

Sr. No.	Proceedings/ Complaints And Court	Parties	Brief description of cases	Status of the proceedings
1.	Criminal Miscellaneous Case no.1666/2006  Learned Sub-divisional Judicial Magistrate, Bhubaneswar	State of Orissa ... Complainant v/s Dhadu alias artatrana Pradhan and others....Accused	An FIR had been lodged by Nayapalli Police Station on April 18, 2005 in relation to the murder of one Rubu alias Subash Chandra Das and a charge sheet was filed in the Court of the Learned Sub-divisional Judicial Magistrate, Bhubaneswar inter-alia, accusing several persons of the murder of one Rubu alias Subash Chandra Das. On the basis of a statement given by three witnesses, to the effect that they had overheard a conversation by the deceased about there being a threat to his life from several contactors including Mr. Subash Agarwal, our Promoter and Director, a second Charge Sheet dated January 11, 2006 was filed by the Crime Branch wherein Mr. Subash Agarwal has also been accused of the crime under Sections 34, 109, 120-B and 302 of the Indian Penal Code, 1860 and under Sections 25 and 27 of the Arms Act 1959	The said case is pending for final hearing and disposal

#### *Civil Case against Director*

Sr. No.	Proceedings/ Complaints And Court	Parties	Brief description of cases	Status of the proceedings
1	WMC No.1/2009  Additional District Magistrate, Kandhamal, Phulabani	Smt. Sumati Malik vs. Rajesh Agarwal	Petition is filed under section 22 of the W.C.A, read with rule 20 of W.C.R by the Petitioner claiming compensation for the injuries sustained in the course of employment. Notice was issued by the Additional District, Magistrate, Kandhamal Phulabani bearing No. 1630 dated 12 <sup>th</sup> October 2009 requiring Mr. Rajesh Agarwal to appear on 22 <sup>nd</sup> October 2009	Claim of Compensation is Rs 60,000. The next hearing is scheduled on 21 <sup>st</sup> January 2010
2	WMC No.2/2009  Additional District Magistrate, Kandhamal, Phulabani	Bhagyani Naik vs. Rajesh Agarwal	Petition is filed under section 22 of the W.C.A, read with rule 20 of W.C.R by the Petitioner claiming compensation for the injuries sustained in the course of employment. Notice was issued by the Additional District, Magistrate, Kandhamal Phulabani bearing No. 1631 dated 12 <sup>th</sup> October 2009 requiring Mr. Rajesh Agarwal to appear on 22 <sup>nd</sup> October 2009	Claim of Compensation is Rs 60,000. The next hearing is scheduled on 21 <sup>st</sup> January 2010
3	WMC No.3/2009  Additional District Magistrate, Kandhamal, Phulabani	Kala Kahanu Behera vs. Rajesh Agarwal	Petition is filed under section 22 of the W.C.A , read with rule 20 of W.C.R by the Petitioner claiming compensation for the injuries sustained in the course of employment. Notice was issued by the Additional District, Magistrate, Kandhamal Phulabani bearing No. 1632 dated 12 <sup>th</sup> October 2009 requiring Mr. Rajesh Agarwal to appear on 22 <sup>nd</sup> October 2009	Claim of Compensation is Rs 1,00,000. The next hearing is scheduled on 21 <sup>st</sup> January 2010
4	WMC No.4/2009  Additional District Magistrate, Kandhamal, Phulabani	Jayaswar Dallachatra vs. Rajesh Agarwal	Petition is filed by the petitioner claiming compensation for injuries sustained in the course of employment. Notice was issued by the Additional District, Magistrate, Kandhamal Phulabani bearing No. 1550 dated 1 <sup>st</sup> October 2009 requiring Mr. Rajesh Agarwal to appear on 15 <sup>th</sup> October 2009	Claim of Compensation is Rs 1,00,000. The next hearing is scheduled on 21 <sup>st</sup> January 2010

## C. OUTSTANDING LITIGATIONS, DEFAULTS, ETC INVOLVING OUR GROUP ENTITIES AND JOINTVENTURES

### Statutory claims against our group entities

Sales Tax proceedings against M/s. Anil Agarwal

Sr. No.	ASSESSMENT YEAR	CONTENTS	Amount payable as of date	Status of the proceedings
1.	1999- 2000 (under section 12(4) and 12 (8) of the Orissa Sales Tax Act) for Jagatsinghpur District	<p>The Sales tax authorities served a notice on M/s. Anil Agarwal under section 12 (4) of the Orissa Sales Tax Act, 1947 for the Assessment Year 1999-2000. The sales Tax Officer completed the assessment on March 24, 2003 allowing a refund of Rs.1,43,436/-.</p> <p>M/s. Anil Agarwal executed various work contracts for South Eastern Railway including construction of foundation, sub-structure and super structure prestressed concrete and girder bridges. On scrutiny of the Agreements of earthwork contract placed on record by M/s. Anil Agarwal and executed in the District of Jagatsinghpur, Orissa, Accountant General ("A.G.") Audit Party alleged that the agreements involved the transfer of goods as well as labour and that the deduction of 90% from the gross turn over which was allowed towards labour and service charges of labour was irregular. In the course of assessment proceedings, A.G. Audit Party determined a sum of Rs.4,89,775/- as unpaid balance amount of tax and surcharge payable towards arrears of sales tax.</p> <p>Accordingly, the proceedings were reopened under section 12(8) of the Orissa Sales Tax Act, 1947. As no representative of M/s. Anil Agarwal was present at the time of hearing, the Assessment Officer passed an order ex-parte. By an Assessment Order dated January 4, 2006, M/s. Anil Agarwal was directed to pay to the Sales Tax department a sum of Rs.4,89,775/- within thirty days from the date of the order.</p> <p>An Appeal bearing No .AA/106/CU-II-J/2006-07 has been filed by M/s. Anil Agarwal against the aforesaid Order before the Assistant Commissioner of Sales Tax, Jagatsinghpur on August 23, 2006.</p> <p>The said appeal is pending for hearing and final disposal.</p> <p>Thus at present, the amount payable by M/s. Anil Agarwal is Rs.4,89,775/- and any penalty that may be levied by the Sales Tax department for delaying the payment of the said amount.</p>	Rs.4,89,775/-	1st appeal is pending for final disposal
2.	2002-2003 (under section 12(4) of the Orissa Sales Tax Act) for Bhubaneswar	<p>The Sales tax authorities served a notice on M/s. Anil Agarwal under section 12 (4) of the Orissa Sales Tax Act, 1947 for the assessment year 2002-03 and thereafter examined the books of accounts in detail. M/s. Anil Agarwal executed work contract for railway authorities including sub-structure work of bridge, earth work, supply and stacking of hard stone ballast, transportation of steel structure, laying of track, supplying of hard stone ballast. The Sales Tax Authorities have alleged that M/s. Anil Agarwal had not produced detailed books of accounts.</p> <p>On March 31, 2006, STO made an Assessment under S.12 (4) of the Orissa Sales Tax Act, 1947 of M/s. Anil Agarwal and in the course of assessment proceedings, raised an extra demand of Rs.39,68,400/- of sales tax including the surcharge . The demand for payment of sales tax has been raised by the sales tax authorities on account of reduction in the allowance of labour and service charges incurred by the M/s. Anil Agarwal from 47% to 37%, disallowance of claim pertaining to transportation charges and treatment of laying of track including supply and spreading of stone ballast, as supply contract and not works contract.</p> <p>An Appeal bearing No.AA.174/BH-II/06-07 was filed by M/s. Anil Agarwal against the order of the said STO before the Assistant Commissioner of Sales Tax.</p> <p>During the pendency of the First appeal, M/s. Anil Agarwal filed a Stay Petition in the said Appeal against the Assessment Order dated March 31, 2006 praying for stay on realization of Rs.39,68,400/- . By an Order dated August 31, 2006 passed by the Assistant Commissioner of Sales Tax, a conditional order was passed whereby M/s. Anil Agarwal was directed to pay a sum of Rs.25,00,000/- by September 20, 2006 and the said petition was disposed off.</p> <p>M/s. Anil Agarwal filed a Review Petition against the Conditional Order dated August 31, 2006 passed by Assistant Commissioner of Sales Tax praying for grant of interim stay on realisation of the sales</p>	Rs.23,86,716/-	2nd appeal is pending for final disposal

Sr. No.	ASSESSMENT YEAR	CONTENTS	Amount payable as of date	Status of the proceedings
		<p>tax amount determined by the STO.</p> <p>By an Order dated March 6, 2007 in an Appeal bearing No.AA.174/BH-II/06-07, the Assistant Commissioner of Sales Tax reduced the amount payable as tax from Rs.39,68,400/- to Rs.23,86,716/- and directed M/s. Anil Agarwal to pay a sum of Rs.23,86,716/- and the said appeal was accordingly disposed off.</p> <p>The Second Appeal has been preferred by M/s. Anil Agarwal against the Order dated March 29, 2007, before the Assistant Commissioner of Sales Tax, Bhubaneswar and the same is pending for hearing and final disposal.</p> <p>Thus, at present, the amount payable by M/s. Anil Agarwal is Rs.23,86,716/-.</p>		
3.	2003-2004 (under section 12(4) of the Orissa Sales Tax Act) for Bhubaneswar	<p>The Sales tax authorities served a notice on M/s. Anil Agarwal under section 12(4) of the Orissa Sales Tax Act, 1947 for the Assessment Year 2003-04 and thereafter examined the books of accounts in detail. M/s. Anil Agarwal executed various work contracts for South Eastern Railways, Railway Electrification, Bhubaneswar and IRCON International Limited during the year FY 2002-03 including earth work, minor bridges, laying of tracks, supply and spreading of hard stone ballast. The Sales Tax Authorities alleged that M/s. Anil Agarwal had not maintained the books of accounts properly and therefore the STO could not ascertain the labour and services charges and the quantum of ballast supply as disclosed in the books of accounts maintained by M/s. Anil Agarwal.</p> <p>On September 19, 2006, the STO made an Assessment under S. 12(4) of the Orissa Sales Tax Act, 1947 of M/s. Anil Agarwal and in the course of assessment proceedings raised an extra demand of Rs.39,20,759/- of sales tax including the surcharge. The demand for payment of sales tax has been raised by the sales tax authorities on account of reduction in the allowance of labour and service charges incurred by the M/s. Anil Agarwal and misclassification of the amount between supply contract and works contract.</p> <p>An Appeal bearing No.AA.318/BH-II/06-07 was filed by M/s. Anil Agarwal against the order of the said STO before the Assistant Commissioner of Sales Tax. By an Order dated February 15, 2007, the said appeal was allowed in part and tax determined by the STO during the assessment was reduced from Rs.39,20,759/- to a sum of Rs.28,74,540/-. The assessing officer was further directed to verify the record &amp; allow the TDS &amp; recomputed the tax payable by the appellant in one month.</p> <p>The Second Appeal has been preferred by M/s. Anil Agarwal against the Order dated February 15, 2007 before the Assistant Commissioner of Sales Tax, Bhubaneswar. The said appeal is pending for hearing and final disposal.</p> <p>Thus at present, the amount payable by M/s. Anil Agarwal Rs.28,74,540/-.</p>	Rs.28,74,540/-	2nd appeal is pending for final disposal & recomputed the TDS Amount.
4.	2004-2005 (under section 12(4) of the Orissa Sales Tax Act) for Bhubaneswar	<p>The Sales tax authorities served a notice on M/s. Anil Agarwal under section 12(4) of the Orissa Sales Tax Act, 1947 for the Assessment Year 2004-05 and thereafter examined the books of accounts in detail. M/s. Anil Agarwal executed various work contracts for South Eastern Railways during the year FY 2003-04 including bridgework and supply and stacking of machine crushed hard stone. The Sales Tax Authorities alleged that M/s. Anil Agarwal had not maintained the books of accounts properly and therefore the STO could not ascertain the labour and services charges as disclosed in the books of accounts maintained by M/s. Anil Agarwal. Further, there was sale of machinery known as Light Diesel Oil ("LDO") and Bitumen in the said FY, the profits of which were allegedly not disclosed by M/s. Anil Agarwal.</p> <p>On 05.09.2007, the STO made an Assessment under S. 12(4) of the Orissa Sales Tax Act, 1947 of M/s. Anil Agarwal and in the course of assessment proceedings, raised an extra demand of Rs.19,91,415/- of sales tax including the surcharge. The demand for payment of sales tax has been raised by the sales tax authorities on account of reduction in the allowance of labour and service charges incurred by the M/s. Anil Agarwal and calculation of the profits earned by</p>	N/A	The matter is pending for reassessment

Sr. No.	ASSESSMENT YEAR	CONTENTS	Amount payable as of date	Status of the proceedings
		<p>M/s. Anil Agarwal out of the sale of LDO and Bitumen.</p> <p>An Appeal bearing No.AA/125/BH-II/97-98 has been filed by M/s. Anil Agarwal against the order of the said STO before the Assistant Commissioner of Sales Tax on December 1, 2007.</p> <p>By an order dated 30<sup>th</sup> September 2008, the order of assessment was set aside and a re-assessment was ordered.</p>		

#### **Sales Tax proceedings against M/s. Hindustan Construction**

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
1.	1996-1997 (under section 12(5) of the Orissa Sales Tax Act) for Keonjhar District	<p>The Sales tax authorities served a notice on M/s. Hindustan Construction under section 12 (5) of the Orissa Sales Tax Act, 1947 for the Assessment Year 1996-1997 and thereafter examined the books of accounts in detail. M/s. Hindustan Construction executed various work contracts for South Eastern Railway ("S.E.Rly") including supply and stacking of hand broken hard stone ballast at Daitari, Banspani. The Sales Tax Authorities alleged that M/s. Hindustan Construction failed to produce detailed books of accounts.</p> <p>On December 27, 1999, the Sales Tax Officer ("STO") made an Assessment under S.12 (5) of the Orissa Sales Tax Act, 1947 of M/s. Hindustan Construction and in the course of assessment proceedings, raised an extra demand of Rs. 14,30,084/- of sales tax including the surcharge and penalty. The demand for payment of sales tax has been raised by the sales tax authorities on account of inclusion of charges of royalty, sales tax, octroi and other overhead expenses in all the contracts, which were allegedly not disclosed by M/s. Hindustan Construction in the books of accounts. The STO allowed the aforesaid charges and expenses as deduction after estimating them as 17.88% for the year 1996-1997 as gross payment so as to determine the value of goods supplied.</p> <p>An Appeal bearing No.AA-505/KJ/39-2000 was filed by M/s. Hindustan Construction against the order of the said STO before the Assistant Commissioner of Sales Tax. During the pendency of the First Appeal, M/s. Hindustan Construction filed a Revision Petition bearing No.CU-II-I/2000-2001 before the Additional Commissioner of Sales Tax, Keonjhar against the Assessment Order.</p> <p>By an Order May 20, 2000 passed in the Revision Petition, M/s. Hindustan Construction was directed to pay Rs.4,00,000/- and the payment of the balance amount was stayed till the final disposal of the first Appeal.</p> <p>Pursuant to this M/s. Hindustan Construction filed a Writ Petition bearing No.OJC-15126/2001 on January 22, 2001 in the Honourable High Court of Orissa against the Order dated May 20, 2000 passed by the Commissioner of Sales Tax.</p> <p>By an Order dated November 21, 2001, passed in the said Writ Petition, the amount to be deposited with the Sales Tax Authorities was reduced to Rs.3,00,000/- and the payment of the balance amount was stayed till the final disposal of the first Appeal.</p> <p>An Order dated December 29, 2001 was passed by the Assistant Commissioner of Sales Tax in the aforesaid Appeal bearing No. AA 505/KJ/39-2000 wherein it was held that the penalty imposed u/s 12(5) of the OST Act by the learned STO is very low with reference to the tax dues payable by M/s. Hindustan Construction and the assessment was modified u/s 23(2) (a) of the OST read with rule 50(3) and the total tax payable was enhanced to be Rs.21,66,888/-.</p> <p>The Second Appeal has been filed by M/s. Hindustan Construction against the aforesaid Order dated December 29, 2001 before the Sales Tax Appellate Tribunal on March 20, 2002.</p>	Rs. 21,66,888/-	2nd appeal is pending for hearing and final disposal

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		<p>M/s. Hindustan Construction then filed a Stay Petition on March 20, 2002 against the Order passed in the First Appeal by the Assistant Commissioner of Sales Tax on December 29, 2001. Before the commissioner of Sale Tax, Orissa. Seeking full stay on the realization of the dues demanded by the sales Tax Authorities.</p> <p>By an Order dated March 22, 2002, the Commissioner of Sales Tax on considering the Revision Case No. II-AST-226/2001-2002 ordered M/s. Hindustan Construction to make an interim payment of a sum of Rs.5,00,000/- and the payment of the balance amount was stayed till the disposal of the Second Appeal. The said appeal is pending for final hearing and disposal.</p> <p>Thus at present, the amount payable by M/s Hindustan Construction is Rs. 21,66,888/-.</p>		
2.	1997-1998 (under section 12(5) of the Orissa Sales Tax Act) for Keonjhar District	<p>The Sales tax authorities served a notice on M/s. Hindustan Construction under section 12 (5) of the Orissa Sales Tax Act, 1947 for the Assessment Year 1997-1998 and thereafter examined the books of accounts in detail. M/s. Hindustan Construction executed various work contracts for Railways including breaking and stacking 50mm size machine crushed hard stone ballast. The Sales Tax Authorities alleged that M/s. Hindustan Construction failed to produce detailed books of accounts.</p> <p>On December 27, 1999, STO made an Assessment under S.12 (5) of the Orissa Sales Tax Act, 1947 of M/s. Hindustan Construction and in the course of assessment proceedings, raised an extra demand of Rs.6,00,611/- of sales tax including the surcharge and penalty. The demand for payment of sales tax has been raised by the sales tax authorities on account of inclusion of charges of royalty, sales tax, octroi and other overhead expenses in all the contracts which were allegedly not disclosed by M/s. Hindustan Construction in the books of accounts. The STO allowed the aforesaid charges and expenses as deduction after estimating them as 16.75% for the year 1997-1998 as gross payment so as to determine the value of goods supplied.</p> <p>An Appeal bearing No. AA 506/KJ/39-2000 was filed by M/s. Hindustan Construction against the order of the said STO before the Assistant Commissioner of Sales Tax. During the pendency of the First Appeal, M/s. Hindustan Construction filed a Revision Petition bearing No.CU-II-I/2000-2001 before the Additional Commissioner of Sales Tax, Keonjhar against the Assessment Order.</p> <p>By an Order dated May 20, 2000 passed in the Revision, Petition, M/s. Hindustan Construction was directed to pay Rs.4,00,000/- and the payment of the balance amount was stayed till the final disposal of the first Appeal.</p> <p>Pursuant to this M/s. Hindustan Construction filed a Writ Petition bearing No.OJC-15126/2001 on January 22, 2001 in the Honourable High Court of Orissa against the Order dated May 20, 2000 passed by the Commissioner of Sales Tax on.</p> <p>By an Order dated November 21, 2001, passed in the said Writ Petition, the amount to be deposited with the Sales Tax Authorities was reduced to Rs.3,00,000/- and the payment of the balance amount was stayed till the final disposal of the first Appeal.</p> <p>An Order dated December 29, 2001 was passed by the Assistant Commissioner of Sales Tax in the aforesaid Appeal bearing No. AA 505/KJ/39-2000 wherein it was held that the penalty imposed u/s 12(5) of the OST Act by the learned STO is very low with reference to the tax dues payable by M/s. Hindustan Construction and the assessment was modified u/s 23(2) (a) of the OST read with rule 50(3) and the total tax payable was enhanced to be Rs 8,86,789/-</p>	Rs. 8,86,789/-	2nd appeal is pending for hearing and final disposal

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		<p>The Second Appeal has been filed by M/s. Hindustan Construction against the aforesaid Order dated December 29, 2001 before the Sales Tax Appellate Tribunal on March 20, 2002.</p> <p>M/s. Hindustan Construction then filed a Stay Petition on March 20, 2002 against the Order passed in the First Appeal by the Assistant Commissioner of Sales Tax on December 29, 2001. Before the commissioner of Sale Tax, Orissa. Seeking full stay on the realization of the dues demanded by the sales tax authorities.</p> <p>By an Order dated March 22, 2002, the Commissioner of Sales Tax on considering the Revision Case No. II-AST-226/2001-2002 ordered M/s. Hindustan Construction to make an interim payment of a sum of Rs.5,00,000/- and the payment of the balance amount was stayed till the disposal of the Second Appeal. The said appeal is pending for final hearing and disposal.</p> <p>Thus at present, the amount payable by M/s Hindustan Construction is Rs. 8,86,789/-.</p>		
3.	1998-1999 (under section 12(5) of the Orissa Sales Tax Act) for Keonjhar District	<p>The Sales tax authorities served a notice on M/s. Hindustan Construction under section 12 (5) of the Orissa Sales Tax Act, 1947 for the Assessment Year 1998-1999 and thereafter examined the books of accounts in detail. M/s. Hindustan Construction executed various work contracts for Railways including breaking and stacking 50mm size machine crushed hard stone ballast. The Sales Tax Authorities alleged that M/s. Hindustan Construction failed to produce detailed books of accounts.</p> <p>On December 27, 1999, STO made an Assessment under S.12 (5) of the Orissa Sales Tax Act, 1947 of M/s. Hindustan Construction and in the course of assessment proceedings, raised an extra demand of Rs.5,00,826/- of sales tax including the surcharge and penalty. The demand for payment of sales tax has been raised by the sales tax authorities on account of inclusion of charges of royalty, sales tax, octroi and other overhead expenses in all the contracts which were allegedly not disclosed by M/s. Hindustan Construction in the books of accounts. The STO allowed the aforesaid charges and expenses as deduction after estimating them as 16.75% for the year 1998-1999 as gross payment so as to determine the value of goods supplied.</p> <p>An Appeal bearing No. AA 507/KJ/39-2000 was filed by M/s. Hindustan Construction against the order of the said STO before the Assistant Commissioner of Sales Tax. During the pendency of the First Appeal, M/s. Hindustan Construction filed a Revision Petition bearing No.CU-II-I/2000-2001 before the Additional Commissioner of Sales Tax, Keonjhar against the Assessment Order.</p> <p>By an Order May 20, 2000 passed in the Revision, Petition, M/s. Hindustan Construction was directed to pay Rs.4,00,000/- and the payment of the balance amount was stayed till the final disposal of the first Appeal.</p> <p>Pursuant to this M/s. Hindustan Construction filed a Writ Petition bearing No.OJC-15126/2001 on January 22, 2001 in the Honourable High Court of Orissa against the Order dated May 20, 2000 passed by the Commissioner of Sales Tax on.</p> <p>By an Order dated November 21, 2001, passed in the said Writ Petition, the amount to be deposited with the Sales Tax Authorities was reduced to Rs.3,00,000/- and the payment of the balance amount was stayed till the final disposal of the first Appeal.</p> <p>An Order dated December 29, 2001 was passed by the Assistant Commissioner of Sales Tax in the aforesaid Appeal bearing No. AA</p>	Rs.7,40,319/-.	2nd appeal is pending for hearing and final disposal

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		<p>507/KJ/39-2000 wherein it was held that the penalty imposed u/s 12(5) of the OST Act by the learned STO is very low with reference to the tax dues payable by M/s. Hindustan Construction and the assessment was modified u/s 23(2) (a) of the OST read with rule 50(3) and the total tax payable was enhanced to be Rs 7,40,319/-.</p> <p>The Second Appeal has been filed by M/s. Hindustan Construction against the aforesaid Order dated December 29, 2001 before the Sales Tax Appellate Tribunal on March 20, 2002.</p> <p>M/s. Hindustan Construction then filed a Stay Petition on March 20, 2002 against the Order passed in the First Appeal by the Assistant Commissioner of Sales Tax on December 29, 2001. Before the commissioner of Sale Tax, Orissa. Seeking full stay on the realization of the dues demanded by the sales tax authorities.</p> <p>By an Order dated March 22, 2002, the Commissioner of Sales Tax on considering the Revision Case No. II-AST-226/2001-2002 ordered M/s. Hindustan Construction to make an interim payment of a sum of Rs.5,00,000/- and the payment of the balance amount was stayed till the disposal of the Second Appeal. The said appeal is pending for hearing and final disposal.</p> <p>Thus at present, the amount payable by M/s Hindustan Construction is Rs.7,40,319/-.</p>		
4.	1995- 1996 (under section 12(4) and 12 (8) of the Orissa Sales Tax Act) for Puri District	<p>The Sales tax authorities served a notice on M/s. Hindustan Construction under section 12 (4) of the Orissa Sales Tax Act, 1947 for the Assessment Year 1995-1996. M/s. Hindustan Construction executed various work contracts for S.E. Rly including supply, delivery, transportation, stacking and spreading of 50mm size and broken ballast. M/s. Hindustan Construction could not produce the accounts reflecting the payment towards labour charges for the contract executed with S.E.Rly in the District of Khurda, Orissa. By an Assessment Order dated March 15, 1997, the STO determined Rs.52,494/- as unpaid balance amount of tax and surcharge payable towards arrears of sales tax. In the course of assessment proceedings, A.G. Audit Party confirmed the Assessment Order.</p> <p>M/s. Hindustan Construction preferred an Appeal bearing No. AA.34 (PUII) 97-98 before the Assistant Commissioner of Sales Tax against the demand of Rs.52,494/- raised under the assessment order under section 12(4) of the Act. By an Order dated May 14, 1998, the said Appeal was dismissed and the demand for sales tax of Rs.52,494/- was confirmed.</p> <p>Pursuant the objections raised by the A.G. Audit Party, the original assessment order passed under section 12(4) of the Act was reopened under section 12(8) of the Act. As none of the representative of M/s. Hindustan Construction was present at the time of hearing, the STO passed an assessment order ex-parte and raised a demand of Rs.8,83,012/-.</p> <p>M/s. Hindustan Construction preferred an Appeal bearing No.AA.14 (PUII) 2000-2001 before the Assistant Commissioner of Sales Tax against the demand of Rs.8,83,012/- raised in the order under section 12(8) of the Act.</p> <p>During the pendency of the First appeal, M/s. Hindustan Construction filed a Stay Petition in the said Appeal against the Assessment Order praying for stay on realization of Rs.8,83,012/-. By an Order No. 874(2)/CT dated May 24, 2000, passed by the Assistant Commissioner of Sales Tax, a conditional order was passed whereby M/s. Hindustan Construction was directed to pay a sum of Rs.1,00,000/- by 16th June, 2000 and the said petition was disposed off.</p>	Rs.6,83,012,-/	The company is considering to file an appeal before Hon'ble High Court of Orissa.



Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		<p>By an Order dated 8th December, 2000 in the aforesaid appeal bearing No.AA.14 (PUII) 2000-2001, the Appeal was dismissed and the sum of Rs.8,83,012/- payable under the assessment order was confirmed.</p> <p>The second Appeal bearing No.1593/2000-01 was preferred by M/s. Hindustan Construction against the aforesaid Order before the Sales Tax Appellate Tribunal, on March 8, 2001.</p> <p>However, the aforesaid appeal got disposed and the 1<sup>st</sup> order of the Appellate Authority was confirmed vide order dated 22<sup>nd</sup> December 2008. Our Company has deposited Rs 3,00,000/- Thus at present, the amount payable by M/s Hindustan Construction is Rs 5,83,012/-</p>		
5.	1996- 1997 (under section 12(4) of the Orissa Sales Tax Act) for Puri District	<p>The Sales tax authorities served a notice on M/s. Hindustan Construction under section 12 (4) of the Orissa Sales Tax Act, 1947 for the Assessment Year 1996-1997. The sales Tax Officer completed the assessment on January 9, 1998 allowing a refund of Rs.1,788/-. M/s. Hindustan Construction executed various work contracts of supplying and spreading of hand broken ballast to railways. On scrutiny of the Agreements placed on record by M/s. Hindustan Construction, the Accountant General ("A.G.") Audit Party alleged that the agreements involved the transfer of goods as well as labour and that the deduction from the gross turn over which was allowed towards labour and service charges of labour was irregular. In the course of assessment proceedings, A.G. Audit Party determined a sum of Rs.4,12,951/- as unpaid balance amount of tax and surcharge payable towards arrears of sales tax.</p> <p>Accordingly, the proceedings were reopened under section 12(8) of the Orissa Sales Tax Act, 1947. As no representative of M/s. Hindustan Construction was present at the time of hearing, Assessment Officer passed an assessment order ex-parte. By an Assessment Order dated 31st January, 2000, M/s. Hindustan Construction was directed to pay to the Sales Tax department a sum of Rs.4,12,951/-.</p> <p>M/s. Hindustan Construction preferred an Appeal bearing No.AA.15 (PU-II of 2000-01) against the demand of Rs.4,12,951/-.</p> <p>During the pendency of the First appeal, M/s. Hindustan Construction filed a Stay Petition in the said Appeal against the Assessment Order praying for stay on realization of Rs.4,12,951/-. By an Order dated May 24, 2000, passed by the Assistant Commissioner of Sales Tax, a conditional order was passed whereby M/s. Hindustan Constructions was directed to pay a sum of Rs.1,00,000/- by 16th June, 2000 and the said petition was disposed off.</p> <p>By an Order dated February 9, 2001 in the aforesaid appeal, the Assistant Commissioner of Sales Tax dismissed the said appeal and confirmed the demand raised in the Assessment Order.</p> <p>The Second Appeal bearing No.336/2001-02 has been filed by M/s. Hindustan Construction against the aforesaid Order before the Sales Tax Appellate Tribunal on June 18, 2001. The said appeal is pending for hearing and final disposal.</p> <p>Thus at present, the amount payable by M/s Hindustan Construction is Rs. 4,12,951/-.</p>	Rs. 4,12,951/-.	2 <sup>nd</sup> appeal is pending for hearing and final disposal
6.	1997- 1998 (under section 12(4) of the Orissa Sales Tax Act) for Puri District	<p>The Sales tax authorities served a notice on M/s. Hindustan Construction under section 12 (4) of the Orissa Sales Tax Act, 1947 for the Assessment Year 1997-1998. M/s. Hindustan Construction executed various work contracts for S.E. Rly. As M/s. Hindustan Construction was not able to appear and produce the books of accounts before the learned Sales Tax Officer, the assessment order was passed ex-parte wherein a demand of Rs.10,33,825/- was raised on account of an amount of Rs.1,06,28,163 received by M/s. Hindustan Construction from S.E. Rly for the supply of hand broken</p>	Rs. 10,33,825/-.	2nd appeal is pending for hearing and final disposal

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
		ballast in the FY 1996-1997 being included in the Total Turn Over, which was not reflected in the books of accounts of M/s. Hindustan Construction.		
		M/s. Hindustan Construction preferred an Appeal bearing No.AA.230/PU.II/200-2001 against the demand of Rs.10,33,825. By an Order dated September 1, 2001, the Assistant Commissioner of Sales Tax dismissed the said appeal and confirmed the demand raised in the Assessment Order.		
		The Second Appeal bearing No.1145/2001-02 has been filed by M/s. Hindustan Construction against the aforesaid Order before the Sales Tax Appellate Tribunal on March 08, 2002 The said appeal is pending and hearing for final disposal.		
		Thus at present, the amount payable by M/s Hindustan Construction is Rs. 10,33,825/-.		

### Income Tax Assessment against Joint Ventures

#### 1. M/s HCIL-ARSSSPL JV

Sr. No.	Assessment Year	Contents	Amount payable as of date	Status of the proceedings
1.	AY 2005-06	The return filed u/s 139(1) was selected for scrutiny and while passing the order u/s 143(3) the Assistant Commissioner of Income Tax accepting the returned income. The total tax refundable to the JV was Rs. 31,46,892/- (including Interest), which was adjusted against arrear demand of ARSS Infrastructure Projects Limited for A.Y. 2003-04 and A.Y. 2001-02 of Rs.30,05,160 and 1,42,732/-.	Nil	Final Order passed.
2.	AY 2006-07	The return filed u/s 139(1) was selected for scrutiny and while passing the order u/s 143(3) the Assistant Commissioner of Income Tax accepting the returned income. The total tax refundable to the JV was Rs. 26,15,660/- (including Interest), which was adjusted against arrear demand of ARSS Infrastructure Projects Limited for A.Y. 2001-02 .  In addition to the above, the Assistant Commissioner of Income Tax has accepting the returned Fringe Benefit value and completing the assessment u/s 115WE(3) of the I.T. Act.	Nil	Final Order passed

### Civil litigations involving Joint-Ventures

Sr. No.	Place	Parties	Facts of the Case	Status
1	In the High court of Madras	RKD-ARSS JV V/s Tamil Nadu Road Infrastructure Development Corporation Limited.	Tamil Nadu Road Infrastructure Development Corporation Limited ("TNRIDC") floated 4 tenders by issuing tender notice for improvement of roads in Kancheepuram district. There were 4 packages in the tender and each tender covered one package. All four tender notices were issued on 5 <sup>th</sup> October 2007.  RKD-ARSS ("the JV") submitted its bid on 15 <sup>th</sup> November 2007 having participation in the ratio of 51:49 for all the 4 packages covered under 4 tenders enclosing a Bank guarantee of Rs 91,40,000/-  As per the condition of the tender notification, the financial bid of the pre-qualified bidders would open on 14 <sup>th</sup> December 2007 and that the bid would remain valid for a period of 90 days after the opening of the bid prescribed in Cl. 19 of the Instructions to bidders ("ITB")  However Clause 19 of ITB did not specify anything as to the bid opening but it specified about modification of the bid.	The said interim petitions were listed for hearing and the main civil suits are pending for final hearing and final disposal

Accordingly, for the JV, the bid validity commenced from 15<sup>th</sup> November 2007 and ended on 22<sup>nd</sup> February 2008.

The TNRIDC vide its letters dated 25<sup>th</sup> January 2008 and 7<sup>th</sup> February 2008 requested the JV to extend to bid validity beyond 12<sup>th</sup> February 2008 i.e for a further period of 30 days. However the request of TNRIDC was not acceptable to JV and hence it did not reply to the said letter.

The JV having not received the letter of acceptance was under the impression that the bid was cancelled.

The JV received a fax on 18<sup>th</sup> February 2008 from TNRIDC of a letter dated 15<sup>th</sup> February enclosing the copy of the acceptance letter dated 8<sup>th</sup> February 2008 for all the 4 packages.

The JV immediately vide its letter dated 19<sup>th</sup> February 2008 turned down the letter of acceptance as it was not issued within the bid validity period.

TNRIDC vide its letter dated 14<sup>th</sup> March 2008 intimated the JV that since they had failed to furnish the Performance Guarantee as per Cl.30 of the ITB the same constitutes a ground of annulment and forfeiture of security.

After series of correspondence between the JV, TNRIDC and the Banker, the bid security was forfeited vide SBI letter dated 7<sup>th</sup> June 2008

Challenging the above action of TNRIDC as unilateral and illegal, civil suits were filed before the Hon'ble High Court of Madras bearing No.637, 638,639 and 640 of 2008 along with the interim application seeking a direction from the Court seeking a direction from the Court to TNRIDC to deposit the amount of Rs 91,40,000 with the court

#### **Criminal Litigations involving Joint-Ventures**

Sr. No.	Proceedings/ Complaints And Court	Parties	Brief description of cases	Status of the proceedings
1.	Criminal Case no.1449/2009  Before The JMC Burhar, District, Madhya Pradesh	Pawan Kumar Chamadia (Profiteer of M/s Prahalad Roy) Vs. ARSS Infrastructure Projects Limited and nine others	Petitioner has filed a case under section 138 of the Negotiable Instrument Act against our Company along with nine others including four directors of our Company for dishonor of cheque bearing No. 325536 dated 29 <sup>th</sup> April 2009, drawn on State Bank of India, Kalyangar Branch, Cuttack Orissa issued by accused No. 3 Sri. Surana, Director, MVPL for an amount of Rs 15,00,000/- (Fifteen lacs). The petitioner further alleged that ARSS-MVPL (JV) had agreed to purchase Diesel from the petitioner in consideration of Rs 31,78,741. Out of Rs 31,78,741 part payment was made earlier. The aforesaid cheque was issued for the balance payment, of Rs 15,00,000. However, the same was alleged to be dishonored after the notice demanding clearance of the due in the present case was instituted.	Notice has been issued to the accused persons. We have not appeared in the matter. We have filed a petition before the High Court of Madhya Pradesh at Jabalpur under section 482 of the I.P.C for quashing of the proceedings against us and clarifying that the cheque in question was issued neither from the JV account nor from our Company account, but by MVPL account. The said petition is yet to be listed for admission and stay.

**Arbitration proceedings involving our group companies and joint ventures**

Sr. No.	Parties	Brief description of cases	Amount and Status of proceedings
---------	---------	----------------------------	----------------------------------

On 8<sup>th</sup> February, 2005, HCIL-ARSSPL-TRIVENI ("the JV") was awarded by RITES Limited ("RITES") for and on behalf of NTPC Ltd, the project of construction of railway sliding from Gotara to in plant yard under an LOA bearing No.RITES/BSP/NTPC/-SIPAT/PKG-I/2005/02832 amounting to Rs.30,49,90,200/- and which work was to be completed within a period of 8 (eight) Months ("completion period"), which period was extended from time to time.

After a period of four months from the date of the agreement, RITES decided to change the Bridge across Kahrung river from PSC girder to steel girder, which did not form part of the original Agreement. Due to such change in the terms of Agreement, the cost of construction and time for completion of the said project also increased.

The JV sought extension which was granted by the RITES on the same terms and conditions of the original agreement.

The JV completed the work by 28<sup>th</sup> February, 2007

In the aforesaid circumstances, the JV has made following claims upon RITES:

1.	HCIL-ARSSPL-TRIVENI (JV) ... (claimant) v/s M/s. RITES Limited ... (Respondent)	Claim	Amount	Claim amount is for the balance Rs 11,36,369 together with 18 % interest  The petition has been admitted and the counter has been filed. After our filing the rejoinder the matter shall be taken up for hearing.
		Losses incurred in cutting the steel to required section.	Rs.45,95,119/-	
		Claim towards the price variation clause	Rs.65,39,918/-	
		claim for payment against change of grade of cement concrete	Rs.33,83,798/-	
		claim for laying additional sleepers	Rs.6,26,100/-	
		cost of Arbitration	Rs.2,00,000/-	
		Total	Rs.1,51,45,124 along with an interest at the rate of 18% per annum pendency late and post arbitration	

The above matter was referred to Arbitration on January, 2007 under the sole arbitration of Sir Vinod Sharma, Arbitrator

By an order dated 24<sup>th</sup> March 2008, the sole Arbitrator awarded Rs 1,34,32,078/- to the JV. However only Rs 1,22,95,699 was released on 26<sup>th</sup> March 2008 and the balance amount of Rs 11,36,369 was not released due to some technical ground pertaining to execution of work.

An execution petition bearing No. 01/2009, was filed by the JV for the execution of the aforesaid award and claimed the balance amount of Rs 11,36,369 together with 18 % interest.

However it appears that further disputes arose pertaining to prolongation of the project and for nonpayment of entitlements of the JV and the JV vide its letter dated 14<sup>th</sup> August 2008 raised claims for reimbursement of Rs 3,04,51,425/- including interest charge till 30<sup>th</sup> September 2008.

On failure to release the claim amount, the JV vide its letter dated 1<sup>st</sup> October 2008 sent a notice to RITES to resolve the dispute by appointment of an arbitrator.

RITES failed to appoint an arbitrator, and therefore the JV filed an Arbitration application bearing No.06 of 2009 under section 11(6) of the Arbitration and Conciliation Act, 1996 for appointment of Arbitrator

Sr. No.	Parties	Brief description of cases	Amount and Status of proceedings
		before the Hon'ble High Court of Delhi	
		The Hon'ble High Court of Delhi disposed of the petition under section 11(6) of the Arbitration and Conciliation Act, 1996 directing the Managing Director of N.T.P.C to appoint an arbitrator as per the provision of the Contract. Accordingly, CGM RITES being the delegated Authority appointed Mr. Jayadev Nanda, General Manager, N.T.P.C, Sipat as the Arbitrator. The said Arbitration is yet to enter reference	
2	HCIL-ARSSPL-TRIVENI (JV) ... (claimant) v/s M/s. RITES Limited	<p>On 21<sup>st</sup> March, 2005, HCIL-ARSSPL-TRIVENI ("the JV") was awarded by RITES Limited ("RITES") for and on behalf of NTPC Ltd, the project of construction of railway sliding from Gotara to in plant yard under an LOA bearing No.RITES/BSP/NTPC/-SIPAT/PKG-V/2005/00122 amounting to Rs.29,35,17,530/- and which work was to be completed within a period of 13 (thirteen) Months ("completion period")</p> <p>However, it appears that RITES was not ready to hand over the work sites and supply of drawings due to which the completion of the contract within the completion period was uncertain.</p> <p>The JV vide its letter dated 24<sup>th</sup> March 2006, requested RITES to clear the obstructions, however it failed to solve the problem</p> <p>The JV vide its letter dated 27<sup>th</sup> November 2008, raised certain claims in relation to the delay aggregating to Rs 11,17,33,544.23</p> <p>RITES vide its letter dated 16<sup>th</sup> February 2009 refuted to re-imburse the claim.</p> <p>The JV vide its letter dated 25<sup>th</sup> March 2009 requested for appointment of an arbitrator</p> <p>The above matter was referred to Arbitration on 19<sup>th</sup> May 2009 under the sole arbitration of Mr.J.Nehru Arbitrator</p>	<p>The claim amount is Rs 11,17,33,544.23</p> <p>Mr. J. Nehru was appointed as the Arbitrator. The claim statement was filed and the last hearing was held on 23<sup>rd</sup> and 24<sup>th</sup> November, 2009. The next date of hearing is scheduled on 22<sup>nd</sup> and 23<sup>rd</sup> January 2010</p>
3.	HCIL-Kalindee-ARSS (JV) v/s Railway Vikas Nigam Limited	<p>On 30<sup>th</sup> November 2005, HCIL-Kalindee-ARSS ("JV") was awarded by Railway Vikas Nigam Limited ("RVNL") the project for supply and installing of track, signaling and yard lighting works for construction for Keonjhar-Tomka new BG line under a Letter of Acceptance ("LOA") bearing No. C/RVNL/BBSR/Tender Tomka-Keonjhar/25/3/75 amounting to Rs 72,39,29,164/- and which work was to be completed within the period of 12 months.</p> <p>However RVNL failed to handover the land for the site, and the work could not be completed within the stipulated period. The handing over of the site commenced on 9<sup>th</sup> February 2006 and completed on 29<sup>th</sup> January 2007 which was 13 months and 29 days after issuance of LOA.</p> <p>In the aforesaid circumstances JV made several claims aggregating to Rs 32,69,65,387/- excluding the interest.</p> <p>For settlement of disputes, RVNL appointed a committee constituting of Mr.R.K Meena and Mr. P.K Bansia for amicable settlement of disputes and accordingly the hearing took place on 7<sup>th</sup> January 2009.</p> <p>However, as the dispute could not be settled in the manner aforesaid, the JV vide its letter dated 6<sup>th</sup> March 2009 requested RVNL to appoint an arbitrator within 30 days.</p> <p>On failure on the part RVNL to appoint an arbitrator, an Arbitration Application under Section 11(6) of the Arbitration and Reconciliation Act, 1996 was filed by the JV before the Hon'ble High Court of Delhi for appointment of an arbitrator.</p> <p>After receipt of Notice dated 14<sup>th</sup> July 2009 from the Hon'ble High Court of Delhi, RVNL nominated Shri Pawan Bania GM/F&amp;A-II/RVNL nominee arbitrator. RVNL furnished a panel of 3 names for M/s. HCIL-Kalindee-</p>	<p>The claim amount is Rs 32,69,65,387/-</p> <p>All Arbitrators are appointed. Reference is awaited</p>

Sr. No.	Parties	Brief description of cases	Amount and Status of proceedings
4	M/s. Anil Agarwal... (Claimant) and National Thermal Power Corporation Ltd & IRCON International Limited (Respondent)	ARSS (JV) to choose as their nominee. Accordingly M/s. HCIL-Kalindee-ARSS (JV) chose Shri J.S. Maharok GM/P-II/RVNL as their nominee Arbitrator.	
		By a letter dated 31 <sup>st</sup> August 2009 HCIL-Kalindee-ARSS JV refused to withdraw the petition before the Delhi High Court in the event of any delay in constituting and referring the matter to the Arbitral Tribunal	
		On 16 <sup>th</sup> July, 2002, M/s. Anil Agarwal was awarded the work project by IRCON International Limited ("IRCON") of laying of track including supply & spreading of hard stone ballast from km.19/185 to km 28/150 (Linking Package III bearing No.IRCON/2024/TPSPP-II/Tender Linking/3/10/A/233) amounting to Rs. 1,08,28,229 and which work was to be completed within a period of seven Months ("completion period") from the date of the said award. Owing to the delay on part of IRCON to handover formation of road bed, completion period was extended from time to time up to 31.12.2003.	
		Due to such extension M/s. Anil Agarwal suffered losses on account of idling of machineries, labor and site staff and under utilization of infrastructure for a period of 6 months from the date of completion.	
4	M/s. Anil Agarwal... (Claimant) and National Thermal Power Corporation Ltd & IRCON International Limited (Respondent)	The amount claimed by M/s. Anil Agarwal is on the basis of following heads: Overheads computed :Rs.15,64,000.00. idling of machines :Rs. 61,08,950.00 charges to laborers :Rs.10,62,500.00 P.Way materials :Rs.15,64,000.00 loss of profit :Rs.20,00,000.00 ----- Rs.1,22,99,450.00 =====	Claim amount is for Rs.1,35,40,861.
		The above matter was referred to Arbitration on 26 <sup>th</sup> April, 2006 under the sole arbitration of Sir Kanwarjeet Singh, Arbitrator and the same is being conducted at Delhi. Under the said arbitration proceedings, the said M/s. Anil Agarwal has claimed a sum of Rs.1,35,40,861/- from IRCON.	The Arbitration hearing is completed. The award is awaited
		A Petition bearing No. OMP-210/2008 was filed by us under section 9 of the Arbitration and Conciliation Act, 1996 before the Hon'ble High Court of Delhi for staying the arbitration proceedings.	
		Again, a Petition bearing No. OMP- 97/2009 was filed for staying the proceedings which was allowed by an order dated 2 <sup>nd</sup> March 2009.	
5	M/s. Anil Agarwal v/s Union Of India	Since the counsel moved two petitions for the same cause of action in the same court and the second petition did not mention that the first petition was rejected, the Court suo motto viewed it adversely and by an order dated 4 <sup>th</sup> May 2009, it vacated the stay granted on 2 <sup>nd</sup> March 2009	
		The aforesaid order awarded a cost of Rs 25,000/- on us which has been deposited.	
		Our Company is required to deposit Rs 20,000/- for the arbitration proceedings by July 31, 2009	
		The hearing took place on 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> November and 25 <sup>th</sup> and 26 <sup>th</sup> November 2009	
5	M/s. Anil Agarwal v/s Union Of India	On 12 <sup>th</sup> November, 1996, M/s. Anil Agarwal was awarded by South Eastern Railway, Kolkata ("S.E.Railway") the project work of doubling of the tracks between Raghunathpur and Rahama station of Cuttack and Paradeep Section I Orissa under an Agreement dated 13 <sup>th</sup> March, 1997 bearing No.46/CPM/BBS/SER/97 amounting to Rs 1,23,50,088 and	The Claim amount is Rs.4,74,73,803.
			The proceeding is pending for final

Sr. No.	Parties	Brief description of cases	Amount and Status of proceedings
		<p>which work was to be completed within a period of seven Months ("completion period") from the date of the said award. M/s. Anil Agarwal deposited a sum of Rs.7,683,620/- as a refundable security deposit with S.E.Railway .</p> <p>The S.E.Railway failed to acquire the land at Kantur Village for execution of the contract. M/s. Anil Agarwal had already executed work of worth Rs.60,00,000/- (Rupees Six lacs). As the site was not available, the labor and machinery remained idle. Secondly, on account of delay in execution of work, M/s. Anil Agarwal requested the revise the price of the project work by including the Price Variation Clause, which was rejected by the S.E.Railway.</p> <p>The Railway granted 8 extensions to the initial period of agreement, but even during the extended period they failed to hand over the land at Kantur village and R.C.T.C. Yard Cuttack and regularly delayed the payments. On account of this M/s. Anil Agarwal suffered a loss in execution of work to the tune of Rs.2,00,00,000/-. M/s. Anil Agarwal requested the S.E.Railway to release their bill and compensate them towards the same. The S.E. Railway has stated that the contract could be closed only on a token penalty on them for Rs.15,000/-.</p> <p>M/s. Anil Agarwal complied with the conditions laid by S.E. Railway on the condition that they would release the final bill and final security on or before 31.12.2000. Though the contract was closed by mutual consent, S.E.Railway did not take any action to release the payment due to M/s. Anil Agarwal.</p> <p>M/s. Anil Agarwal has suffered losses due to idle labor, idle machinery, establishment charges, extra rate for enhanced quantities and pending final bill amount aggregating to Rs.4,74,73,803.</p> <p>The above matter was referred to Arbitration under the Joint arbitration of Mr.M.S.Sulaiman, Mr.S.P.Singh and Mr.Ravi Prabhat and M/s. Anil Agarwal submitted its statement of claim and the same is conducted at Delhi. Under the said arbitration proceedings, the said M/s. Anil Agarwal has claimed a sum of Rs.4,74,73,803/- from S.E.Railways. An award was passed in the above arbitration whereby an amount of Rs.1,61,000/- along with an interest @12% was directed to be paid to M/s. Anil Agarwal.</p> <p>M/s. Anil Agarwal has filed a Petition bearing No.390/2003 in the District Court, Khurda, challenging the above award.</p>	<p>hearing and disposal and the next date of hearing is on January 14, 2009.</p>
6	M/s Anil Agarwal ...( claimant) v/s Union Of India ( Respondent)	<p>On 29<sup>th</sup> August, 1997, M/s. Anil Agarwal was awarded the work project by South Eastern Railway, Kolkata ("S.E.Railway") of construction of foundation and substructure and super structure pre-stressed concrete girder bridge bearing No.180,237 and 252 in connection with Daitari Banspani Rail Link under an Agreement dated 1<sup>st</sup> January, 1998 bearing No.1/CPM/BKB/BBS/98 amounting to Rs.1,71,58,819/- and which work was to be completed within a period of 18 (eighteen) Months ("completion period") from the date of the said award, which period was extended from time to time. The refundable Security deposit deposited by the said M/s. Anil Agarwal was Rs.3,00,000/-.</p> <p>Owing to the delay on part of S.E.Railway to handover work site and approving drawings for construction of the bridge foundation and various other reasons, M/s. Anil Agarwal could not start the work on time. Also, there was a delay from the respondent side to supply cement. S.E.Railway failed to apply P.V. clause to mitigate the losses sustained by M/s. Anil Agarwal and finally failed to release the security deposit of Rs.30,00,000/-. M/s. Anil Agarwal executed a work amounting to Rs.40,00,000/-.</p> <p>The amount claimed by M/s. Anil Agarwal is on the basis of following heads: final bill amount :Rs.10,15,000.00</p>	<p>The amount claimed is Rs.1,06,14,500/- along with an interest at the rate of 24% per annum.</p> <p>By an award dated July 29, 2009, the Arbitrator awarded our Company an amount aggregating to Rs 6,96,992/- .Awarded amount awaited</p>

Sr. No.	Parties	Brief description of cases	Amount and Status of proceedings
		Security deposit : Rs.3,00,000.00 Price variation benefit : Rs.6,20,000.00 NS rate for dowel bars : Rs.86,000.00 idling of machines : Rs.85,93,500.00 ----- <i>Rs.1,06,14,500</i> =====	
		The above matter was referred to Arbitration on 1 <sup>st</sup> January, 1998 under the sole arbitration of Sir Kanwarjeet Singh, Arbitrator and the same is being conducted at Raipur. Under the said arbitration proceedings, the said M/s. Anil Agarwal has claimed a sum of Rs.1,06,14,500/- from S.E.Railway from S.E.Railway along with an interest at the rate of 24% p.a. from the date of claim till the date of payment.	
7	M/s Anil Agarwal... (Claimant) and National Thermal Power Corporation Ltd & IRCON International Limited (Respondent)	On 16 <sup>th</sup> July, 2002, M/s. Anil Agarwal was awarded the work project by IRCON International Limited ("IRCON") of laying of track including supply & spreading of hard stone ballast from km.11/000 to km 19/185 (Linking Package II) bearing No.IRCON/2024/TSTPP-II/Tender Linking /2/9A/160) amounting to Rs.1,07,15,225/- and which work was to be completed within a period of seven Months ("completion period") from the date of the said award. M/s. Anil Agarwal had given a bank guarantee for a sum of Rs.5,35,671/- as a security deposit.  Owing to the delay on part of IRCON to handover formation of road bed, completion period was extended from time to time up to 30.06.2003. Due to such extension M/s. Anil Agarwal suffered losses on account of idling of machineries, labor and site staff and under utilization of infrastructure for a period of 6 months from the date of completion. Also the amounts due under the project work were not paid to M/s. Anil Agarwal.  The amount claimed by M/s. Anil Agarwal is Rs.1.47 crores which is calculated as under: Loss sustained on account of man-power: Rs.13,94,000/- Security Deposit : Rs.5,35,761/- Outstanding amount : Rs.2,50,000/- Amount withheld by NTPC for unforeseen recoveries : Rs.13,94,000/- Loss sustained account of man power : Rs.78,42,950/- Arbitration cost : Rs.1,00,000/- Payment towards labor: Rs.19,63,500/- Business loss: Rs.20,00,000/- ----- Rs.1,40,86,211/- ----- Interest @ 18% : Rs.13,22,401/- ----- Total: Rs.1,54,08,612/ ----- The above matter was referred to Arbitration on 26 <sup>th</sup> April, 2006 under the sole arbitration of Sir Kanwarjeet Singh, Arbitrator and the same is conducted at New Delhi.  A Petition bearing No. OMP-210/2008 was filed by us under section 9 of the Arbitration and Conciliation Act, 1996 before the Hon'ble High Court of Delhi for staying the arbitration proceedings.  Again, a Petition bearing No. OMP- 97/2009 was filed for staying the proceedings which was allowed by an order dated 2 <sup>nd</sup> March 2009.  Since the counsel moved two petitions for the same cause of action in the same court and the second petition did not mention that the first petition was rejected, the Court suo motto viewed it adversely and by an order dated 4 <sup>th</sup> May 2009, it vacated the stay granted on 2 <sup>nd</sup> March	The amount claimed is Rs.1,54,08,612/- The proceeding is pending for final hearing and disposal  The next date of hearing is on 9 <sup>th</sup> and 10 <sup>th</sup> February



Sr. No.	Parties	Brief description of cases	Amount and Status of proceedings
		2009	
		The aforesaid order awarded a cost of Rs 25,000/- on us which has been deposited	
		Our Company is required to deposit Rs 20,000/- for the arbitration proceedings by July 31, 2009	
		The next proceedings have been fixed on 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> , 25 <sup>th</sup> and 26 <sup>th</sup> November 2009	

---

#### **Amounts owed to Small Scale Undertakings**

Our Company has not availed loan from any small scale undertaking and as such, our Company does not owe monies to any such undertaking.

#### **Material Developments since the Last Balance Sheet Date:**

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 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 consolidated assets or its ability to pay its material liabilities within the next twelve months other than as disclosed in the Red Herring Prospectus.

## GOVERNMENT APPROVALS

Our Company has, received all the necessary licenses, permissions and approvals from the Central and State Governments and other Government agencies/certification bodies and we can undertake this Issue and our current and proposed business activities. No further major approvals from any Government al or regulatory authority or any other entity are required to undertake the Issue or continue our business activities except as mentioned herein.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

### A. APPROVALS FOR THE ISSUE

- In principle approval from the BSE dated October 24, 2009 ; and
- In principle approval from the NSE dated November 3, 2009.

### B. APPROVALS/LICENSES/PERMISSIONS RECEIVED TO CONDUCT OUR BUSINESS

#### i. Constitutional Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of Issue
1.	Certificate of Incorporation	15-06230	Registrar of Companies, Orissa	May 17, 2000
2.	Fresh Certificate of Incorporation upon change in name	TS/S.21/6230/410	Registrar of Companies, Orissa	May 20, 2005
3.	Fresh Certificate of Incorporation upon change in name	CIN No. U14103OR2000PTC006230	Registrar of Companies, Orissa	May 20, 2005
4.	Certificate of Registration of Confirming alteration of objects.	CIN No. U14103OR2000PTC006230	Registrar of Companies, Orissa	May 20, 2005
5.	Fresh Certificate of Incorporation pursuant to conversion to public limited Company	CIN No. U14103OR2000PTC006230	Registrar of Companies, Orissa	April 3, 2006

#### ii. Taxation Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of Issue
1.	Permanent Account Number (PAN)	AADCA4203D	Government of India, Department of Income Tax	May 17, 2000
2.	Importer- Exporter Code (IEC)	2307000739	Office of Jt. Director General of Foreign Trade, Cuttack	July 18, 2007
3.	Central Sales Tax Registration (TIN)	21671104945	Assessing Authority, Professional Tax	August 23, 2008
4.	Tax Deduction Account (TAN) Number	BBNA00337B	NSDL	April 13, 2006
5.	Service Tax Code	AADCA4203DST001	Superintendent of Service tax, Range I Central Excise and Customs, Bhubaneswar	September 04, 2006
6.	Professional Tax Registration	PEBH-III-308	Professional Tax Officer , Dhenkanal	September 6, 2008
7.	Entry Tax	21671104945	Assistant Commissioner of Sales Tax	June 26, 2008
8.	Professional Tax Registration (Employer)	PRBH-III-124	Assessing Authority, Professional Tax	September 6, 2008
9.	VAT	08621664683	Government of Rajasthan	January 1, 2008
9.	Federation of India Export Organisations Registration-cum-membership certificate	FIEO/NR/10670/2009-2010/476	Assistant Director FIEO, New Delhi	July 8, 2009

#### iii. Labour Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of commencement /Issue	Date of expiry
1.	Employees Provident Fund Registration	OR/6950	Regional Provident Fund Commissioner, Bhubaneswar	August 01, 2004	NA
2.	Employee State Insurance Corporation Registration	44-5963-101-11583	Regional Director, Bhubaneshwar	June 6, 2007	NA

iv. **Quality Certification**

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of commencement/Issue	Date of expiry
1	Certificate of Registration under ISO 9001:2008	IDL – 0002.06	Moody International Certification Limited	June 15, 2009	June 15, 2012

v. **Trademark Registration**

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of commencement/Issue	Date of expiry
1	Certificate of Registration of Trade Mark of ARSS logo under section 23(2), Rule 62	693812	Trade Marks Registry, Mumbai	March 13, 2008	-

vi. **Approvals For our factory Units/Offices**

Sr. No.	Nature of Registration /License	Registration /License No.	Issuing Authority	Factory /Offices	Unit	Date of commencement/ Issue	Date of expiry
1.	Shops and Establishment Registration	II-2499	District Labour officer, Khurda	Registered office at Mancheswar		May 17, 2000	December 31, 2010
2.	License to Store Petroleum in Tanks	P/EC/OR/14/747(P2 0554)	Joint controller of explosives, Kolkata	Crusher unit at Nityanandpur		September 10, 2003	December 31, 2011
3.	Local Sales Tax Registration	TIN 21671104945	Assistant Commissioner of Sales Tax, Bhubaneswar	Crusher unit at Nityanandpur		December 11, 2003	NA
4.	Air Pollution	94/RO/CON/SC/46	State Pollution control board	Crusher unit at Champajhar		May 28, 2005	March 31, 2011
5.	License to Store Petroleum in Tanks	P/EC/OR/14/915/(P 124988)	Joint controller of explosives, Kolkata	Crusher unit at Champajhar		February 04, 2005	December 31, 2010
6.	License to Store Petroleum in Tanks	P/EC/OR/14/1335(P 191693)	Joint controller of explosives, Kolkata	Crusher unit at Chhatrama		June 19, 2007	December 31, 2009
7.	No Objection certificate to set up crusher unit	649/RO/BAM	State Pollution control board, Orissa	Crusher unit at Bhanjnagar		April 26, 2007	5 years from the date of consent
8.	License to Store Petroleum in Tanks	P/EC/OR/14/1495 (P226053)	Joint Controller of Explosives, Kolkata	Crusher unit at Ghumusar District, Ganjam		August 28, 2009	December 31, 2011
9.	Water Pollution*	RO/NOC/127	State Pollution control board	Crusher Unit Chhatrama, Khurda		June 20, 2008	NA
10.	Water Pollution*	RO/CON/198	State Pollution control board	Crusher Unit at Champajhar, Khurda		June 20, 2008	NA
11.	Air Pollution	432/RO/CON/SC/42	State Pollution control board	Crusher Unit at Chhatrama, Khurda		May 26 2009	March 31, 2012
12.	PWD Contractors	151	Chairman of the Committee of C.Es and Engineer-in-Chief (civil)	Orissa		April 1, 2009	March 31, 2012

Sr. No.	Nature of Registration /License	Registration No.	/License	Issuing Authority	Factory /Offices	Unit	Date commencement/ Issue	of	Date of expiry
13.	Water & Air Pollution	684/RO/NOC-275		State Control Orissa	Pollution Board,	15,000 MT/Month and Wet Mix 800 MT/Month, at- Champajhar, Panichhatra, PO-Malipada, Via-Tapang, District-Khurda	August 5, 2009		August 4, 2014 [5 years from the date of issue of this order]
14.	No Objection Certificate to Establish a Crusher Unit	996		Regional State Control Orissa	Office of Pollution Board,	Crusher Unit at Nityanandapur	June 19, 2009		June 18, 2014
15.	No-Objection Certificate to establish a Crusher Unit	2071/IIICON(NOC)161/2009-10		State Control Orissa	Pollution Board,	Crusher Unit at Nirmula. P.O Kursuda, P.S Sindhikela, Bolangir	December 1, 2009		December 1, 2014
16.	Air and Pollution	Water	2577/NOC/1328	State Control Orissa	Pollution Board,	Hot Mix and Wet Mix plant at Saramanga, P.O Olanga, District Bhadrak	November 26, 2009		November 26, 2014
17.	Air and Pollution	Water	1191/RO-CON/271	State Control Orissa	Pollution Board,	Consent to operate plant producing Asphalt Mix Aggregate and Wet Mix Aggregate in Champajhar	December 18, 2009		March 31, 2014
18.	Air and Pollution	Water	3871	State Control Board	Pollution	Consent to establish Crusher Unit at Bhuduka, Behrampur	December 21, 2009		December 21, 2014
19.	Air and Pollution	Water	No./ROC/NOC-127	State Control Orissa	Pollution Board,	Consent to establish a small scale industry for the production of stone aggregates at Durgapur, Chhatrama, Bajpur	February 20, 2008		February 20, 2013
20.	License construction for	12907/IVAKD/4-2007		Directorate of Factories Boilers	of and	License to plan and construct grant of permission to construct a building under Factories Act, 1948	August 6, 2008		-

Sr. No.	Nature of Registration /License	Registration No.	Issuing Authority	Factory /Offices	Unit	Date of commencement/ Issue	Date of expiry
21.	License for construction of a factory	11850/IVAKD/133-07	Directorate of Factories and Boilers	License for construction of a factory(Crusher Unit) at Chhatrama, Bhajpur, District Khurda		July 8, 2008	-

\* The State Pollution Control Board, Orissa has granted its consent to our Company for the operation of its stone crusher units at Chhatrama and Champajhar respectively. However, since our units were not coming under the purview of Water (Prevention and Control of Pollution) Act, 1974 our Company was not required to obtain the consent of the State Pollution Control Board for the operation of the said units respectively.

Our Company has work sites at various location viz; Balugaon, Panikoili, Kendrapara, Aarua, Cuttack- Paradip, Khandagiri, Pokhariput, Jayadev Bihar, Sijua, NH-224, Nandankanan, Chorda-Duburi, Pitapalli, New Banki, Nayagarh, Keonjhar. These sites fall within the jurisdiction of Bhubaneswar and therefore Employees Provident Fund registration, registration under Employee State Insurance Corporation and Local sales tax obtained by our Company will be common for all such sites.

#### C. PENDING APPROVALS/LICENSES/PERMISSIONS FOR WHICH APPLICATION HAS BEEN MADE

Sr. No.	Nature of Registration / License	Date of Application	Issuing Authority	Purpose/ Plants/offices for which said licenses is applied for
1.	Registration Certificate under contract (Labour and Abolition) Act, 1970	December 24, 2007	Registering Officer	Crusher unit at Nityanandpur
2.	Factory Licenses	November 30, 2007	The Director of Factories and Boilers	Crusher unit at Champajhar
3.	Factory Licenses	November 30, 2007	Director of Factories and Boilers	Crusher unit at Chhatrama
4.	Water Pollution	December 12, 2007	State Pollution Control Board, Orissa	Crusher unit at Bhanjnagar
5.	Factory Licenses	December 15, 2007	The Director of Factories and Boilers	Crusher unit at Bhanjnagar
6.	Factory License	October 26, 2007	Assistant Director of Factories and Boilers	Registered office at Mancheswar
7.	Registration Certificate under contract (Labour and Abolition) Act, 1970	December 12, 2007	Office of the registering officer	Branch office at Jaipur
8.	Air and Water Pollution	February 4, 2009	State Pollution Control Board, Behrampur, Orissa	Crusher unit at Amalaguda, in the district of Ganjam
9.	License to store Petroleum in Tanks	January 01, 2009	Joint Chief controller of explosives, Kolkata	Crusher unit at Badapada, Bhanjanagar in the district of Ganjam
10.	License to store Petroleum in Tanks	January 01, 2009	Joint Chief controller of explosives, Kolkata	Crusher unit at Kharbhuin, in the district of Boudh
11.	Air and Water Pollution	May 20, 2009	State Pollution Control Board, Sambhalpur, Orissa	Crusher unit at Kharbhuin, in the district of Boudh
12.	License to store Petroleum in Tanks	April 6, 2009	Joint Chief controller of explosives, Kolkata	Road Project at Bhadrak
13.	License to store Petroleum in Tanks	April 17, 2009	Joint Chief controller of explosives, Kolkata	Crusher unit at Amalaguda, in the district of Ganjam
14.	License to store Petroleum in Tanks	May 19, 2009	Joint Chief controller of explosives, Kolkata	Road and Railway Project at Angul
15.	Factory License	July 18, 2009	Director of Factories and Boilers	Crusher Unit at Amalaguda, Ganjam
16.	Factory License	July 18, 2009	Director of Factories and Boilers	Crusher Unit at Kharbhuin, Boudh
17.	Air & Water pollution	October 28, 2009	Regional Officer, State Pollution Control Board, Sambhalpur	Crusher Unit at Nirmula, P.O- Kursuda, P.S. Sindhikela, Bolangir

Sr. No.	Nature of Registration / License	Date of Application	Issuing Authority	Purpose/ Plants/offices for which said licenses is applied for
18	Air and Water Pollution	December 10, 2009	Regional Officer, State Pollution Control Board,	Crusher Unit at Behrampur, Sadar, P.O- Bhuduka in the district of Ganjam
19	Air and Water Pollution	December 5, 2009	Regional Officer, State Pollution Control Board,	Crusher unit at Nityanandpur, P.O Nihalprasad, P.S Gandia, district Dhenkanal

*Note: The Company has made applications for various licenses and approvals to requisite authorities in 2007, as more specifically provided in the aforesaid table. In respect of the same, the Company has made several attempts to follow-up on the pending licenses with the concerned issuing authorities by way of oral communications but has not received any response. Accordingly the grant of such approvals is in various stages of processing.*

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors has pursuant to a resolution dated July 20, 2009 authorized this Issue subject to approval by the shareholders of our Company. The shareholders of our Company have approved this Issue under section 81(1A) of the Companies Act, 1956 by a special resolution passed at our Extra Ordinary General Meeting held on August 14, 2009.

### Prohibition by SEBI

Our Company, our Promoters, our Directors or person(s) in control of the promoter or the Promoter Group, and the entities in which the 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 directions passed by SEBI.

*One of the Directors of Our Company is associated with Reliance Capital Limited and Money Matters Financial Services Limited which are engaged in securities market related business and is registered with SEBI.*

Further, our Promoters, relatives of the promoters, Associates, Promoter Group Companies and its Directors and the companies in which the Directors are associated as directors, have not been declared as willful defaulters by the RBI / any other government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

### Eligibility for the Issue

Our Company is eligible to make the Offer under clause 1 of Regulation 26 of the SEBI Regulations, based on the financial statements of our Company under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 300 lacs in each of the preceding three full years of which not more than 50% is held in monetary assets;
- Our Company has a track record of distributable profits in terms of Section 205 of Companies Act, for at least three of the immediately preceding five years;
- Our Company has a net worth of at least Rs. 100 lacs in each of the three preceding full years
- The proposed Offer size, including all previous public issues in the same FY, is not expected to exceed five times the pre-Offer net worth of our Company; and
- Our Company has not changed its name during the last one year.

Since, our Company is eligible to make a public issue of Equity Shares as per clause 1 of Regulation 26 of the SEBI Regulations as the aggregate of the Issue and all previous issues made in the same FY in terms of size (i.e., Issue through Issue document + firm allotment + Promoters' contribution through the Issue document), does not exceed 5 times its pre-issue net worth as per the audited balance sheet of the last FY. The detailed working of the same is mentioned hereunder: (Rs. In Lacs)

a).	Proposed Issue Size	10,300
b).	All previous issues made in the same FY in terms of size (i.e. Issue through issue document + firm allotment + Promoters' Contribution through the issue document)	-
c).	Aggregate of (a) and (b)	10,300
d).	Pre-Issue net worth as per the last audited balance sheet for the FY ended March 31, 2009	14,849
e).	Five (5) times of (d)	74,246

In terms of a certificate issued dated November 16,, 2009 by M/s. P.A. & Associates, Chartered Accountants, Statutory Auditors of our Company, our Company satisfies the eligibility criteria mentioned herein above.

For a complete explanation of the above figures please refer to the section titled "Financial Statements" beginning on page no. 118 of this Red Herring Prospectus

Further, the Issue is subject to the fulfillment of the following conditions as required by rule 19(2) (b) of the Securities Contracts (Regulations) Rules, 1957:

- A minimum of 20,00,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 100 crores; and
- The Issue is made through the Book Building Method with allocation of at least 60% of the Issue to Qualified Institutional Buyers, as defined under the Regulation 43 (2) (c) of SEBI Regulations .

Further, in accordance with clause 4 of Regulation 26 of the SEBI Regulations, our Company undertakes that the number of allottees in the Issue shall be at least 1000, otherwise, the entire application money shall be refunded forthwith. Further, if at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

## **DISCLAIMER CLAUSE OF SEBI**

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, IDBI CAPITAL MARKET SERVICES LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CAREFULLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, IDBI CAPITAL MARKET SERVICES LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE dated AUGUST 21, 2009 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, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
  - THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - 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
  - THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, WILL BE COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE CONFIRM THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 ARE NOT BE APPLICABLE TO ISSUER.
8. WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE IN THIS ISSUE.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH



HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

10. WE CONFIRM THAT NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE. (NOT APPLICABLE)
12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT FORM.
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.)

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

#### **Disclaimer from the Company and the BRLMs**

Our Company, our Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.arssgroup.in](http://www.arssgroup.in), would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated February 22, 2008 along with the Supplementary Memorandum of Understanding dated August 21, 2009 entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

#### **Caution**

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software or hardware system or otherwise. The BRLMs and its associates and affiliates may engage in transactions with, and perform services for, our Company and Promoter Group Entities, affiliates or associates of our Company in the ordinary course of business and have engaged, and may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the applicable trust laws or any other Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to permitted Non Residents, including FIIs, eligible NRIs and other eligible foreign investors, Registered with SEBI. The Red Herring Prospectus does not, however, constitute an invitation to subscribe to equity shares offered hereby in any other jurisdiction other than India to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Orissa, 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 the Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the 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 the Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act, 1933 (the “**Securities Act**”) or any state securities law in the United States and may not be offered or sold within the United States or to or for the account or benefit of, “US persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Further, each Bidder, where required will be required to agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any so called P-Notes or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

#### **Disclaimer Clause of NSE**

“As required, a copy of the offer document has been submitted to the National Stock Exchange of India Limited (NSE). NSE has given vide its letter bearing reference No. NSE/LIST/121924-P, dated November 3, 2009, permission to issuer Company to use the Exchange's name in this Red Herring Prospectus as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the 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 offer document: nor does it warrant that this issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE (the Designated Stock Exchange).

“Bombay Stock Exchange Limited (“the Exchange”) vide its letter bearing Reference No. DCS/IPO/AJ/IPO-IP/734/2009-10 , dated October 14, 2009 , has given permission to our Company to use the Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company.

The Exchange 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 this Company's securities will be listed or will continue to be listed on the exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

#### **Disclaimer Clause of CARE**

CARE's IPO grading is a onetime assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospectus of the issuer also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

#### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC., Orissa at Chalachitra Bhawan, 2nd Floor, Buxi Bazar, Cuttack 753 001, Orissa, India. A copy of the Prospectus, along with the documents required to be filed under Section 60 of the Companies Act would be delivered for registration with the RoC, Orissa.

#### **Listing**

Applications will be 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 the Equity Shares of our Company. Our existing Equity Shares are not listed on any stock exchange (s) in India.

BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the this 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 70 days from the date of 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 the expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company will ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of the finalization of basis of allotment for the Issue.

#### Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Advisors to the Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with the RoC, 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 P.A. & Associates, Chartered Accountants have given their written consent to the inclusion of their report in the form and context in which it appears in this 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 RoC.

M/s P.A. & Associates, Chartered Accountants, 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 the Red Herring Prospectus for registration with the RoC.

CARE, the rating agency engaged by us for the purpose of obtaining IPO Grading in respect of this Issue, has give its written consent to the inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report has not withdrawal up to the time delivery of the Red Herring Prospectus with the Designated Stock Exchange.

#### Expert Opinion

Except as stated in the section titled "Statements of Tax Benefits" on page 42 and in the section titled "General Information" as Tax Banefit Report dated May 8, 2009 from Auditor and Credit Rating from CARE in the Red Herring Prospectus, we have not obtained any expert opinions.

#### Expenses of the Issue

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

**The estimated Issue expenses are as follows:**

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Lead management	[●]
2	Marketing and selling commissions	[●]
3	Legal Fees	[●]
4	IPO grading expenses	[●]
5	Advertisement and marketing expenses	[●]
6	Printing and stationery, distribution, postage, etc.	[●]
7	Others (Registrar fees, etc.)	[●]
<b>Total</b>		<b>[●]</b>

*(To be completed after finalization of Issue size)*

#### Fees Payable to the Book Running Lead Managers

The total fees payable by us to the BRLMs (including underwriting commission and selling commission) for the Issue will be as per the Memorandum of Understanding between our Company and the BRLMs dated February 22, 2008 along with the supplementary Memorandum of Association dated August 21, 2009 a copy of which is available for inspection at our registered office.

#### Fees Payable to the Syndicate Members

The fees payable to the Syndicate Members (including underwriting commission and selling commission) will be as per the Syndicate Agreement dated January 22, 2010 executed between our Company and the Syndicate Members, a copy of which is available for inspection at our registered office.

#### Fees Payable to Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding between Registrar to the Issue and our Company dated January 10, 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 by our Company to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

#### **Particulars regarding Previous Rights or Public Issues during the Last Five Years**

Our Company has not made any public or rights issue of Equity Shares/Debentures (including any rights issues to the public) in the five years preceding the date of this Red Herring Prospectus.

#### **Previous Issues of Shares otherwise than for Cash**

<b>Date allotment</b>	<b>of</b>	<b>No. of equity shares</b>	<b>Face value (Rs.)</b>	<b>Issue price (Rs.)</b>	<b>Reasons for allotment</b>	<b>Cumulative no. of equity shares</b>	<b>Cumulative paid-up share capital (Rs.)</b>	<b>Cumulative share premium (Rs.)</b>
June 2007*	01,	100000	10	30	Further Allotment	1,10,11,050	11,01,10,500	6,64,00,000

\* In consideration of the transfer of the interest in the lease hold land situated at Industrial Development Corporation of Orissa (“IDCO”) bearing Plot No.-38, admeasuring Ac. 0.879 decimal or thereabouts at Industrial Estate Mancheswar, Ps-Mancheswar, Dist- Khurda by M/s. ARSS Engineering and Technology in the name of our Company, our Company has issued 1,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.20/- per Equity Share to Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of M/s. ARSS Engineering and Technology. The valuation was mutually agreed upon by Mr. Sunil Agarwal and Mr. Mohanlal Agarwal being partners of M/s. ARSS Engineering and Technology and the issuer company at 1,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.20/- per Equity Share. No valuation was carried out by an independent valuer.

Except as stated in the section titled “Capital Structure” on page 21 of this Red Herring Prospectus, our Company has not made any previous issues of shares for consideration otherwise than for cash.

#### **Underwriting Commission, Brokerage and Selling Commission on Previous Issues**

Since this is the Initial Public offer of our Company, no sum has been paid or is payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

#### **Companies under the Same Management**

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, which has made any capital issue during the last three years.

#### **Promise versus Performance**

Neither our Company nor our group companies have made any public issue (including any rights issue to the public) in past, Promise vis-à-vis Performance is not applicable to us.

#### **Listed Ventures of Promoter**

Our Promoter does not have any listed ventures.

#### **Outstanding Debenture or Bond Issues**

As on the date of filing of this Red Herring Prospectus with SEBI, our Company does not have any outstanding Debentures or Bonds.

#### **Outstanding Preference Shares**

Our Company has not issued any preference shares till date whether redeemable or otherwise.

#### **Stock Market Data for Our Equity Shares**

This being an initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

#### **Mechanism for Redressal of Investor Grievances**

The Memorandum of Understanding between the Registrar to the Issue and us provides for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, demat account number and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Our Company has constituted a Shareholders/ Investor Relation Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer section titled “Our Management” under the head Corporate Governance on page 104 of this Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of our Company.

#### **Disposal of Investor Grievances**

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs in case of ASBA Bidders, for the redressal of routine investor grievances shall be 15 days from the date of receipt of the complaint. In case of not-routine complaint and such complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Bibhuti Bhushan Sahoo, Company Secretary, as the Compliance Officer and he may be contacted at the following address in case of any pre-Issue or post-Issue-related problems:

#### **ARSS Infrastructure Projects Limited**

Plot No. 38, Sector –A, Zone- D,

Mancheswar Industrial Estate,

Bhubaneswar-751010.

Tel.: +91-674- 2588554 / 2588552

Tele-Fax: +91-674- 2585074

Website: [www.arssgroup.in](http://www.arssgroup.in)

E-mail: [bbs@arssgroup.in](mailto:bbs@arssgroup.in)

#### **Change in Auditors**

M/s. K.C.Jena, our Statutory Auditors were unable to continue on account of their professional commitments. Therefore, at the AGM held on September 27, 2006 M/s P.A. & Associates, Chartered Accountants, Chartered Accountants were appointed as Statutory Auditors of our Company.

#### **Capitalization of Reserves or Profits**

Our Company has issued bonus shares on March 5, 2007 in the ratio of 2:1. For the further details please refer to the section titled “Capital structure” on page 21 of this Red Herring Prospectus.

#### **Revaluation of Assets**

There has not been any revaluation of Assets since incorporation.

#### **Payment or benefit to officers of our Company**

Except as stated in the section titled “ Other Regulatory and Statutory Disclosures” in this Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees since incorporation of our Company.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

## **SECTION VII – ISSUE RELATED INFORMATION**

### **BASIC TERMS OF THE ISSUE**

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI Regulations, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the ASBA Bid cum Application Form, the ASBA 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 relevant authorities, as in force on the date of the Issue and to the extent applicable.

#### **Authority for the Issue**

The Issue has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extra Ordinary General Meeting of the shareholders of our Company held on August 14, 2009. The Board of Directors has pursuant to a resolution dated July 20, 2009 authorised the Issue.

#### **Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. For further details, please see “Main Provisions of the Article of Association” on page 248 of this Red Herring Prospectus.

#### **Mode of Payment of Dividend**

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

#### **Face Value and Issue Price**

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at the lower end of the Price Band at Rs.410 per Equity Share and at the higher end of the Price Band at Rs. 450. 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 book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### **Compliance with SEBI Regulations**

We shall comply with applicable disclosure and accounting norms 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; and such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchanges(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., please refer to section titled “Main Provisions of Articles of Association” beginning on page 248 of this 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 dematerialised form. In terms of existing SEBI Regulations, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of the Equity Shares will be in dematerialised mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 15 Equity Shares to the successful Bidders.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Orissa, 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 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 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.

Notwithstanding anything stated above, since the Allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **Bid/Issue Program**

The period of operation of subscription list of public issue:

Bid/Issue opens on: February 8, 2010

Bid/Issue closes on: February 11, 2010

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue (including allotment of mandatory 60% of the Issue to the QIBs) including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, our Company 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, 1956.

Further, in accordance with clause 4 of Regulation 26 of the SEBI Regulations, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

### **Arrangements for disposal of odd lots**

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

### **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 shares and on their consolidation/splitting, please refer to “Main Provisions of Articles of Association” on page 248 of the Red Herring Prospectus.

### **Option to Receive Securities in Dematerialized Form**

Equity Shares being offered through the Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

## ISSUE STRUCTURE

The present Issue of [●] Equity Shares of Rs.10 each at a Price Band of Rs.410 to Rs 450per Equity Share for cash aggregating up to Rs. 10300 lacs is being made through the 100% Book Building process. Details of the Issue structure are tabulated below:

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares* available for allocation/allotment	A minimum of [●] Equity Shares must be allotted to QIBs.	Not less than [●] Equity Shares or Issue Size less allotment to QIB Bidders and allocation to Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Issue Size less allotment to QIB Bidders and allocation to Non-Institutional Bidders shall be available for allocation.
Percentage of Issue Size available for allocation/Allotment	At least 60% of the Issue (of which 5% shall be available for allocation 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 be available shall be allocated to QIBs	Not less than 10% of the Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Retail Individual Bidders	Not less than 30% of the Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Non Institutional Bidders
Basis of Allocation/Allotment if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and the unsubscribed portion shall be allocated to QIBs (b) [●] Equity Shares plus the unsubscribed portion forming part of the Mutual Fund reservation in clause (a) above shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Bid Lot	Minimum bid lot 15 and multiple of [●] Equity Shares	Minimum bid lot 15 and multiple of [●] Equity Shares	Minimum bid lot 15 and multiple of [●] Equity Shares
Minimum Bid	Such number of Bid Lots such that the Bid Amount exceeds Rs 1,00,000 .	Such number of Bid Lots such that the Bid Amount exceeds Rs 1,00,000 .	One Bid Lot
Maximum Bid	In such number of Bid Lots not exceeding the size of the Issue subject to regulations as applicable to the Bidder	In such number of Bid Lots not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Bid Lots so as to ensure that the Bid Amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Allotment Lot	One Bid Lot and in multiples of One Equity Shares thereafter.	One Bid Lot and in multiples of one Equity Shares thereafter.	One Bid Lot and in multiples of One Equity Shares thereafter.
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, National Investment Fund, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institution, societies and trusts.	Individuals (including Eligible NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.



	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	Development Authority, provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law. insurance funds set up and managed by army, navy or air force of the Union of India.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid-cum-Application Form to the Syndicate Members or submission of the ASBA Form to the SCSB. ***	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the Syndicate Members or submission of the ASBA Form to the SCSB.***
Margin Amount	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. At least 60% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation on a proportionate basis in the remaining QIB Portion subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Under-subscription, if any, in any category except in the QIB category would be met with spill over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 60% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

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

\*\*\* Non QIB Investors are also eligible to apply through ASBA process, for details please refer Section “ASBA Process” on page no. 238 of this Red Herring Prospectus.

## ISSUE PROCEDURE

### Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR read with Regulation 41(1)(a) of the SEBI Regulations, this is an Issue for less than 25% of the paid up capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated to QIBs on a proportionate basis. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.

Under-subscription/ unallocated portion, 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 and the Designated Stock Exchange.

Bidders are required to submit their Bids through the Syndicate. QIB Bidders are required to submit their bids through the BRLMs or their affiliates only.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Further, our Company, and the Book Running Lead Managers are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under applicable laws, regulations or approvals. Bidders are advised to make their own enquiries about the limits applicable to them.

### Bid cum Application Form

Bidders (excluding ASBA Bidders) shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. The Bid cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidder wishes to Bid. The bidders 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 Applications. 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 authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by 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, Eligible NRIs applying on a non repatriation basis, and QIB	White
Eligible NRIs, FVCIs, FIs on a repatriation basis,	Blue
ASBA Bidders (Non QIB Investors)	White with Green border
ASBA Bidders (NRI Investors)	White with Pink border

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. Bidders 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 Applications. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

### Who can Bid?

- 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);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRI's other than Eligible NRI's are not eligible to participate in this Issue;

- Mutual Funds registered with SEBI;
- Indian Financial Institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National investment fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

Note: As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

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.

#### **Participation by associates of the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, either in the QIB Portion or in the Non-Institutional Portion, as may be applicable to such investors. Such bidding and subscription may be on their own account or their clients.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

#### **Bids by Mutual Funds**

##### *Procedure for Application by Mutual Funds*

Under the SEBI Regulations, 5% of the QIB Portion, i.e. [●] Equity Shares has been specifically reserved for Mutual Funds to be allocated on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion 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.

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 in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.
- The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which Application is being made.

#### *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 Applications provided that the Bids clearly indicate the scheme concerned for which the Bid has been made

#### **Bids by Eligible NRIs**

*Eligible NRIs are required to note the following:*

Bid cum Application Forms (blue in colour) have been made available for NRIs at our Registered Office as well as by the members of the Syndicate and the Registrar to the Issue.

Eligible NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange or by debit to their NRE or FCNR accounts shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians (white in colour).

Eligible NRIs may also use the ASBA facility to make an Application by using ASBA Bid Cum Application Form white with pink border in colour)

ASBA Bid cum Application Forms is available with the Company at its Registered Address and SCSBs.

#### **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 our paid up capital (i.e. [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 100% of our total issued capital unless approved by the shareholders of the Company.
- Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

#### **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

- The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors, respectively, registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/foreign venture capital investor. However, venture capital funds and foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various

prescribed instruments, including in initial public offers. Further, FVCIs investing in this Issue should confirm that no approvals from the appropriate regulatory authorities are required to be obtained by the concerned FVCI.

- The above information is given for the benefit of the Bidders. Our 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 Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable investment limits under laws or regulations or maximum number of Equity Shares that can be held by them under applicable laws.

#### **Maximum and Minimum Bid Size**

- a) For Retail Individual Bidders: The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given to the Retail Individual Bidders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.
- b) For Other Bidders (Non-Institutional Bidders and QIBs bidding in the QIB Portion): The Bid must be for a minimum of such number of Equity Shares ( in multiple of 15 Equity Share) such that the Bid Amount exceeds Rs. 100,000 and in multiples of 15 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, QIB Bidder bidding in the QIB Portion cannot withdraw its Bid after the Bid Closing Date and is required to pay the QIB Margin Amount upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at “Cut-off”.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

#### **Information for the Bidders:**

- a) The Red Herring Prospectus will be filed by the Company with the RoC at least three days before the Bid Opening Date.
- b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus.
- c) Our Company, and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in three newspapers (one in English and one in Hindi) and one in Oriya newspaper which is the regional newspaper).
- d) The Members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the 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.
- f) Eligible investors who are interested in subscribing to the Equity Shares should approach any of the BRLMs or the Syndicate Members or their authorised agent(s) to register their Bids.
- g) 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 Opening Date and Bid Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one Oriya 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 XIII of the SEBI Regulations.
- b) The Price Band and the minimum Bid lot size for the Issue is decided by our Company in consultation with the BRLMs, and advertised in two widely circulated national newspapers (one each in English and Hindi) and one Oriya newspaper with wide circulation, at least two Working Days prior to the Bid Opening Date. The BRLMs and the Syndicate Members shall accept Bids from Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- c) The Members of the Syndicate shall accept Bids from all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.

- d) The Bidding Period shall be for a minimum of three Working Days and not exceeding 10 Working Days (including the days for which the Bid/Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two widely circulated national newspapers (one each in English and Hindi) and one Oriya newspaper with wide circulation.
- e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “Bids at Different Price Levels” below, 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 Amount, will become automatically invalid.
- f) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Applications 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 “Build up of the Book and Revision of Bids” on page 224.
- g) 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.
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Account(s)” on page 223.
- i) The identity of QIB Bidders shall not be made public.

#### Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. 410 to Rs. 450 per Equity Share of Rs. 10 each, Rs. 410 being the Floor Price and Rs. 450 being the Cap Price. The Price Band and the minimum bid lot is decided by the Company in consultation with the BRLMs and will be published in The Economic Times edition of English newspaper Dainik Bhaskar edition of Hindinewspaper and Sambadedition of Oriyanewspaper at least two (2) working days prior to the Bid Opening Date. The Bidders can Bid at any price within the Price Band, in multiples of Re. one.
- b) Our Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding Period, in accordance with the SEBI Regulations provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. Floor Price can move up and down to the extent of 20% of the Floor Price as disclosed in the Red Herring Prospectus.
- c) In case of revision in the Price Band, the Bidding Period will be extended for at least three working days subject to total Bidding Period of a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges and SCSB, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and one Oriya newspaper with wide circulation, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.
- d) Our Company in consultation with the BRLMs can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of or intimation to the Bidders.
- e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), such Bidders shall receive the refund of the excess amounts from the Escrow Account(s).
- g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price, if the 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. 100,000 for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not

either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

- h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account(s).
- i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum Application size shall remain 15 Equity Shares irrespective of whether the Bid Amount payable on such minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.
- j) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

#### **Terms of Payment and Payment into the Escrow Account(s)**

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see the "Issue Procedure-Payment Instructions" on page 229, and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/ money order shall not be accepted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. In case the Margin Amount is paid through cheque/demand draft, each QIB shall provide its Margin Amount only to the members of the Syndicate. In case of payment of Margin Amount through RTGS, each QIB shall make the payment directly to the Escrow Collection Bank(s) in the designated account. The Margin Amount based on the Bid Amount has to be paid at the time of the submission of the Bid cum Application Form. The Margin Amount shall be entered and printed on the TRS which shall be furnished upon request.

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see the "Issue Procedure-Payment Instructions", and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stockinvest/money order shall not be accepted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its Margin Amount only to the Syndicate. The Margin Amount based on the Bid Amount has to be paid at the time of the 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(s), 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. No later than 15 days from the Bid Closing Date, the Registrar 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 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 "Issue Structure" on page 216 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 transferred 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. If the payment is not made favouring the Escrow Account(s) within the time stipulated above, the Bid of the Bidder is liable to be rejected.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for allocation/ transfer, will be refunded to such Bidder within 15 days from the Bid 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 received, using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted.
- b) The Stock Exchanges will Issue a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis.
- c) On the Bid 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. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to insufficient uploading time, and such bids that are not uploaded will not be considered for allocation. Bids will only be accepted on Working Days, i.e., Monday to Friday (excluding any public holiday).

- d) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at the bidding centers and at the websites of each of the Stock Exchanges during the Bidding Period.
- e) 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. Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
  - Investor Category – Individual, Corporate, Eligible NRI, FII, or Mutual Fund, QIBs, etc.
  - Numbers of Equity Shares Bid for.
  - Bid Amount.
  - 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.
- f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ allotted.
- g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- h) In the 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, Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the "Issue Procedure-Grounds for Technical Rejections" on page 231.
- i) The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- j) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.
- k) Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

#### **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 Stock Exchanges 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 Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- d) Revisions can be made in both the desired 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 three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. 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) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.



- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders in the QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

### **Price Discovery and Allocation**

- a) After the Bid Closing Date, the BRLMs will analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- b) Any unsubscribed portion/ unallocated portion in any reserved category shall be added to the Net Issue to the public. In case of under-subscription in the Net Issue to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Issue to the public. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire Application money will be refunded. In the event that the aggregate demand in the QIB Portion has been met, under subscription/ unallocated portion in any other category, if any, would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
- c) Allocation to Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the FIPB and RBI, while granting permission for Allotment of Equity Shares to them in this Issue.
- d) The BRLMs, in consultation with the Company 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.
- e) In terms of the SEBI Regulations, QIB bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date.
- f) Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs. Rejection of Bids by QIBs bidding in the QIB Portion, if any will be made at the time of submission of 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 our Company would have a right to reject the Bids only on technical grounds.
- g) 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 finalisation of the Issue Price and allocation(s) /Allotment to the Bidders.
- b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by the Company 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.
- c) We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

### **Announcement of pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall after filing of the Red Herring Prospectus, publish an advertisement, in the form prescribed by the SEBI Regulations in two widely circulated national newspapers (one each in English and Hindi) and one Oriya newspaper with wide circulation.

### **Issuance of CAN**

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted 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 Allotment for the Retail Individuals and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the Equity Shares are allotted to all investors in this Issue on the same date.
- b) The BRLMs or the Syndicate Members would 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. QIB Bidders who have not paid the entire Bid Amount into the Escrow Account(s) at the time of bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) 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(s). 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 below

#### **Notice to QIBs: Allotment/Transfer Reconciliation and Revised CAN**

After the Bid Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE systems. This shall be followed by a physical book prepared by the Registrar on the basis of the Bid cum Application Form received. Based on the electronic book or the Physical book as the case may be, QIBs bidding in the QIB Portion may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar, (b) physical Application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, and (c) allotment by the Board of Directors. Subject to the SEBI Regulations, certain 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 bidding in the QIB Portion, 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 shall 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. Any 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 Closing Date.
- b) In accordance with the SEBI Regulations, Equity Shares will be transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

#### **General Instructions**

##### ***Do's:***

- a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules and regulations;
- b) Ensure that you have Bid within the Price Band;
- c) 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 ASBA Bid cum Application Form (white with green border in colour and white with pink border as the case may be);
- d) Ensure that the details of Depository Participant and Beneficiary Account are correct (and activated) as Allotment of Equity Shares will be in the dematerialized form only;
- e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected, except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim;

- i) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- k) Indicate your category (NRI / Resident) in the ASBA Bid cum Application Form

***Don'ts:***

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- 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 the Bid Amount in cash, by money order or by postal order or by stockinvest;
- 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);
- g) Do not Bid for such number of Equity Shares that 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;
- h) Do not submit the Bid without the applicable Margin Amount;
- i) Do not Bid for amount exceeding Rs. 100,000 in case of a Bid by Retail Individual Bidders.
- j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

**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 or the Registered Office of the Company or the Registrar to the Issue.

**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 for Resident Indians and Eligible NRIs applying on a non-repatriation basis, blue for Eligible NRIs and FIIs applying on a repatriation basis).
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- c) For Retail Individual Bidders (including Eligible NRIs) the Bid must be for a minimum of 15 Equity Shares and in multiples of 15 thereafter, subject to a maximum Bid Amount of Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- d) For Non-Institutional Bidders and QIB bidding in the QIB Portion, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of 15 Equity Shares thereafter. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations. QIBs cannot withdraw their Bid after the Bid Closing Date.
- e) Bids by NRIs, FIIs and foreign venture capital funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- f) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, such Bids by Non-Institutional Bidders would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.
- g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- h) 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.

**Bidder's Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders 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 on 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 Bidders sole risk and neither the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks 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.

#### **Bidders Depository Account Details**

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT 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 SUCH JOINT NAMES 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 refund orders /CANs /Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and 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 the Bidders are advised to update their Demographic Details as provided to the DP and ensure they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/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, 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 of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

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, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

#### **Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis**

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable NRIs applying on a non-repatriation basis; blue for Eligible NRIs, FVCIs and FIIs on a repatriation basis; white with green border (Non QIB) and white with pink border (NRI) for ASBA Bidders;; and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. 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; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 15 thereafter that the Bid Amount exceeds Rs. 100,000.

For further details, please refer to the "Issue Procedure - Maximum and Minimum Bid Size" on page 239.

In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US

Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Our Company has received all relevant approvals for the Issue of Equity Shares to Eligible NRI, FIIs, and foreign venture capital funds registered with SEBI. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs, FIIs and Foreign Venture Capital Funds and all Eligible NRIs, FIIs and foreign venture capital funds 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 thereof.

In case of Bids made pursuant to a power of attorney by FIIs or FVCIs, 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 thereof.

In case of Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by 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 thereof.

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 thereof.

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**

#### ***Escrow Mechanism***

Our Company and the members of the Syndicate shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

The Escrow Collection Banks 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 and Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and Prospectus. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. 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 and 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.

#### ***Payment into Escrow Account(s)***

Each Bidder shall draw a cheque or demand draft or issue RTGS instructions for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

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(s) and submit the same to the members of the Syndicate.

2. In case of QIBs bidding in the QIB Portion, where the margin is less than 100% of the Bid Amount, the balance amount shall be paid by the Bidders into the Escrow Account(s) within the period specified in the CAN. If the payment is not made in favour of the Escrow Account within the stipulated time, the Bid is liable to be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of resident QIB Bidders: “Escrow Account – ARSS - Public Issue – QIB – R”
  - In case of non-resident QIB Bidders: “Escrow Account – ARSS - Public Issue – QIB– NR”
  - In case of Resident Bidders: “Escrow Account – ARSS - Public Issue - R”
  - In case of Non Resident Bidders: “Escrow Account – ARSS - Public Issue – NR”
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on Application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account maintained with banks authorised to deal in foreign exchange in India.
5. In case of Bids by FIIs or FVCIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.
7. The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement 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 Closing Date, the Company through the Registrar shall effect refund of 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 or through RTGS payment. 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.
11. Bidders are advised to mention the number of Bid cum Application Form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

### **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. 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 Applications***

A Bidder should submit only one Bid cum Application Form or one ASBA Bid cum Application Form (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Bidder is one and the same. In case of a Mutual Fund, a separate Applications can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Bid has been made.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Applications are given below:

1. All Applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. 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.
5. 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.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the Applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the Applications will be identified as multiple Applications.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories.

#### **Permanent Account Number or PAN**

Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to the SEBI circular dated April 3, 2008) from residents of the state of Sikkim, each Bidder should mention his/her Permanent Account Number ("PAN") allotted under the Income Tax Act, 1961 ("IT Act").

Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

#### **Unique Identification Number ("UIN")**

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

#### **Right to Reject Bids**

In case of QIBs bidding in the QIB Portion, 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 at the time of rejection of Bids. In case of Non-Institutional Bidders, Retail Individual Bidders our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus 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. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

5. PAN not stated or GIR number stated instead (except for Bids on behalf of the Central or State Government and the officials appointed by the courts and (subject to the SEBI circular dated April 3, 2008) from residents of the state of Sikkim);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price more than the Cap Price;
9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Bids for number of Equity Shares which are not in multiples of 15;
11. Category not ticked;
12. Multiple Applications as described in the Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by stockinvest/money order/postal order/cash;
15. Signature of sole and/or joint Bidders missing;
16. Bid cum Application Forms does not have the stamp of the BRLMs or the Syndicate Members;
17. Bid cum Application Forms does not have Bidder's depository account details or the details given are incomplete;
18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
19. 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;
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. Bids by QIBs not submitted through the Syndicate;
22. Bids by OCBs;
23. Bids by any persons located in the United States other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act.
24. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
25. Bids not uploaded in the Book;
26. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 uploaded after 4 P.M. on the Bid Closing Date;
27. Bank account details for the refund not given;
28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
30. Bids that do not comply with the securities laws of their respective jurisdictions;
31. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws; and

#### **Equity Shares in Dematerialised 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 only in a de-materialised 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 among our Company, the respective Depositories and the Registrar and Share Transfer Agent:

- a. Agreement dated September 5, 2007 among NSDL, our Company and Bigshare Services Private Limited;
- b. Agreement dated April 5, 2007 among CDSL, our Company and Bigshare Services Private Limited .

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a. 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.



- b. 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.
- c. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d. 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.
- e. 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.
- f. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- g. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

### **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 form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors 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 transferred shares in the respective beneficiary accounts, refunds, etc.

### **Impersonation**

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

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

### **Basis of Allotment**

#### **A. For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Issue Price and at Cut-off shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

If the valid Bids in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the valid Bids in this category are greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one (1) Equity Share thereafter. For the method of proportionate basis of Allotment, refer below.

#### **B. For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

The Issue size less Allotment to QIBs Bidders and Retail Institutional Bidders shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

If the valid Bids in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the valid Bids in this category are greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one (1) Equity Share thereafter. For the method of proportionate basis of Allotment refer below.

### C. For QIB Portion

Bids received from the QIB in the QIB portion, 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 QIBs who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- a. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
  - i. In the event that Mutual Fund Bids exceeds 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 from 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 QIBs as set out in (b) below;
- b. In the second instance Allotment to all QIBs Bidders shall be determined as follows:
  - i. In the event of an oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
  - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
  - iii. Under-subscription below 5% of the QIB Portion, if any, in the Mutual Fund Portion, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allocation to QIB Bidders shall be at least [●] Equity Shares. The method of proportionate basis of allotment is stated below.

### Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the QIB Portion

#### A. Issue Details

S. No.	Particulars	Issue details
1	Issue size	200 million Equity Shares
e	Allocation to QIB (60%)	120 million Equity Shares
	Of which:	
	a. Reservation to MF (5%)	6 million Equity Shares
	b. Balance for all QIBs including MFs	114 million Equity Shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million Equity Shares

#### B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of Equity Shares bid for (in millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	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 millions)

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	4.5	0
A3	130	0	29.6	0
A4	50	0	11.4	0
A5	50	0	11.4	0
MF1	40	1.2	9.1	10.3
MF2	40	1.2	9.1	10.3
MF3	80	2.4	18.2	20.6
MF4	20	0.6	4.5	5.2
MF5	20	0.6	4.5	5.2
	500	6	114	51.6

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in “Issue Structure” on page 216.
- 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.
- The balance 114 million equity shares (i.e. 120 - 6 (available for mutual funds)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including 5 mutual fund applicants who applied for 200 equity shares).
- 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.

#### Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalize the basis of Allotment in consultation with the BRLMs and 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 in accordance with the SEBI Regulations.

The Allotment to Bidders shall be made in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorized according to the number of Equity Shares applied for.
- The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- In all Bids where the proportionate Allotment is less than 15 Equity Shares per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be Allotted a minimum of 15 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- If the proportionate Allotment to a Bidder is a number that is more than 15 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.
- 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. However, no adjustments would be made in the QIB category.

### **Payment of Refund**

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' address, bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code 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 order 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, Escrow Collection Bank(s), nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or shall be liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the centres specified by the RBI. 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 [68] centers, except where the applicant, being eligible, opts to receive refund through Direct Credit, NEFT or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, Axis Bank Limited shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. 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 and the past experience of the Registrars to the Issue. 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 this section.
4. RTGS – Applicants having a bank account at any of the centres specified by the RBI and whose refund amount exceeds Rs. 1 Lakh, 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 Bidder.
5. 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 centers will be payable by the Bidders.

### **Disposal of Applications and application moneys and interest in case of delay**

Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within fifteen days from the date of Issue closure.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall make best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven Working Days of the finalisation of Basis of Allotment of the Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid Closing Date would be ensured; and
- Our Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched instructions to SCSB are not issued, or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the SEBI Regulations.

### **Letters of Allotment or Refund Orders**

Our Company shall credit Equity Shares Allotted to the beneficiary account with depository participants within 15 days of the Bid Closing Date, and shall dispatch refund orders, if any, of value up to Rs. 1,500, by —Under Certificate of Posting and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid Closing Date. Applicants residing at sixty eight centers where clearing houses are managed by the RBI, will get refunds through ECS subject to adequate details being available in the demographic details received from the depositories, except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

Our Company will provide adequate funds required for dispatch of refunds orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- a) Allotment of securities Issued to the public shall be made not later than 15 days from the Bid Closing Date.
- b) Interest shall be paid by our Company at 15% per annum if the Allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid Closing Date.

In case of revision in the Price Band, the Bidding Period will be extended after revision of Price Band provided that the Bidding Period shall not exceed 10 Working Days. Any revision in the Price Band and the revised Bid Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

### **Utilization of Issue proceeds**

Our Board of Directors certify that:

1. All monies received out of the Issue of shares shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
2. Our Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges;
3. Details of all monies utilized out of the Issue referred above under the sub item (a) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
4. Details of all unutilized monies out of the Issue of shares, if any, referred above under the sub item (a) shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested;
5. The utilization of monies received under reservations shall be disclosed under an appropriate head in the Balance Sheet of our Company indicating the purpose for which such monies have been utilized; and
6. Details of all unutilized monies out of reservations shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

### **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

1. that the complaints received in respect of this Issue shall be attended by the Company expeditiously and satisfactorily. Our Company has authorised our Company Secretary as the Compliance Officer to redress all complaints, if any, of the investors participating in this Issue;
2. that our Company shall apply in advance for the listing of Equity Shares;
3. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven Working Days of finalisation of the basis of Allotment;

4. that the funds required for making refunds to unsuccessful applicants as per mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;
5. that where the refunds are effected through the electronic transfer of funds, suitable communication shall be sent to the applicant within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund;
6. that the certificates of the securities or refund orders to the non-resident Indians shall be dispatched within specified time;
7. that no further issue of securities shall be made until the Equity Shares Issued through the Red Herring Prospectus are listed or till the application monies are refunded on account of non-listing, under-subscription etc;
8. that there would be no further issue of Equity Shares during the period commencing from submission of the Red Herring Prospectus with the SEBI until the Equity Shares Allotted/ to be Allotted pursuant to the Issue have been listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;
9. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment; and
10. that we shall pay interest of 15% per annum (for any delay beyond 15 days) if allotment has not been made and refund orders have not been dispatched within aforesaid dates.

#### **UNDERTAKINGS BY OUR COMPANY:**

Our Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
4. 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.
5. That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;
6. No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc; and
7. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

#### **Issue procedure for ASBA Bidders**

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

#### **ASBA Process**

A Non QIB Investor shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("ASBA Account") is maintained. The SCSB shall block an amount equal to the Maximum Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public

Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLMs.

### **ASBA Bid cum Application Form**

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Members and/or the Designated Branch of SCSB, as the case may be, for the purpose of making Bids in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of Application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of Application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit up to 3 Bid options in the ASBA Bid cum Application Form.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white with green border in colour for Non QIB and white with pink border for NRI as the case may be.

### **Who can Bid?**

In accordance with the SEBI Circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009), only Non QIB Investor can submit their Application through ASBA process to bid for the Equity Shares of our Company.

### **Maximum and Minimum Bid Size for ASBA Bidders**

The ASBA Bid must be for a minimum of 15 Equity Shares and in multiples thereof. For Retail Individual Investors, the maximum ASBA Bid cannot exceed [●] Equity Shares in order to ensure that the total Bid Amount blocked in respect of the said ASBA Bidder does not exceed Rs. 100,000 whereas for non retail ASBA bidders, the minimum bid amount should exceed Rs.1,00,000.

### **Information for the ASBA Bidders:**

- a. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs to enable them to make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form and that the same are made available on the websites of the SCSBs.
- b. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.
- c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- d. ASBA Bid cum Application Forms should bear the stamp of the Syndicate Members and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp will be rejected.
- e. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.
- f. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
- g. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.
- h. ASBA NRI Bidders shall correctly mark the column in the ASBA Bid cum Application Form indicating their intent to apply as NRI

### **Method and Process of Bidding**

- a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.
- b. The Designated Branches of the SCSBs shall give an acknowledgment specifying the ASBA Bid cum Application Form number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- c. Each ASBA Bid cum Application Form will give the ASBA Bidder options to bid for the Equity Shares at the price within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) for three such options. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at or above the Issue Price or at the Cut-off Price (in case of Retail Individual Bidders) will be considered for allocation along with the Non-ASBA Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.
- d. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Maximum Bid Amount, are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- e. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- f. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the maximum Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip ("TRS"). The SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, for each price and demand option. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. The TRS shall be furnished to the ASBA Bidder only on request.
- g. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be 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.

## **Bidding**

- a. The Price Band and the Bid Lot is announced at least two working days prior to the launch of the Bidding.
- b. In accordance with the SEBI Regulations, our Company reserves the right to revise the Price Band during the Bidding Period, in consultation with the BRLMs. The cap on the Price Band should not be more than 20% of the floor of the Price Band.
- c. In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the members of the Syndicate.
- d. Our Company in consultation with the BRLMs can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.
- e. In the event the Bid Amount is higher than the subscription amount payable (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

## **Mode of Payment**

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.



After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the maximum Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account into the Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### **Electronic registration of Bids by SCSBs**

- a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
  - i. it has received the ASBA in a physical or electronic form; and
  - ii. it has blocked the application money in the bank account specified in the ASBA Bid cum Application Form or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online at all the Designated Branches of the SCSBs and on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at all the Designated Branches of the SCSBs during the Bidding Period.
- d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
  - iii. Name of the Bidder(s);
  - iv. Application Number;
  - v. Permanent Account Number;
  - vi. Depository Participant identification no.; and
  - vii. Client identification No. of the Bidder's beneficiary account.
  - viii. Details of multiple bids
  - ix. Number of equity shares for each bid
  - x. Bid rate for each bid
- e. In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the Bid cum Application Form number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidders responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
- h. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or

endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

- i. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the bank account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- j. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLMs, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

#### **Build up of the book and revision of Bids**

- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- b. The book gets built up at various price levels. This information will be available with the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
- c. During the Bidding Period, any Bidder who has bid using ASBA Bid cum Application Form 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 in case the Application is made using physical form and through the online system in case the Application is made through the online system of SCSB.
- 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 ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if a Bidder has provided three Bids in the ASBA Bid cum Application Form and he is changing only one of the options in the ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the ASBA Revision Form. The SCSBs will not accept incomplete or inaccurate ASBA Revision Forms.
- e. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same SCSB through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
- f. Any revision of the Bid shall be accompanied by the concerned SCSB blocking additional amount to reflect the Maximum Bid Amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked immediately in accordance with the terms of this Red Herring Prospectus.
- g. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS, if provided, and get a revised TRS from the SCSB. 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. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, our Company and the Designated Stock Exchange, in this regard shall be final and binding.
- i. Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for allocation/ Allotment.

#### **Price Discovery and Allocation**

After the Bid Closing Date the BRLMs shall aggregate the demand generated under the ASBA process at various price levels through details that are provided to them by the Registrar to the Issue with the non-QIB Investors applied under the non ASBA process to determine the demand generated at different price levels. For further details, refer to the “Issue Procedure -Price Discovery and Allocation” on page 225.

#### **Signing of Underwriting Agreement and RoC Filing**

- a. Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price.

- b. After signing the Underwriting Agreement, we shall update and file the updated Red Herring Prospectus with the RoC, which then would be termed the “Prospectus”. The Prospectus would contain details of the Issue Price and Issue size.

### **Issuance of CAN**

- a. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and
- b. The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

### **Allotment of Equity Shares**

- a. Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders within the aforesaid due date.
- b. As per the SEBI Regulations, Equity Shares will be transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

## **GENERAL INSTRUCTIONS**

### **Do's:**

- a. Check if you are a Non QIB Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is green in colour for Non QIB Investors and pink in colour for ASBA NRI Investors).
- d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
- e. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- f. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
- g. Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
- h. Ensure that you have funds equal to the option with the maximum Bid amount as mentioned in the ASBA form available in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.
- i. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
- j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
- k. Ensure that you have mentioned your Permanent Account Number (“PAN”) allotted under the I.T. Act.
- l. Ensure that the name(s) and PAN(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that

the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.

- m. Ensure that the Demographic Details are updated, true and correct, in all respects.
- n. Ensure that, in case of revision of price band, the bids are revised to keep the Bid Amount is up to Rs.100,000 in case of Retail Individual Investors and more than Rs 100,000 in case of Non Institutional Investors for allotment in the same category as per the original bid form.

***Don'ts:***

- a. Do not submit an ASBA Bid if you are QIB Investor.
- b. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.
- c. Do not Bid for lower than the minimum Bid size.
- d. Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- e. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- f. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- g. In case of Retail Individual Investors, do not fill up the ASBA Bid cum Application Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 100,000.
- h. Do not submit the GIR number instead of the PAN.

***Bids by ASBA Bidders must be:***

- a. Made only in the prescribed ASBA Bid cum Application Form, which is white with green border for Non QIB Investor colour and white with pink border for NRI Investors, if submitted in physical mode, or electronic mode.
- b. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.
- d. The Bids must be for a minimum of 15 Equity Shares and in multiples thereof subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed Rs. 100,000 for Retail Individual Investors.
- e. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

**ASBA Bidder's depository account and bank details**

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA 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 ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, or our Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

#### **Payment mechanism under ASBA**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### **ASBA Bids under Power of Attorney**

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject such ASBA Bids.

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 ASBA Bid cum Application Form, subject to such terms and conditions that we, in consultation with the BRLMs may deem fit.

### **OTHER INSTRUCTIONS**

#### ***Withdrawal of ASBA Bids***

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

#### ***Joint ASBA Bids***

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

#### ***Multiple ASBA Applications***

An ASBA Bidder should submit only one Application. Two or more Application, whether through ASBA or through any Member of the Syndicate will be deemed to be multiple Applications 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 described in "Issue Procedure- Multiple Applications" on page 230.

#### ***Permanent Account Number***

For details, see "Permanent Account Number or PAN" on page 231.

#### **Right to Reject ASBA Bids**

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with

the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

## **GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS**

In addition to the grounds listed under "Grounds for Technical Rejection" on page 231, Applications under the ASBA process are liable to be rejected on, inter alia, the following technical grounds:

1. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for in each bid;
2. Age of first Bidder not given;
3. Bid made by Qualified Institutional Bidders
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
5. PAN not stated, or GIR number furnished instead of PAN. See "Issue Procedure - Permanent Account Number or PAN" on page 231;
6. Bids for number of Equity Shares, which are not in multiples of 15;
7. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
8. Multiple Bids as defined in this Red Herring Prospectus;
9. In case of Bid under power of attorney, relevant documents are not submitted;
10. ASBA Bids accompanied by stockinvest/money order/postal order/cash;
11. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
12. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
13. ASBA Bid cum Application Form does not have the Bidder's depository account details;
14. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
15. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;
16. 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 DP ID and the beneficiary account number; and

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

## **COMMUNICATIONS**

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commissions or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

## **Disposal of Investor Grievances**

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on Application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

**Impersonation**

For details, see “Issue Procedure- Impersonation” on page 233.

**DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, we undertake that:

1. Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid Closing Date;
2. Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid Closing Date; and
3. We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

**Basis of Allocation**

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to respective category. For details, see “Issue Procedure- Basis of Allotment” on page 233.

**Method of Proportionate basis of allocation in the Issue**

No preference shall be given vis-à-vis ASBA and non-ASBA Bidders. The allocation shall be on a proportionate basis as discussed on page 235 of this DRHP.

**Undertaking by our Company**

In addition to our undertakings described under “Issue Procedure- Undertaking by our Company”, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

## **SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Subject as hereinafter otherwise provided, the regulations contained in Table 'A' in the Schedule I of the Companies Act, 1956 shall apply to this Company except so far as they have been impliedly or expressly modified by what is contained in the Articles hereinafter mentioned or by the said act:

The Authorized capital of our Company is Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00, 000 Equity Shares of Rs.10/- each.

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

### **CAPITAL AND INCREASE AND REDUCTION OF CAPITAL**

#### **Article 3 provides that**

The Authorized Share Capital of the company shall be the capital as specified in Clause V of the Memorandum of Association, with power to increase and reduce the Share Capital of the company and to divide the shares in the Capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for time being be provided in the Articles of Association.

#### **Article 4 provides that**

The Company in General Meeting may, from time to time, increase the Capital by the creation of new Shares. Such increase to be of such aggregate amount and to be divided into such shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, or otherwise and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Section 87 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.

#### **Article 5 provides that**

Except in so far as otherwise provided in the conditions of issue of shares by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to provisions herein contained, with reference to the payment of calls and installments, forfeiture, Lien, surrender, transfer and transmission, voting and otherwise.

#### **Article 6 provides that**

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which at or at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

#### **Article 7 provides that**

On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof, the following provisions shall take effect:

- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the 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.

Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the 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.

#### **Article 8 provides that**

The Company may subject to the Provisions of Section 78, 80, 100 to 105 both inclusive, of the Act) from time to time by Special Resolution reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if they were omitted.

#### **Article 9 provides that**



Subject to the provisions of Section 94 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-division, 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 or others. 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.

**Article 10 provides that**

Whenever the Capital 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 or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths of nominal value of the issued shares of the class or is confirmed by a Resolution passed at a separate General Meeting of the holders of shares of that class and supported by the votes of the holders of at least three-fourths of those shares, and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such Meeting, but so that the quorum thereof shall be members present in person or by proxy and holding three-fourths of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the Company would have if it were omitted.

**SHARES AND CERTIFICATES**

**Article 11 provides**

The Company shall cause to be kept a Register and index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or country.

**Article 12 provides that**

The shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

**Article 13 provides that**

Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, either out of the un-issued capital or out of the increased share capital then

- a. Such further shares shall be offered to the persons who on the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on those shares at the date.
  - b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.
  - c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED that the Directors may decline without assigning any reason to allot any shares to any person in whose favor any member may renounce the shares offered to him
  - d. After 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 that he declines to accept the shares offered, the Board may dispose of them in such manner as they may think, in their sole discretion, deem fit.
1. Notwithstanding anything contained in the sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof) in any manner whatsoever.
    - i. if a special resolution to that effect is passed by the company in general meeting; or
    - ii. where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favor of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes if any, cast against the proposal by members so entitled to 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.
  2. Nothing in sub-clause (c) of (1) hereof shall be deemed;
    - i. To extend the time within which the offer should be accepted; or
    - ii. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favor the renunciation was first made has declined to take the shares comprised in the renunciation.
  3. 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 loan 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 rules, if any, made by that Government in this behalf; and
- b. in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or raising of the loans.

#### **Article 14 provides that**

Subject to the provisions of section 81 of the act and these Articles, the shares in the capital of the company for the time being shall be under the controls of the directors who may issue, allot or otherwise dispose of the same or any of them 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 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 persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any persons without the sanction of the company in the general meeting.

#### **Article 15 provides that**

In addition to and without derogating from the powers for the purpose conferred on the Board under Articles 13 and 14, 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 a discount as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company, either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a member or not) the option being exercisable at such times and for such consideration as may be directed by such General Meeting of the Company and the General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

#### **Article 16 provides that**

Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts shares and whose name is on the Register shall for the purpose of these Articles, be a member.

#### **Article 17 provides that**

The money (if any) which the Board shall, on the allotment of any share being made by them require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the insertion of the name of the Allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the Allottee thereof, and shall be paid by him accordingly.

#### **Article 18 provides that**

Every member, or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

#### **Article 19 provides that**

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the directors may from time to time determine) to several certificates each for one or more of such shares and the company shall complete and have ready for delivery of such certificates within 3 month from the date of allotment, unless the conditions of issue thereof otherwise provide or within 1 month of the receipt of application of registration of transfer, transmission, subdivision or consolidation or renewal of any of its shares as the case may be. Every certificates of

shares shall be under the seal of the company and shall specify the no. and distinctive nos. of shares in respect of which it is issued and the amt. Paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificates and delivery of a certificate of shares to one of several joint holder shall be sufficient delivery to all such holders.

**Article 20 provides that**

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the article shall be issued without payment of fees if the directors so decide, or on payment of such fees (not exceeding Rs.2 for each certificates) as the directors shall prescribe, provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced, worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the directors shall comply with such rules or regulations or requirement of any stock exchange or the rules made under Securities contracts (Regulation) Act, 1956 or any other act or the rules applicable in this behalf.

The provision of this act shall mutatis mutandis apply to the debentures of the company.

**Article 21 provides that**

If any share stands in the names of two or more persons, the person first named in the register shall, as regards receipt of dividends or bonus or service of notice and all or any oilier matter connected with the Company, except voting at meetings, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares for all incidents thereof according to the Company's regulations.

**Article 22 provides that**

Except as ordered by a Court of competent jurisdiction, or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share 'in the joint names of any two or more persons or the survivor or survivors of them.

**Article 23 provides that**

The Company shall have power, subject to and in accordance with all the applicable pro-visions of the Act and the rules made there under, to purchase any of its own fully paid shares or other specified securities whether or not they are redeemable and may make a payment out of its free reserves or securities premium account of the Company or proceeds of any shares or other specified securities provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities or from such other sources as may be permitted by Law on such terms, conditions and in such manner as may--be prescribed by the Law from time to time in respect of such purchase.'

**Article 23A provides that**

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing allotment of share, attending(not voting) at the general meeting ,appointment of directors and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the general meeting by a special resolution.

**CALLS**

**Article 27 provides that**

- a. The Board may, from time to time and subject to the terms on which any shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
- b. That option or right to call of shares shall not be given to any person except with the sanction of the issuer in general meetings.

**Article 28 provides that**

Fifteen days notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to who such call shall be paid.

**Article 29 provides that**

A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.

**Article 30 provides that**

A call may be revoked or postponed at the discretion of the Board.

**Article 30A provides that**

The option or right to call of shares not be given to any person except with the sanction of the company in general meeting.

**Article 31 provides that**

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

**Article 32 provides that**

The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favor.

**Article 33 provides that**

If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest of the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

**Article 34 provides that**

Any sum, which may by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

**Article 35 provides that**

On the trial or hearing of any action or suit brought by the Company against any member or his 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 appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

**Article 36 provides that**

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, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

**Article 37 provides that**

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 ed 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 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.

## **LIEN**

### **Article 38 provides that**

The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) 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 and no equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's Lien, if any, on such shares. The directors may at any time declare any shares wholly or in part to be exempt from the provision of this clause.

### **Article 39 provides that**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

### **Article 40 provides that**

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

## **FORFEITURE OF SHARE**

### **Article 41 provides that**

If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, Serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such nonpayment.

### **Article 42 provides that**

The notice shall name a day (not being less Than Thirty days from the date of *the* notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time, and at the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited

### **Article 43 provides that**

If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture

### **Article 44 provides that**

When any shares 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.

### **Article 45 provides that**

Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re allot or otherwise dispose of the same in such manner as think fit

**Article 46 provides that**

The Board 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.

**Article 47 provides that**

A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

**Article 48 provides that**

The forfeiture of a share involve extinction, at the time of the forfeiture, of all interest and all claims and demands 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.

**Article 49 provides that**

A duly verified declaration in writing that the declaring is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

**Article 50 provides that**

Upon any sale, re-allotment or other disposal under the provisions of the preceding. Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto.

**TRANSFER AND TRANSMISSION OF SHARES**

**Article 51 provides that**

The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any share.

**Article 52 provides that**

The instrument of transfer shall be in writing and all provision 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.

**Article 53 provides that**

Every such instrument of transfer shall be executed both by transferor and the transferee and 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 Board shall not issue or register a transfer of any share in favor of a minor (except in cases when they are fully paid up).

**Article 54 provides that**

The Board shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situated to close the transfer books, the Register of Members or Register of Debenture holders at such time or times

and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient.

#### **Article 55 provides that**

Subject to the provision of section 111 of the act and section 22A of the securities Contracts(Regulation) Act,1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases ,the director shall within 1month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

#### **Article 56 provides that**

Every holder of shares in, or Debentures of the Company. May at any time nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder.

Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company, as the case may be, held by them shall-vest in the event of death of all joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.

Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the Shares in or Debentures of the Company, in the event of his death, during the minority.

#### **Article 57 provides that**

Any person who becomes a nominee by virtue of the provision of the above Article, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:

- a. to be registered himself as holder of the shares or debentures, as the case may be; or
- b. To make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee, so becoming entitled, elects himself to be registered as holder of the Shares or Debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder and the certificate(s) of Shares or Debentures, as the case may be, held by the deceased in the Company.

Subject to the provisions of Section 109B (3) of the Act and these Articles, the Board may register the relevant Shares or Debentures in the name of the nominee of the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

A nominee on becoming entitled to Shares or Debentures by reason of the death of the holder. or joint holders shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a member or Debenture holder in relation to meetings of the Company.

The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares or Debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.

#### **Article 58 provides that**

No share shall in any circumstances be transferred to any insolvent or persons of unsound mind.

**Article 59 provides that**

Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee 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 Article is referred to in these Articles as the Transmission Article.

**Article 60 provides that**

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, is entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

**Article 61 provides that**

Every instrument of transfer shall be presented to the Company dilly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

**Article 62 provides that**

For the purpose of the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

**Article 63 provides that**

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, Power of attorney or similar other document.

**Article 64 provides that**

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the Prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

**BORROWING POWERS****Article 66 provides that**

The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

**Article 67 provides that**

The Board may raise or secure the repayment of such sum or sums in such; manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being.



**Article 68 provides that**

Any debentures, debenture-stock, bonds or other securities may be issued at a discount and otherwise debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Debentures, debenture-stock, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with sanction of the Company in General Meeting.

**Article 69 provides that**

Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

**Article 70 provides that**

If the Board refuses to register the transfer of any debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and to the transferor the notice of such refusal.

**Article 71 provides that**

The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 118 and 125 and 127 to 144, both inclusive of the Act in that behalf to be duly complied with, so far as they are ought to be complied with by the Board.

**Article 72 provides that**

The Company shall, if at any time it issues debentures, keep Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country outside India a Branch Register of Debenture-holders, resident in that State or Country.

**VOTE OF MEMBERS****Article 95 provides that**

No member shall be entitled to vote either personally or by proxy, at any General Meeting or Meeting of a class of shareholders, either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the Company has, and has exercised any right of lien.

**Article 96 provides that**

Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the Capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person. Shall have one vote and upon a poll the voting rights of every member present in person or by proxy shall be in proportion to his shares of the paid-up equity share capital of the Company. Provided, however, if any preference share-holder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

**Article 97 provides that**

On a poll taken at meeting of the Company a member entitled to more than one vote, or his proxy or other person 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 used or may abstain from voting.

**Article 98 provides that**

A member of unsound mind or in respect of whom an 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 committee or guardian may, on poll, vote by proxy, if any member be a minor, the vote in respect of his share or shares shall be by his guardian, or any of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

**Article 99 provides that**

If there be joint holders of any shares, anyone of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto by 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 that one of the said persons so present whose name 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 joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles to be deemed joint holders thereof.

**Article 100 provides that**

Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.

**Article 101 provides that**

Any person entitled under Article 60, to transfer any share may vote at any General Meeting in respect thereof in the same manner, as if he were the registered holder of such shares, provided that forty eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

**Article 102 provides that**

Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorized by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

**Article 103 provides that**

An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or. It may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

**Article 104 provides that**

A member present by proxy shall be entitled to vote only on a poll.

**Article 105 provides that**

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not later than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. 'No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

**Article 106 provides that**

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

**Article 107 provides that**

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or 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 or insanity, revocation or transfer shall have been received at the office before the meeting.

**Article 108 provides that**

No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

**Article 108A provides that**

A. Notwithstanding anything contained in the foregoing, the company shall transact such business, as may be specified by the Central Government from time to time, through the means of postal ballot. In case of resolutions to be passed by postal ballot, no meeting need to be held at a specified time and space requiring physical presence of members to form a quorum. Where a resolution will be passed by postal ballot the company shall, in addition to the requirements of giving requisite clear days notice, send to all the members the following:

- i) Draft resolution and relevant explanatory statement clearly explaining the reasons thereof.
- ii) Postal ballot for giving assent or dissent, in writing by members: and
- iii) Postage prepaid envelope (by Registered Post) for communicating assents or dissents on the postal ballot to the company with!) A request to the members to send their communications within 30 days from the date of dispatch of Notice.

The Company shall also follow such procedure, for conducting vote by I postal ballot and for ascertaining the assent or dissent, as may be prescribed by the Act and the relevant Rules made there under.

**Article 109 provides that**

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.

**Article 110 provides that**

1. The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
2. Each page of every such book shall be initialed or signed and the last page of the record of proceedings of such meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or liability of that Chairman within that period, by a Director duly authorized by the Board for the purpose.
3. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
4. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
5. All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meetings.
6. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the 'Chairman of the meeting :-
  - a) is or could reasonably be regarded, as, defamatory of any person or
  - b) is irrelevant or immaterial to the proceeding, or
  - c) Is detrimental to the interest of the Company.

The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

7. Any such minutes shall be evidence of the proceedings recorded therein.
8. The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as' the Directors determine, to the inspection of any member without charge.

## SECTION IX - OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts, not being contracts entered in the ordinary course of business carried on by our Company, which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Prospectus delivered to Registrar of Companies, Orissa for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office situated at Plot No. 38, Sector –A, Zone- D, Mancheswar Industrial Estate, Bhubaneswar-751010, India between 10.00 a.m. to 4.00 p.m. on any working day, excluding Saturday and Sunday, from the date of this Red Herring Prospectus until the Issue Closing Date.

### MATERIAL CONTRACTS TO THE ISSUE

1. Memorandum of Understanding dated February 22, 2008 entered into by the Issuer with the Book Running Lead Managers to the Issue along with Supplementary Memorandum of Understanding dated August 21, 2009
2. Memorandum of Understanding dated January 10, 2007 entered into by the Issuer with Bigshare Services Private Limited, to act as the Registrar to the Issue. A fresh Memorandum of Understanding dated August 14, 2009 was entered into by the Issuer with Bigshare Services Private Limited.
3. Escrow Agreement dated January 22, 2010 between Escrow Collecting Bank, BRLMs, Registrar and the Issuer Company.
4. Syndicate Agreement dated January 22, 2010 between BRLMs, Syndicate Members, the Registrar and the Issuer Company.
5. Underwriting Agreement dated [●] between BRLMs, Syndicate Member and the Issuer Company.

### MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company as amended from time to time
2. Certificate of incorporation dated May 17, 2000 issued by the Registrar of Companies, Orissa issued to our Company.
3. Fresh Certificate of Incorporation consequent to change of name dated May 20, 2005 and April 3, 2006.
4. Certificate of registration of special resolution passed for alteration of object clause dated May 26, 2005 and April 20, 2007.
5. Copy of the resolution passed at board meeting held on December 8, 2008 subsequently ratified by the Shareholders in the Extra Ordinary General Meeting held on January 5, 2009 approving the terms of compensation to be paid to Mr. Subash Agarwal (Chairman), Mr. Rajesh Agarwal (Managing Director) along with a copy of the resolution passed at board meeting held on May 5, 2008 subsequently ratified by the Shareholders in the Annual General Meeting held on June 16, 2008 approving the terms of compensation to be paid to Mr. Soumendra Keshari Pattanaik (Director finance) and Mr. Sudhendu Sekhar Chakraborty (Director technical).
6. Share Subscription Agreement and Shareholder Agreement dated January 7, 2008 executed between SBI and our Company to read with two letters January 21, 2008 and January 22, 2008 issued by SBI. SBI letter dated December 29, 2009 for extension up to March 31, 2010.
7. Copy of the resolution passed at board meeting held on July 20, 2009 and special resolution passed at the Extra Ordinary General Meeting of the Company held on August 14, 2009, under section 81(1A) of the Companies Act, 1956 for authorizing the Issue.
8. Copy of the Annual Reports of our Company for the years ended March 31, 2005; March 31, 2006; March 31, 2007; March 31, 2008 and March 31, 2009 and nine months ended December 31, 2009.
9. Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Book Running Lead Managers to the Issue, Syndicate Members, IPO Grading Agency, Legal Advisor, Banker to the Company, Bankers to the Issue, Refund Banker and Registrars to the Issue to include their names in the Red Herring Prospectus, to act in their respective capacities.
10. Consent of M/s. P.A. Associates, Chartered Accountant, and our statutory auditors for their report on restated financial statement as at and for the each of the year ended March 31, 2005; March 31, 2006; March 31, 2007; March 31, 2008 and March 31, 2009 and nine months ended December 31, 2009.
11. Copy of the Tax Benefits Certificate dated May 8, 2009 issued by M/s. P.A. Associates, Chartered Accountants.
12. Copy of the Auditors certificates dated November 27, 2009 regarding the sources and deployment of funds.
13. Copy of resolution passed at the board meeting held on November 27, 2007 for the formation of the Audit Committee and Investor Grievance Committee.
14. Due Diligence Certificate dated on August 21, 2009 from Book Running Lead Managers IDBI Capital Market Services Limited and SBI Capital Markets Limited
15. In-principle listing approval dated October 14, 2009 & November 3, 2009 received from BSE and NSE respectively.
16. Copy of tripartite agreement dated September 5, 2007 entered between the Company, Bigshare Services Private Limited and NSDL, for offering depository services.

17. Copy of Tripartite agreement dated April 5, 2007 between the Company, Bigshare Services Private Limited and CDSL, for offering depository services.
18. SEBI observation letter no CFD/DIL/ISSUES/SP/SM/187108/2009 dated December 14, 2009 and reply to SEBI.
19. IPO Grading Report dated November 23, 2009 and a revalidation report dated January 23, 2010.
20. Auditors Certificate for Eligibility for the issue dated November 16, 2009
21. Copy of the Auditors Certificate relating to the Order Book dated January 12,, 2010
22. Copy of the Auditors certificates dated January 11, 2010 relating to the Networth of our company
23. Any of the contracts or documents mentioned in the 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, 1956 and other relevant statutes.

## DECLARATION

We, the Directors of the company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

### Signed by the Directors:

Mr. Subash Agarwal : \_\_\_\_\_

Dr. Bidhu Bhusan Samal : \_\_\_\_\_

Mr. Swarup Chandra Parija : \_\_\_\_\_

Mr. Dipak Kumar Dey : \_\_\_\_\_

Mr. Sujit Ranjan Chaudhri : \_\_\_\_\_

Mr. Rajesh Agarwal : \_\_\_\_\_

Mr. Sudhendu Sekhar Chakraborty : \_\_\_\_\_

Mr. Soumendra Keshari Pattanaik : \_\_\_\_\_

### Signed by the Chief Executive Officer:

Mr. Sunil Agarwal : \_\_\_\_\_

### Signed by General Manager Finance:

Mr. Rashmi Ranjan Singh : \_\_\_\_\_

Date : January 25, 2010  
Place : Bhubaneswar, Orissa



ARSS IPO  
revalidation letter.pdf